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SOUTHERN BELL TELEPHONE
SURVEILLANCE AUDIT
DKT# 920260-TL
AFAD# 95-103-4-1
TPE DECEMBER 31, 1994
OCOTOBER 25, 1995

DOCUMENT NUMBER DATE

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RECEIVED REPORTING

COMPANY SBT
TITLE: SAMPLE
PERIOD: TYE 12/31/94
DATE: AUGUST 17, 1995
AUDITOR: RKY

WF NO

44

*REC
10/17/95*

THIS SECTION INCLUDES THE FOLLOWING:

44-1 LIST OF ACCOUNTS SAMPLED AND LIST OF SAMPLE ITEMS SELECTED
FROM FREQUENCY DISTRIBUTION

44-1/1 ATTRIBUTES TO BE TESTED.

44-2 RATIONALE FOR NOT ASKING FOR ALL SAMPLE ITEMS.

44-3 TO 44-15
SAMPLE

CONCLUSION:

In our sample request, we only asked for regulated transactions. Therefore, we would receive only transactions that are regulated and invoices for transactions that are part reg and non reg. We should not see any totally nonregulated invoices.

The Cost allocation Manual (CAM) was designed in accordance with the FCC order issued in Docket No 86-111 released February 6, 1987 and the Order on Reconsideration released October 16, 1987. Per the CAM "...The manual is designed to apportion total costs recorded in the books of account of BST between regulated and nonregulated activities. The costing concepts will be applied in a consistent manner by each subsidiary." The manual includes ... "Cost Apportionment Tables ... (which) define costs pool and apportionment detail for each account."

As we understand the process, each voucher, journal entry, or transaction is coded with an Accounting Classification Code (Job Function Code, Special Function Code or a Function Code.) These accounting classification codes codes translate to (1) account numbers and to (2) Cost Pools and Sub Cost Pools. Some vouchers do not have an Account Classification Code, but are charged according to Responsibility Code. Each person who has a Responsibility Code translates to a Jobe Function Code (which is determined through the Payroll Mini file). The accounting classification codes perform any of the following:

1. Assign costs to a cost pool/sub pool that is either regulated or directly nonregulated items (no allocation).
2. Assign costs to a costpool/subpool that assigns regulated and nonregulated costs based on a specific type of ratio.
3. Assigns costs to a costpool/subpool that assigns regulated and nonregulated costs based on a general or marketing allocator.

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In our test of attributes we have selected the following attributes and the reasons why.

1. Proper Amount - To ensure there is an invoice, etc. and the amount is the same that is booked .
2. Proper Account - To ensure the types of expenses described in the invoice, etc. belong in the account booked to according to the FCC Part 32 Accounts.
3. To ensure the expense is in the year we are auditing.
4. Proper Documentation - To ensure the Company has documentation that describes the type of expense.
5. Recurring Expense - To ensure that expenses are the type of expenses that occur every year (Compare to Commission DORPS).
6. Correct Reg/NonReg % if applicable. Trace the JFC from the invoice to the Financial Hierarchy (wp 45- 16) to determine if in correct account. Trace the JFC to the CSS system documentation (WP45) to determine which JFC is in which Cost Pool and subpool and then determine if the cost pool is direct reg and non reg and/or allocated on another basis.

Each Cost Pool is allocated to reg and nonreg on different bases. For each account tested the methods of testing attribute 6 is either written below here in the summary or on the sample wp itself (44).

Our initial sample was 309 items. Due to the large amount of 2nd follow up on each item after the initial request, we narrowed the sample number to 246

SCOPE LIMITATIONS

For Scope Limitations See WP no. WP44 page 8-

CONCLUSIONS:

Account 6121

COMPANY SBT
TITLE: SAMPLE
PERIOD: TYE 12/31/94
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AUDITOR: RKY/GL/RG

WP NO 44

CONCLUSIONS:

Account 6121 44-3
Land and Building Expense

The majority of these invoices fit in two categories: rent and rearrangements and alterations.

Two invoices in this sample were for out of period expenses prior to 1994. See write up on out of period expenses on wp no. 44-3/6 , 44-3/7.

Two invoices were for items that should have been capitalized rather than expensed. Staff prepared an exception in the report. 44-3/2-1.

We could not test attribute 6, % allocated to reg and non reg because the aggregate amount in Account 6121 is allocated to cost pools and subpools by applying factors developed based on floor space coding. The Cost Pool assignment can only be determined on a transaction, by transaction basis applying the entire process of floor space coding. This allocation is done mechanically. This is time consuming and out of the scope of this audit.

Account 6122 - Furniture Expense 44-4

For conclusion, see 44-4, pl. The % allocation to reg/nonreg is not tested because per the CSS user guide, account 6122 is allocated based on account 2122 to reg and non reg. To audit the % allocated would entail a complete audit of asset acct 2122 Cost Pools 1, 2, and 3. Out of the scope of this audit.

Account 6124 44-5
General Purpose Computers

No exceptions found in the sample tested. Re reg and non reg %.
We have the FRC on the invoice, so can translate to a Cost pool which in this case is CP 11. CP11 is allocated based on a salary and wage ratio called CSW01 per AB01 which is SBT CSS user manual.

The company provided the salary and wage ratio on wp 44-5/1-1 and a month of sample items ratios were traced to the company Reg and nonreg report by cost pool and account and agreed.

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Account 6611 44-6
Product Management

There were two invoices that did not belong in this account. See 44-6/1-2.

A majority of the invoices sampled in 6611 were payable to BellSouth Business Systems (BBS) on a monthly basis for Product Management - Direct Regulated, Product Management - Overheads Regulated, and Product Management - Common (regulated).

Direct and Common charges are allocated to regulated at the BBS level, Therefore, we would have to know and audit how BBS allocates their times and resources to BST. Co personnel, Tammy Messier, say that the BBS system is different than BST. It does not use the CSS system. This is beyond the scope of this audit. Therefore, we cannot apply the attribute 6 test to these particular invoices.

Product Management - Overheads Regulated is allocated based on the CSS/PPS . The Company is following the CSS but staff did not have time to obtain the CSS data for the months involved. See 44-6/1, Item 285.

Account 6612 -sales 44-7

The invoices in this account are from BBS for Sales Servies on a monthly basis. BBS bills BST for Single State/Multi State Sales Regulated and Sales Implementation Regulated. These charges are incurred at BBS and allocated to affiliates, states, reg and non reg at BBS. BBS does not use the CSS system. We did not audit the individual items that comprise the total nor the method of allocating to affiliates, states, reg and nonreg.

The other invoices from BBS are for Overhead. This is allocated in the CSS system based on lines billed. Staff traced the % reg/nonreg factors used to company documentation of lines billed. No exceptions. See 44-9/1-2.

Account 6613 - Product Advertising 44-8

A sample of Account 6613 Product Advertising was tested on WP 44-8/1. The Company provided documentation identifying the advertising expenses incurred and explaining how the amounts were allocated from BellSouthTel to Fl. For the items which the % reg/nonreg could not be determined, the company provided documentation explaining how the ratios were calculated.

See wp 45-8 for BSS Financial Systems Documentation, AB01 Part 10, Section 19 for the cost pools/sub-pools for act 6613 and documentatation identifying how the CP and SP are allocated. No errors were found in the sample.

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Account 6623 -- Customer Servies 44-9

The following expenses/charges were found in this account:

- (1) Monthly Commissions and fire expenses, CP01, SP09
- (2) Transfer correcting RC mapping to plans, CP03, SP01
- (3) Postage used, CP03, SP01.

All the sample items were traced to invoices without exceptions.

(1) Monthly Commissions and fire expenses-these commissions are "commissions and or general compensation payments made for revenues produced by sent paid messages originating from public telephone stations or agent compensation payments made based on the amount of cash receipts collected. All the expense is related to public telephones which is a regulated service.

(2) Staff could not understand the explanation on the invoice for the transfer correcting RC mappings to plans, and put a request for this. Staff reviewed this explanation and found no exceptions. Staff also requested the ratios for the allocation of reg and nonreg. These ratios were provided and traced to backup originally given without exception (See wp 45-9/1 and 44-9/1-1).

(3) On the postage use expenses, staff put in a request asking for the ratios to reg/nonreg. These ratios were provided by the Company and traced to backup originally provided without exception, see wp 44-9/1-1, and 45-9/1).

Account 6712 -- Planning 44-10

Most of the invoices are from BellSouth Corp. BellSouth corp bills BST and BST in turn allocates to States based on the State Allocation system The State then allocates to reg nonreg.

In this case the reg nonreg according to the CSS user guide is allocated based on the General allocator. The company provided ratios of the general allocator and staff traced these to the Co regnonreg report on wp 45-10/1.

There was one invoice in the sample that was for 1993. This is an exception. See 44-10/1-3.

Cannot determine how BSC allocated the parts of their invoice to BST Beyond the scope of this audit.

44PS

COMPANY SBT
TITLE: SAMPLE
PERIOD: TYE 12/31/94
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AUDITOR: RKY/GL/RG

WP NO 44

Account 6722 -- External Relations

44-11

These invoices are from BellSouth Corp. and allocated to FL based on CSAP system. The description of the invoices agrees with accounts and areas for this account. The FRC code translates to CP03 and CP03 is allocated based on CMA01. Staff asked for rate and documentation. The audit of the CAM01 is out of our scope.

The following charges were found in the sample of this account:

- (1) Public Relations
- (2) Federal Relations

The Company provided Form MP2703 which shows the percentages of regulated and nonregulated for the months in question. This form was traced and agreed to Wp 45-11/1 (percents of reg to nonreg report prepared by BST) without exception. Staff did not ask how the amount from the invoice from BSC was allocated to BST. When staff realized that this question was not asked on these items, it was too late to request this information. However, staff requested the allocation or percents for the following accounts:
Account 6712-Wp 44-10
Account 6724-Wp 44-13
Account 6725-Wp 44-14

Account 6723 -- Human Resources

44-12

Most of the Invoices are from BellSouth Corp for labor relations and benefits. BSC provided a description of the types of charges. BSC bills BST and BST in run allocated to States based on the State Allocation system. The State than allocated to reg nonreg.

In this case the CSS user guide says that the CP for this account is allocated to reg nonreg based on CSW16. The Company provided the ratio for two items that we asked for and we traced the ratio to the BST reg nonreg % allocation report by account by cost pool. We did not ask in the other cases and time limits prevented us from futher requests.

BST says BSC collects charges by RC and account and then allocates to BST. We cannot determine how BSC allocated the part of their invoice to BST. Beyond the scope of this audit.

44p6

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TITLE: SAMPLE
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AUDITOR: RRY/GL/RG

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Account 6724 -- Information Management **44-13**

The invoices in this account are mostly for "right to use" software agreements and maintenance of systems agreement. At first the company included many of these amounts in a prepaid account in 1994 but after the surveillance report was filed decided to put them into expense. See Disclosure in Report and WP 43-1/4 COPS entry audit for staff questions and opinion as to whether these should be prepaid or expensed.

There were three invoices noted in the sample that were possible in the prepaid 1994 category not included in the COPS entry. See 44-13/3,4&5. These are also disclosed in a separate disclosure in the report.

The Invoice describes what it is, the FRC translates to Cost pools and the cost pools are allocated to reg and non reg based on other accounts and cost pools.

The company supplied us with the % of reg to nonreg for these other accounts and cost pools. Numbers making up these % were traced to various reports where appropriate. The Company followed the CSS User Guide to allocate the % to reg and non reg.

Account 6725- Legal **44-14**

Most of the invoices are from BellSouth Corp for legal services. BSC provided a description of the types of charges. BSC bills BST and BST in turn allated to States based on the State Allocation system. The State than allocated to reg nonreg.

Cannot determine how BSC allocated the parts of their invoice to BST Beyond the scope of this audit.

Once allocated to Fl, then % reg non reg is based on CGA01 which is the general allocator. Company provided % for all months and staff traced the % of the invoices involved to BST prepared reg/nonreg % schedule by month by account by cost pool.

Account 6411 Poles Exp **44-15**

The first three months is made up of accruals based on 1993 years expense. In some cases it is trued up once a month (first three months), then the next 6 months is the same accrual every month and the last three months are a trued up accrual based on 94.

Staff reviewed the 94 accrual and read the contract for the largest expense. See 44-14/3.

Per CSS User Guide , Account 6411 is allocated to reg and nonreg based on account 2411. Staff decided not to check this attribute for this account beacuse of reasons in 6122 and time limits.

44P7

SCOPE LIMITATIONS ON SAMPLE EXPENSE ITEMS:

1. Attribute No. 6 above, % allocated to Reg/Nonreg was not tested for the following accounts:

Account 6121, Land and Building expense because the aggregate amount in this account is allocated to cost pools and subpools by applying factors developed based on floor space coding. The cost pool assignment, and therefore the amount allocated to reg and nonreg, can only be determined on a transaction by transaction basis to determine if the floor space coding is correct. The allocation is done mechanically.

Account 6122, Furniture Expense, because this account is allocated to reg/nonreg based on account 2122. Staff did not audit Account 2122.

Account 6411, Poles Expense, because this account is allocated to reg/nonreg based on account 2411. Staff did not audit Account 2411.

2. Attributes No 4 (Proper Documentation) and 6 above were not tested for Accounts 6611, Product Management, and 6612, Sales, because the majority of the expense items in these accounts were invoices from BellSouth Business Systems (BBS). The expenses were allocated to Florida Regulated from BBS. The BBS system of allocation to reg and nonreg is different than BST.

The individual items that comprised the BBS invoices were not audited, nor was the BBS allocation system.

3. Attribute No. 4 (Proper Documentation) was not tested for certain items in Accounts 6712, Planning, 6722, External Relations, 6723, Human Resources and Account 6725, Legal.

The items in the sample were from BellSouth Corp. BellSouth Corp bills BST and BST in turn allocates to the states based on the State Allocation System (CSAP). The state then allocates to reg/nonreg.

We did not audit the CSAP system (only agreed the % used by BST on the invoice to BST factors). We did not audit individual vouchers at BSC nor BSC methodology of allocating to affiliates.

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LINE	DATE	DESCRIPTION	AMOUNT	ACCOUNT	STATUS	PROJECT	OFFICE	REGION	STATUS	DATE
940178113	940178113	GMR	000000	000000	JTR	E	1	4417	00000000	00000000
94011401925	94011401925	GMR	000000	000000	JTR	E	1	4417	00000000	00000000
94011403785	94011403785	ATH	000000	000000	ATH	A	3	0000	00000000	00000000
9402791933	9402791933	GMR	000000	000000	JTR	E	1	4417	00000000	00000000
9402792122	9402792122	ATH	000000	000000	ATH	A	3	0000	00000000	00000000
9402992815	9402992815	ATH	000000	000000	ATH	A	3	0000	00000000	00000000
9402992815	9402992815	ATH	000000	000000	ATH	A	3	0000	00000000	00000000
9402992815	9402992815	ATH	000000	000000	ATH	A	3	0000	00000000	00000000
9403734325	9403734325	ATH	000000	000000	ATH	A	3	0000	00000000	00000000
940391559	940391559	VOIP	000000	000000	VOICD	M	2	NC46	00000000	00000000
94031055249	94031055249	ATH	000000	000000	ATH	A	3	0000	00000000	00000000
94031143590	94031143590	GMR	000000	000000	JTR	E	1	4417	00000000	00000000
94031468311	94031468311	ATH	000000	000000	ATH	A	3	0000	00000000	00000000
94031470486	94031470486	ATH	000000	000000	ATH	A	3	0000	00000000	00000000
9404624608	9404624608	ATH	000000	000000	ATH	A	3	0000	00000000	00000000
9404660349	9404660349	GMR	000000	000000	JTR	E	1	4417	00000000	00000000
9404663766	9404663766	ATH	000000	000000	ATH	A	3	0000	00000000	00000000
9404934488	9404934488	GMR	000000	000000	JTR	E	1	4417	00000000	00000000
9404934628	9404934628	ATH	000000	000000	ATH	A	3	0000	00000000	00000000
9406488261	9406488261	ATH	000000	000000	ATH	A	3	0000	00000000	00000000
9406106547	9406106547	ATH	000000	000000	ATH	A	3	0000	00000000	00000000
94061471639	94061471639	GMR	000000	000000	JTR	E	1	4417	00000000	00000000
9407442296	9407442296	VOIP	000000	000000	VOICD	M	2	NC46	00000000	00000000
9407442296	9407442296	VOIP	000000	000000	VOICD	M	2	NC46	00000000	00000000
9407952342	9407952342	GMR	000000	000000	JTR	E	1	4417	00000000	00000000
94081001589	94081001589	ATH	000000	000000	ATH	A	3	0000	00000000	00000000
94081956203	94081956203	GMR	000000	000000	JTR	E	1	4417	00000000	00000000
9409949341	9409949341	ATH	000000	000000	ATH	A	3	0000	00000000	00000000
9409949341	9409949341	ATH	000000	000000	ATH	A	3	0000	00000000	00000000
94091412216	94091412216	GMR	000000	000000	JTR	M	1	Y	00000000	00000000
94091748100	94091748100	GMR	000000	000000	VOIP	E	1	4417	00000000	00000000
9410545710	9410545710	VOIP	000000	000000	VOICD	M	2	NC46	00000000	00000000
9410545711	9410545711	VOIP	000000	000000	VOICD	M	2	NC46	00000000	00000000
9410755122	9410755122	VOIP	000000	000000	VOICD	M	2	NC46	00000000	00000000
9410834202	9410834202	GMR	000000	000000	JTR	E	1	4417	00000000	00000000
9410916686	9410916686	ATH	000000	000000	ATH	A	3	0000	00000000	00000000
9410916686	9410916686	ATH	000000	000000	ATH	A	3	0000	00000000	00000000
9410471750	9410471750	ATH	000000	000000	ATH	A	3	0000	00000000	00000000
9410471753	9410471753	ATH	000000	000000	ATH	A	3	0000	00000000	00000000
9410472967	9410472967	ATH	000000	000000	ATH	A	3	0000	00000000	00000000
9410473121	9410473121	ATH	000000	000000	ATH	A	3	0000	00000000	00000000
9410473122	9410473122	ATH	000000	000000	ATH	A	3	0000	00000000	00000000
9411203943	9411203943	GMR	000000	000000	JTR	E	1	4417	00000000	00000000

NETWORK CONSTRUCTION CORP 0030840488
COUNTRY WIDE ELECTRIC INC 0035405876

DUFFEY CONSTRUCTION CO, INC 003001015A
DUFFEY CONSTRUCTION CO, INC 003001015A

GRANDD UTILITY COMMISSION 000751763D
GRANDD UTILITY COMMISSION 000751763D

10 P T | JOURNAL ACCOUNT # | 100 CHARACTERS | SOURCE DATA |

SOUTHERN BELL SAMPLE SELECTION, 1994 DETAIL
ACCT 6121-1000 ALL ITEMS GT \$100.000
REPORT SECTION 2 OF 2 (PROGRAM PVCO1 EDP-AFAD)

SERIAL #	PROD-ID	BIL	PR	MAT-CODE	SOCIAL #	REG NUMB	FUNC	JOB	IN EXP	AMOUNT
		ORG	TY					FUNC	DX TYPE	OCCURS 01
9401 718413							5073	I	CYC R	161,048.73
94011401925							5073	I	CYD R	222,733.00
94011403782							5073	I	HFS R	328,002.39
94011403705							5073	I	HY8 R	559,333.33 (17)
9402 791933							5073	I	CYD R	222,733.00
9402 992122							5051	I	CY1 M	267,400.00
9402 992815							5073	I	HFS R	158,266.06 (18) C
94021312835							5073	I	59E R	161,048.73
9403 734325							5073	I	HFS R	150,371.60 (19)
9403 911559							5043	I	481 M	409,700.54
94031055249							5073	I	HFS R	109,709.10
94031143590							5073	I	59E R	161,048.73
94031468311							RD10	I	484 M	291,414.80 (20)
94031470486							5073	I	HFS R	182,804.53
9404 624608							5051	I	CY1 M	175,700.00 (21)
9404 860349							5073	I	CYD R	222,733.00
9404 863766							5073	I	HFS R	158,798.66 (22)
9404 934488							5073	I	59E R	161,048.73
94041318820							RD10	I	HYD M	108,709.50
9405 946265							5073	I	CYD R	222,733.00
94051343943							5073	I	59E R	161,048.73
94051347628							5073	I	HFS R	133,517.75 (23)
9406 485261							5051	I	CY1 M	188,700.00
94061046898							5073	I	CYD R	222,733.00
94061062547							5073	I	HFS R	110,365.01 (24)
94061471639							5073	I	59E R	161,048.73
9407 442296						ML0197	RD10	I	484 M	101,005.59 (25)
9407 442297						ML0197	RD10	I	484 M	101,010.00 (26)
9407 952342							5073	I	CYC R	222,733.00
94071012182							5073	I	HFS R	104,206.80 (27)
94081001543							5073	I	HFS R	134,769.10
94081001589							5073	I	HFS R	104,036.04 (28)
94081156203							5073	I	CYC R	222,733.00
9409 949341							5073	I	HFS R	134,769.10 (29)
9409 949351							5073	I	HFS R	104,264.34 (30)
94091412216							RD10	I	484 M	147,911.00
94091748100							5073	I	59E R	966,202.82 (31)
9410 545710						EL1199	RD10	I	484 M	138,680.00 (32)
9410 545711						EL1199	RD10	I	484 M	138,679.27 (33)
9410 755122							506C	I	481 M	100,470.17 (34)
9410 834202							5073	I	CYC R	222,733.00
9410 916680							5073	I	HFS R	134,769.10
9410 916686							5073	I	HFS R	104,094.11 (35)
94101471750							RD10	I	HYD M	391,460.00 (36)
94101471753							RD10	I	HYD M	122,199.00 (37)
94101472967							5051	I	HY5 M	230,908.50 (38)
94101473121							5073	I	HY8 R	138,346.88 (39)
94101473122							5073	I	HY8 R	148,613.18 (40)
94111203943							RD10	I	484 M	105,000.00

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SOUTHERN BELL SAMPLE SELECTION, 1994 DETAIL+
 ACCT 6121-1000 ALL ITEMS GT \$100.000
 REPORT SECTION 1 OF 2 (PROGRAM PYC01 EDP-AFAD)

SERIAL #	REC ID	SOR	GEO-CODE	RSPORG	RSPCHG	AUTHORZA	AUTH #2	PK-CTL-D	REF #	OPT	JOURNAL ACCOUNT #	100 CHARACTERS	SOURCE DATA
										TRYR			
										H T P M			
94111204003	GNPR	JNTR	E A E4417	A0303104	0X800000					GNPR45M001	0 0	612110001040	
94111311918	ATH	ATHA	3 A 30000	A0303000	0X800000					ATH 002	0 0	612110001040	JNTR
94111311919	ATH	ATHA	3 A 30000	A0303000	0X100000					ATH 002	0 0	612110001040	JTJF
94111659994	GNPR	JNTR	E A E4417	A0C04402	B0407400					ZDE 006	0 0	612110001040	
9412 795657	VOIP	VOIP	E A E4417	B0407400	B0407400					VOICDD 004 1296202	0 0	612110001040	99 'P'
9412 850227	GNPR	JNTR	E C E0000	A0303000	101F0200	ZBPRMRC				NCPLAN 001	0 0	612110001030	10R
9412 850230	GNPR	JNTR	E C E0000	A0303000	101F0200	ZBPRMRC				NCPLAN 001	0 0	612110001030	10M
94121249714	ATH	ATHA	3 A 30000	B0407000	B0407000					ATH 002 1201909	0 0	612110001040	VOIP
94121249721	ATH	ATHA	3 A 30000	A0303000	0X800000					ATH 002	0 0	612110001040	JNTR
94121249731	ATH	ATHA	3 A 30000	A0303000	0X800000					ATH 002	0 0	612110001040	JNTR
94121249735	ATH	ATHA	3 A 30000	A0C01000	B0407000					ATH 002 12E0697	0 0	612110001040	VOIP
94121249736	ATH	ATHA	3 A 30000	A0303000	0X800000					ATH 002	0 0	612110001040	JNTR
94121383898	GNPR	JNTR	E A E4417	A0303104	0X800000					GNPR45M001	0 0	612110001040	
94121636242	ATH	ATHA	3 A 30000	A0C01000	0X800000					ATH 003 12E0773	0 0	612110001040	VOIP
CONNT			63										

GFC ACCOUNTING DEPARTMENT 002063431G

SOUTHERN BELL SAMPLE SELECTION, 1994 DETAIL*
ACCT 6121-1000 ALL ITEMS GT \$100.000
REPORT SECTION 2 OF 2 (PROGRAM PVCO) EDP-AFAD)

SERIAL #	PROD-ID	BIL ORG	PR TY	MAT-CODE	SOCIAL #	REQ NUMB	FUNC	JOB FUNC	IN EXP DX TYPE	AMOUNT OCCURS 01
94111204003							5073		1 CYC R	222,733.00
94111311918							5073		1 HFS R	134,769.10 56
94111311919							5072		1 HFT M	142,576.01 57
94111659994							5073		1 59E R	644,194.92
9412 795657							5073		1 59E R	308,608.19 57
9412 850227							R010		1 484 M	851,544.00
9412 850230							R010		1 484 M	856,566.00
94121249714							5073		1 HY8 R	130,492.50 60
94121249721							5073		1 HFS R	104,071.76 61
94121249731							5073		1 HFS R	203,614.48
94121249735							5073		1 HY8 R	553,267.26
94121249736							5073		1 HFS R	134,769.10 63
94121303898							5073		1 CYC R	222,733.00
94121636242							5073		1 HY8 R	553,267.26 64

(2)

SAMPLE OF NEGATIVE DOLLAR ITEMS

SOUTHERN BELL SAMPLE SELECTION, 1994 DETAIL

ACCT 6121-1000 ALL ITEMS LT <S-100,000>

REPORT SECTION 1 OF 2 (PROGRAM PV01 EDP-AY40)

SERIAL # | REC ID | SOURCE | GEO-CODE | RESPONSE | RESPONSE | AUTHORIZA | MONTH # | PK-CTL-D | REF #

TYPE |

DATE | JOURNAL ACCOUNT # |

100 CHARACTERS <<

SOURCE DATA

COUNT

94011403630	ATH	ATH	A	30000	A0308210	01100000	03	03	00	612110001020	JTJF	0
9403 732753	ATH	ATH	M	10000	A0308210	01100000	01	01	00	612110001020	JTJF	0
9403105247	ATH	ATH	A	30000	A0303000	01000000	002	02	00	612110001040	JTJF	0
9404 162310	VOIP	VOIP	M	31545	A001101	00401600	001	01	20	3612110001010	99 -PS	0
9404 626319	ATH	ATH	A	30000	A0303000	01000000	001	01	00	612110001040	JTJF	0
94041310020	ATH	ATH	M	Z	M2406	A0303101	00406700	003	00	612110001030	JTJF	0
94071012104	ATH	ATH	A	30000	A0303000	01000000	002	02	00	612110001040	JTJF	0
9409 796344	GMR	GMR	A	E	4417	A0303104	01000000	001	00	612110001040	JTJF	0
94091412215	GMR	GMR	M	Y	M2406	A0303000	00400000	002	00	612110001030	JTJF	0
94101471751	ATH	ATH	M	Z	M2406	A0303101	00406700	003	00	612110001030	JTJF	0
9411 634749	ATH	ATH	A	30000	01100000	01100000	001	01	00	612110001040	JTJF	0
94111203942	GMR	GMR	A	E	4417	A0303000	00400000	001	00	612110001030	JTJF	0
9412 545568	GMR	GMR	A	E	4417	A0004402	00407400	003	00	612110001040	JTJF	0
9412 650228	GMR	GMR	E	C	E0000	A0303000	1011F0200	001	00	612110001030	JTJF	0
9412 650229	GMR	GMR	E	C	E0000	A0303000	1011F0200	001	00	612110001030	JTJF	0
9412633500	ATH	ATH	M	Z	M2406	A0303101	00406700	003	00	612110001030	JTJF	0
9412636241	ATH	ATH	A	30000	A0001000	00407000	003	03	00	612110001040	JTJF	0

9411403630	ATH	ATH	A	30000	A0308210	01100000	03	03	00	612110001020	JTJF	0
9403 732753	ATH	ATH	M	10000	A0308210	01100000	01	01	00	612110001020	JTJF	0
9403105247	ATH	ATH	A	30000	A0303000	01000000	002	02	00	612110001040	JTJF	0
9404 162310	VOIP	VOIP	M	31545	A001101	00401600	001	01	20	3612110001010	99 -PS	0
9404 626319	ATH	ATH	A	30000	A0303000	01000000	001	01	00	612110001040	JTJF	0
94041310020	ATH	ATH	M	Z	M2406	A0303101	00406700	003	00	612110001030	JTJF	0
94071012104	ATH	ATH	A	30000	A0303000	01000000	002	02	00	612110001040	JTJF	0
9409 796344	GMR	GMR	A	E	4417	A0303104	01000000	001	00	612110001040	JTJF	0
94091412215	GMR	GMR	M	Y	M2406	A0303000	00400000	002	00	612110001030	JTJF	0
94101471751	ATH	ATH	M	Z	M2406	A0303101	00406700	003	00	612110001030	JTJF	0
9411 634749	ATH	ATH	A	30000	01100000	01100000	001	01	00	612110001040	JTJF	0
94111203942	GMR	GMR	A	E	4417	A0303000	00400000	001	00	612110001030	JTJF	0
9412 545568	GMR	GMR	A	E	4417	A0004402	00407400	003	00	612110001040	JTJF	0
9412 650228	GMR	GMR	E	C	E0000	A0303000	1011F0200	001	00	612110001030	JTJF	0
9412 650229	GMR	GMR	E	C	E0000	A0303000	1011F0200	001	00	612110001030	JTJF	0
9412633500	ATH	ATH	M	Z	M2406	A0303101	00406700	003	00	612110001030	JTJF	0
9412636241	ATH	ATH	A	30000	A0001000	00407000	003	03	00	612110001040	JTJF	0

94011403630	ATH	ATH	A	30000	A0308210	01100000	03	03	00	612110001020	JTJF	0
9403 732753	ATH	ATH	M	10000	A0308210	01100000	01	01	00	612110001020	JTJF	0
9403105247	ATH	ATH	A	30000	A0303000	01000000	002	02	00	612110001040	JTJF	0
9404 162310	VOIP	VOIP	M	31545	A001101	00401600	001	01	20	3612110001010	99 -PS	0
9404 626319	ATH	ATH	A	30000	A0303000	01000000	001	01	00	612110001040	JTJF	0
94041310020	ATH	ATH	M	Z	M2406	A0303101	00406700	003	00	612110001030	JTJF	0
94071012104	ATH	ATH	A	30000	A0303000	01000000	002	02	00	612110001040	JTJF	0
9409 796344	GMR	GMR	A	E	4417	A0303104	01000000	001	00	612110001040	JTJF	0
94091412215	GMR	GMR	M	Y	M2406	A0303000	00400000	002	00	612110001030	JTJF	0
94101471751	ATH	ATH	M	Z	M2406	A0303101	00406700	003	00	612110001030	JTJF	0
9411 634749	ATH	ATH	A	30000	01100000	01100000	001	01	00	612110001040	JTJF	0
94111203942	GMR	GMR	A	E	4417	A0303000	00400000	001	00	612110001030	JTJF	0
9412 545568	GMR	GMR	A	E	4417	A0004402	00407400	003	00	612110001040	JTJF	0
9412 650228	GMR	GMR	E	C	E0000	A0303000	1011F0200	001	00	612110001030	JTJF	0
9412 650229	GMR	GMR	E	C	E0000	A0303000	1011F0200	001	00	612110001030	JTJF	0
9412633500	ATH	ATH	M	Z	M2406	A0303101	00406700	003	00	612110001030	JTJF	0
9412636241	ATH	ATH	A	30000	A0001000	00407000	003	03	00	612110001040	JTJF	0

SOUTHERN BELL SAMPLE SELECTION, 1994 DETAIL*
 ACCT 6121-1000 ALL ITEMS LT <\$-100,000>
 REPORT SECTION 2 OF 2 (PROGRAM PYCO1 EDP-AFAD)

SERIAL #	PROD-ID	BILL ORG	PR TY	MAT-CODE	SOCIAL #	REQ NUMB	FUNC	JOB FUNC	IN EXP DX TYPE	AMOUNT OCCURS 01	GENERAL LEDGER AMOUNT
94011403630							5051		1 CY1 M	133,700.00-	133,700.00
94011403793							5072		1 HFT M	134,119.07-	134,119.07- (116)
9403 732753							5051		1 CY1 M	133,700.00-	133,700.00-
94031055247							5073		1 HFS R	182,204.53-	182,204.53
94031160728							5073		1 CYD R	688,864.00-	688,864.00-
9404 162310	07						5043		1 481 M	109,730.54-	109,730.54
9404 626319							5073		1 HFS R	134,769.10-	134,769.10
94041318828							M010		1 484 M	155,000.00-	155,000.00- 49
94071012184							5073		1 HFS R	141,944.98-	141,944.98- 50
9409 796344							5073		1 CYC R	688,864.00-	688,864.00-
94091412215							M010		1 484 M	147,911.00-	147,911.00
94101471751							M010		1 484 M	440,000.00-	440,000.00- 51
9411 634749							5073		1 HFS M	150,544.84-	150,544.84-
94111203942							M010		1 484 M	105,000.00-	105,000.00
9412 545568							5073		1 59E R	1,288,389.84-	1,288,389.84-
9412 850228							R010		1 484 M	251,544.88-	251,544.88
9412 850229							M010		1 484 M	456,566.00-	456,566.00
94121633500							M010		1 484 M	165,000.00-	165,000.00- 55
94121633512							R010		1 484 M	155,000.00-	155,000.00
94121636241							5073		1 HVB R	553,267.26-	553,267.26

COMPANY: BST
 TITLE: SAMPLE 6121
 TEST YEAR: TYE 12/31/94
 DATE: SEPT 13, 1995
 AUDITOR: RKY
 WP NO:

KW
10/20/95

ITEM NO.	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Vendor	DESCRIPTION OF SAMPLED ITEMS
28	6121 10M		101,005.59	X	x	X	X	n/a	?	N/A	Duffy Construction	Additions, renovations to BellSouth Data Equip Building 444 nw 79th avenue
				See wp 44-3/1-1 for attribute 2 and 5 See wp 44-3/2 for attribute 6								
29	6121 10M		101,010.00	X	x	X	X	n/a	?	N/A	Duffy Construction	Additions, renovations to BellSouth Data Equip Building 444 nw 79th avenue
				See wp 44-3/1-1 for attribute 2 and 5 See wp 44-3/2 for attribute 6								
17	6121	5073	559,333.33	X	X	X	X	X	?	x	Greyhound Financial Corp	Semi annual payment for rent on building 9139 Research Dr, Charlotte, N.C
				See wp 44-3/2 for attribute 6								
37	6121 10M		138,680.00	x	no	x	x	no	?	n/a	Net work Construction	BCRC Computer Center Construction Phase I Phase I Ft. Lauderdale, Interior Alterations
				See wp 44-3/2 for attribute 6 See wp 44-3/2 and 44-3/2-1 and 2-1 for attribute 2. This item should have been capitalized. exception								
38	6121 10R		138,679.27	x	no	x	x	no	?	n/a	Net work Construction	BCRC Computer Center Construction Phase I Phase I Ft. Lauderdale, Interior Alterations
				See wp 44-3/2 for attribute 6 See wp 44-3/2 and 44-3/2-1 and 2-1 for attribute 2. This item should have been capitalized. exception								
39	6121 506c		100,470.17	x	x	x	x	x	?	n/a	CountyWide Electric Inc	Electrical Work Placed in Double Ended Operation M2406 444 NW 79th Avenue
				See wp 44-3/2 for attribute 6 See wp 44-3/2 for attributes 2 and 5								
59	6121	5073	308,608.19	x	x	x	x	x	?	x	Greyhound Financial Corp	Reimbursement for Property Taxes
				See wp 44-3/2 page 2 See wp 44-3/2 for attribute 6								

P 1

COMPANY: BST
 TITLE: SAMPLE 6121
 TEST YEAR: TYE 12/31/94
 DATE: SEPT 13, 1995
 AUDITOR: RKY
 WP NO:

ITEM NO.	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Vendor	DESCRIPTION OF SAMPLED ITEMS
60	6121	5073	130,492.50	x	x	x	x	x	?	x	Tax Collector in Birmingham	Property Taxes for 3535 Collonade
				See wp 44 - 3/2 page 2								
				See wp 44 - 3/2 for attribute 6								
64	6121	5073	553,267.26	X	X	X	X	X	?	X	Greyhound Financial Corp	Semi annual payment for rent on building 9139 Reserach Dr. Charlotte, N.C
				See wp 44 - 3/2 for attribute 6								
19	6121	5073	158,265.96	x	x	x	x	x	?	x	Journal Entry	Expensing of Rent Normalization for Collonade FEB 94
				How do we determine what cost pool JFC realtes to? How do we determine how the cost pool is allocated to reg nonreg?								
				For this Account, it is not possible to relate the JFC to the Cost pools. The aggregate amount in 6121 is allocated to CP an SP based on floor space coding. See WP 44 - 3/4 pg 2 for allocation to reg nonreg info.								
21	6121	5073	150,371.69	x	x	x	x	x	?	x	Journal Entry	Expensing of Rent Normalization for Collonade March 94
				See 44 - 3/5 for proper documentation and item 19 for allocation to reg and non reg.								
22	6121 10R		291,414.80	x	no	no	x	no	?	n/a	Journal Entry	Debit for ATT credit for 1990.
				See 44 - 3/6 for out of period adjustment. The company was not aware of this out of period adj when surveillance report filed. Will remove expense in revised filing in Dec 95. Disclosure								
23	6121	5051	175,700.00	x	no	no	x	no	?	n/a	Journal Entry	To reverse accrual for SBT area ABBS This accrual was initially booked by SBT in July 91 as an estimate. When revised true up in 12/91 the 7/91 accrual was not concurrently reversed. Reconciliation of account led to discovery of the error.
				As this item belonged to 1991 expenses, did you make an adjustment in the surveillance report for this out of period expense? The Co will adj surv rept in Dec 95. See Disclosure in report item 19 for allocation to reg and non reg.								

COMPANY: BST
 TITLE: SAMPLE 6121
 TEST YEAR: TYE 12/31/94
 DATE: SEPT 13, 1995
 AUDITOR: RKY
 WP NO:

ITEM NO.	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Vendor	DESCRIPTION OF SAMPLED ITEMS
24		6121	5073	158,798.66	x	x	x	x	x	x	Journal Entry	Rent for the month of April 94 on the Collonade Bldg. The total amount for \$600,373, and agrees with the co source documentation for rent.
				See item 19								
26		6121	5073	133,517.75	x	x	x	x	?	x	Journal Entry	Rent for the month of May 94 on the Collonade Bldg. The total amount for \$600,373, and agrees with the co source documentation for rent.
				See item 19								
27		6121	5073	110,365.00	x	x	x	x	?	x	Journal Entry	Rent for the month of June 94 on the Collonade Bldg. The total amount of 417,269 Before June two leases, now only one lease.
				See item 19								
31		6121	5073	104,206.88	x	x	x	x	?	x	Journal Entry	July 94 Rent normalization for July 94
				See item 19 for reg non reg % See 44-3/8 for more info on this J.E.								
33		6121	5073	104,036.06	x	x	x	x	?	x	Journal Entry	Rent normalization for Aug 94
				See item 19 for reg non reg % See 44-3/9 for more info on this J.E.								
34		6121	5073	134,769.10	x	x	x	x	?	x	Journal Entry	Lease 200 9139 Research Dri Charlotte NC Sept 94
				Item 34 Total invoice 509,524. This is for lease no 200. Provide total of lease, and how you came up with \$509,524 as rent normalization. See wp 44-3/10 for answer, appears to be correct.								
35		6121	5073	104,264.34	x	x	x	x	?	x	Journal Entry	Lease 240 Collonade Sept 94
				See item 19 for reg non reg % See 44-3/11 for more info on this J.E.								

COMPANY: BST
 TITLE: SAMPLE 6121
 TEST YEAR: TYE 12/ 31/94
 DATE: SEPT 13, 1995
 AUDITOR: RKY
 WP NO:

ITEM NO.	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Vendor	DESCRIPTION OF SAMPLED ITEMS	
40	6121	5073	104,094.11	x	x	x	x	x	?	x	Journal Entry	Lease 240 Collonade oct 94	
				See item 19 for reg non reg % See 44-3/12 for more info on this J.E.									
41	6121 10m		391,460.00							x	journal entry	State to HHdq corrections required to true up booked charges in the 6121 accounts.	
				Item 41 Per source documentation. The same account that was debited was credited so there is no double entry. Cannot determine from the journal entry what the amount was for. Decided due to volume of sample and second questions, not to follow up on the initial purchase.									
42	6121 10R		122,199.00							x	journal entry	State to HHdq corrections required to true up booked charges in the 6121 accounts.	
				Item 42 Per source documentation. The same account that was debited was credited so there is no double entry. Cannot determine from the journal entry what the amount was for. Decided due to volume of sample and second questions, not to follow up on the initial purchase.									
43	6121	5051	230,908.50							x	journal entry	State to HHdq corrections required to true up booked charges in the 6121 accounts.	
				Item 43 Per source documentation. The same account that was debited was credited so there is no double entry. Cannot determine from the journal entry what the amount was for. Decided due to volume of sample and second questions, not to follow up on the initial purchase.									
44	6121	5073	138,346.88	x	x	x	x	x	?	x	Journal Entry	Transfer REnt expense from Accrual to exp for Jan thru Nov 94. Galleria Towers	

P
 4

COMPANY: BST
 TITLE: SAMPLE 6121
 TEST YEAR: TYE 12/ 31/94
 DATE: SEPT 13, 1995
 AUDITOR: RKY
 WP NO:

ITEM NO.	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Vendor	DESCRIPTION OF SAMPLED ITEMS
45	6121	5073	148,613.18	x	x	x	x	x	?	x	Journal Entry	Transfer REnt expense from Accrual to exp for Jan thru Nov 94. Galleria Towers
46	6121	5072	(134,119.07)	x	x	x	x	x	?	x	Journal Entry	JOurnalize entries for ABBs corporate service accruals. Need accrual because of one month n billing from BST to BBS. Services described in Jan 94
49	6121	M10	(155,000.00)								Journal Entry	April 94 State to HHdq corrections required to true up booked charges in the 6121 accounts. Per source documentation, The same account that was debited was credited so there is no double entry. Cannot determine from the journal entry what the amount was for. Decided due to volume of sample and second questions, not to follow up on the initial purchase.
50	6121	5073	(141,944.90)	x	x	x	x	x	?	x	Journal Entry	July 94 Lease 200 Transfer to BSHA See 44-3/13 for further info See item 19 for reg non reg %
52	6121	10m	(440,000.00)								Journal Entry	Oct 94 State to Hdq Corrections Item 52 See item 41
55	6121	10M	(165,000.00)								Journal Entry	Dec 94 State to Hdq Corrections Item 55 See item 41
56	6121	5073	134,769.10	x	x	x	x	x	?	x	Journal Entry	lease 200 Nov 94 See item 34 and wp 44-3/14

P.5

COMPANY: BST
 TITLE: SAMPLE 6121
 TEST YEAR: TYE 12/31/94
 DATE: SEPT 13, 1996
 AUDITOR: RKY
 WP NO.:

ITEM NO. ACCOUNT FRC AMOUNT (1) (2) (3) (4) (5) (6) (7) Vendor

57 6121 5072 142,576.01 x x x x x ? x Journal Entry
 Journalize entries for ABBs corporate service accruals. Need accrual because of one month lag in billing from BST to BBS. ~~Service provided on 11/15/94~~ Nov 94

61 6121 5073 104,071.76 x x x x x ? x Journal Entry
 Lease 240 Rent Normalization De 94

63 6121 5073 134,769.10 x x x x x ? x Journal Entry
 Lease 200 Dec 94

36 6121 5073 966,292.42 x x x x x ? n/a JOURNAL ENTRY
 August 94 Semi annual recurring payment for Sept.

SEE 44-3/3

Greyhound R-E 9 Inc.

26

44-3

PBC

REQUEST: Please provide answers to the attached questions. Account 6121 on sample, further backup needed to DRR 47.

REQUEST (1): Item 17, item 37, 28, 29, 39, 38, 64. How can we tell from the ERC code or any information on the invoice which cost pool this amount was assigned to? 44-3
1

RESPONSE (1): The aggregate amount in account 6121 is allocated to cost pools and subpools by applying factors developed based on floor space coding. Coding includes:

- assignment code (signifies whether floor space is marketable)
- owned verses lease indicator (used to indicate that property is owned or leased and whether floor space is under a capital or operating lease)
- occupant code (indicates that the floor space is occupied by BST, an affiliated or a nonaffiliated company)
- property code (indicates what type of building the floor space is in such as a service operations center, central office, data processing center, administrative building, etc.)
- use code (indicates the type of floor space such as storage, administrative, etc.).

As an example, CP01 includes expenses associated with leasing buildings to others. The amount in CP01 is determined by apply the percentage of total floor space leased to others to the total expense amount in account 6121. Therefore, cost pool assignment can only be determined on a transaction, by transaction, basis by applying the entire process to each transaction. Furthermore, the allocation to cost pool and subpool is done mechanically and factors are not retained. The only way to determine the factors applied would be to back into them using the cost pool and subpool information provided in response to request number 23.

REQUEST (2): Item 29, 38, 39. Why is this expensed rather than capitalized? If should be expensed, provide documentation (guidelines, more explicit explanation of what should be in account than Financial Processor AB01. 44-3
1

RESPONSE (2):

Item 29: This refers to the same contract questioned in request number 72 - i.e. sample item 28, acct 6121 - document record request #28. Please refer to the response to that request. See 44-3
1-1

Item 38: This payment to Network Construction Corp. was made for the renovation of computer space into office space for the Business Repair Center which is located in Sunrise, Florida. The project was contracted for in three stages. However, there was a delay within BST in getting a subsequent phase of the contract signed. The vendor threatened to quit construction if payments for work-to-date were not made. As capital money cannot be spent without a contract, the decision was made to record the payment as expense and to move the expenditure to capital after the contract was finalized. Due to an oversight the correction was not made in 1994.

44-3
2

By ①

44-3
2-1
+
44-3
2-2

Costs associated with painting, rearrangement, etc. of \$14,002.75 were properly expensed to 10M (Sample Item 37), however; the remainder of the payment should have been capitalized. No money should have been charged to 10R (Sample Item 38). A correction will be made to move \$229,993.65 to capital and \$33,362.87 (cost associated with demolition and removal) to accumulated depreciation. An expense adjustment of \$263,356.52 will be made to the revised 1994 surveillance report. *Exception*

2

Item 39 The payment to Country Wide Electric, Inc. covered the cost of installing five power distribution units (PDUs) at the Miami Data Center located at 444 79th Avenue. These units are used to distribute power from a main power source to computer equipment located throughout the facility. Since these units can be installed, then moved and reinstalled several times over their useful lifetime, the installation cost is expensed.

44-3
1

REQUEST (3): Item 59. We cannot determine what the expense is from the backup provided. Provide further documentation.

RESPONSE (3): This invoice for \$308,608.19 was to reimburse Greyhound Financial Corporation for property taxes paid on the training center facility located in Sunrise, Florida. This is a leased facility, and the property tax reimbursement was made in accordance with the lease agreement. See (4) below.

REQUEST (4): Item 60. What is prorate 7? What does it allocate from? to? Should property taxes be in this account, not according to AB01? Provide further documentation of account.

RESPONSE (4): BST Company buildings may be occupied by BST employees and by employees of other companies (affiliated and non-affiliated). When expenses are incurred which benefit all occupants of a building, they are allocated proportionally among the occupants using prorate 07. Prorations are developed for each location where billing to other companies (affiliated and nonaffiliated) should occur. These prorations are based on 'equivalent' square footage for each occupant. Equivalent square footage is the actual square footage measurement with a factor applied regarding how the space is being used. Some factors are less than a 1:1 ratio (storage areas, warehouse areas, etc.), others are greater than a 1:1 ratio (data processing areas, vending areas, etc.). Once these factors are applied to actual square footage, percentages for each occupant are developed based on their part of the total equivalent area.

The location for which the property taxes were paid is a facility which BST rents. Taxes on rental items are charged to the same function code as the rental expense, in this case function code 5073. This function code maps to Land and Buildings Expense, account 6121. Thus, the property tax payment in item 60 was appropriately classified.

Yes Payroll Financial Transaction

The description of account 6121 from the Accounts and Subsidiary Record Categories documentation is attached.

Bg (2)

Request 73
Attachment

BELLSOUTH TELECOMMUNICATIONS, INC.
ACCOUNTS AND SUBSIDIARY RECORDS CATEGORIES (SRCs)
SECTION 6: EXPENSES
PART B: GENERAL SUPPORT PROPERTY EXPENSES

SECTION 6
PART B
PAGE 5

6. ACCOUNT 6116, OTHER WORK EQUIPMENT EXPENSE (Continued)

6.6 Expenses associated with general purpose tools and equipment used by employees not engaged in the construction, maintenance or removal of telecommunications plant - including expenses associated with both plant and non-plant other work equipment of others that are to be billed - should be charged to SRC 6116.9000 (FRC 940M). No clearances will be made from this subsidiary record category.

7. ACCOUNT 6120, GENERAL SUPPORT EXPENSES
SRC 6120.0000

7.1 This account shall be used to summarize, for reporting purposes, the contents of Accounts 6121 through 6124.

8. ACCOUNT 6121, LAND AND BUILDING EXPENSE
SRC 6121.0000

8.1 This account includes expenses associated with land and buildings (excluding amortization of leasehold improvements). This account shall include janitorial service, cleaning supplies, water, sewage disposal, fuel, guard service and electrical power. Also included are expenses of operating offices and buildings, whether owned or rented, when such expenses are not charged to the operating expense and other accounts when incurred.

NOTE: Guard services not related to land and buildings should be charged to the function benefitted by the service.

8.2 The following list of items is illustrative of the types of work and expenses includable in this account:

Maintaining public improvements, such as assessments for repaving.

Maintaining yards and grounds including their fences, shrubbery, sidewalks, and sewers

Electrical power for house service

Improvements to leased buildings and grounds of less than \$10,000, of short life, or for which the lease period is one year or less

Rental payments for land and buildings (general office and central offices)

Repainting and repapering buildings, including redecorating interiors of buildings and rewaterproofing

Repairing building machinery, fixtures, appurtenances, and appliances, such as elevators (including inspections), plumbing, and equipment for heating, lighting, and ventilating

pg 3

BELLSOUTH TELECOMMUNICATIONS, INC.
ACCOUNTS AND SUBSIDIARY RECORDS CATEGORIES (SRCs)
SECTION 6: EXPENSES
PART B: GENERAL SUPPORT PROPERTY EXPENSES

SECTION 6
PART B
PAGE 6

8. ACCOUNT 6121, LAND AND BUILDING EXPENSE (Continued)

Replacing and repairing general company signs, awnings, screens, window shades, and ventilators, storm doors, storm windows, door checks and stops, and similar movable minor items of buildings

Replacing minor items of buildings, including labor

Restoring condition of buildings or grounds damaged or otherwise altered in the course of repairs, replacements, additions, or betterments

><

Payments for fire inspection and advisory services

Repairs and maintenance of roads to repeater stations, microwave towers, etc., where the Company has associated building investment and the access roads have been charged to Account 2121.

NOTE A: The cost of initial improvements of \$10,000 or more (including repairs, rearrangements, plant added, and betterments) in the preparation for service of leased buildings or grounds should be charged to Account 2682, Leasehold Improvements.

NOTE B: The cost of electrical power used to operate the telecommunications network shall be charged to Account 6531, Power Expense. The cost of separately metered electricity used for operating specific types of equipment, such as computers, shall be classified to the expense account appropriate for such use.

NOTE C: The cost of repairs to buildings and grounds classified to Account 2002, Property Held for Future Telecommunications Use, shall be charged to Account 6511.

8.3 The following subsidiary record category and field reporting codes have been established for this account.

6121.1000, Other Expenses

FRC 10M, >< 110M

8.3.1 >FRC 10M should be charged with the cost of all repairs, rearrangements and changes to buildings and grounds which are provided for by an authorization. This includes costs such as routine inspections and repairs, repairs caused by casualties, and the costs of replacing defective or deteriorated minor items because of their condition. This includes the costs of changes in type of items in good condition (that is, items which would not be replaced if no improved or more suitable type existed), except for the cost of retirement units replaced.<

BELLSOUTH TELECOMMUNICATIONS, INC.
ACCOUNTS AND SUBSIDIARY RECORDS CATEGORIES (SRCs)
SECTION 6: EXPENSES
PART B: GENERAL SUPPORT PROPERTY EXPENSES

Request 70
Attachment
SECTION 6
PART B
PAGE 7

8. ACCOUNT 6121, LAND AND BUILDING EXPENSE (Continued)

- 8.3.2 >FRC 110M should be charged with all expense type costs associated with computers that are dedicated to building operations and included in SRC 2121.1000.<
- 8.3.3 >Costs chargeable to Account 6121 not includable in FRCs 10M and 110M should be reported to the appropriate special purpose function code as outlined in the FASCode Manual.<
- 8.3.4 ><

9. ACCOUNT 6122, FURNITURE AND ARTWORKS EXPENSE
SRC 6122.0000

- 9.1 This account includes the cost of installation, repair, rearrangements and changes of furniture and artworks included in Account 2122; the cost of renting this same type of equipment; and transportation charges for relocation of furniture, both capital and expense items.
- 9.2 This account also includes individual items of furniture and artwork of small value (\$500 or less) or having a service life of less than one year. (A&SRC 2-C, Paragraph 9.3, contains a representative listing of equipment includable in this account.)

NOTE A: Costs associated with centralized interior planning and design and moves coordination shall be classified to Account 6728, Other General and Administrative.

NOTE B: This account does not include the cost of office accessories and supply items (e.g., letter trays, tape dispensers, easels). Such items should be charged to the appropriate functional expense account of the user organization.

- 9.3 Expenses charged to Account 6122 shall be separated by subsidiary record categories, as follows:

(1) 6122.1000, Artworks Expense FRC 130M

This SRC includes expenses related to investment in subsidiary record category 2122.1000, Artworks.

NOTE A: Items costing \$500 or less that would otherwise be classified as artwork should be charged to SRC 6122.2000 and not SRC 6122.1000.

(2) 6122.2000, Furniture Expense FRC 30M, 31M,

This SRC includes all furniture expenses not includable in subsidiary record category 6122.1000, Artworks. Expenses associated with hotel furnishings are to be charged to FRC 31M; all other expenses should be charged to FRC 30M.



Florida FPS Audit of 1994 Surveillance Report

Request No. 47

Sampled Item Number: 37

Sampled: Account: 6121.1000
Amount: \$138,680.00

Supporting Documentation: Voucher 1006416

Amount

\$138,680.00

138,679.27

44-3
2-2

277,359.27

14,002.75

44-3
2

263,356.52

*Exception
S/b Capital
not expense*

Cost 1006416

1 INPUT = FLPSMM SAVE SUPPLIER BILL VOUCHER FORM MP-2196-1
 2 VCHR ID = 94283 11:40:61 AREA = 6A 10/10/94
 3 PREPARER: MAGNANI/MARIA A PH: 305-492-2456 SSN: 114 44 5076
 4 YR. MO] SERIAL] PT] CLASS] SPI] MBE] STAT] S1] S2] EDIT] CERT]

5 A. PAYEE'S NAME AND ADDRESS] B. CONTRACT AND LEASE DATA
 6 NUMBER: 003084048B WHBE:]
 7 NETWORK CONSTRUCTION CORP] TRANSACTION COVERED BY CONTRACT: YES
 8 420 S DIXIE HWY STE 4F] CONTRACT NUMBER: BE1276
 9 CORAL GABLES, FL 33146]
 10] TRANSACTION COVERED BY LEASE: NO
 11 33146] LEASE IDENTIFICATION:

12 C. SPECIAL HANDLING INSTRUCTIONS: *Deliver before 10:00 AM the next expedited*
 13 *Important!!!! Please FED EX & VENDOR!!!!*
 14 DRAFT TO BE PICKED UP BY: *Coral Gables FL 33146* APPROVED: *RC B0401300*
FC-3009

15 I HEREBY CERTIFY THAT ITEMS, AMOUNTS, AND EXPLANATIONS HEREIN LISTED OR
 16 ATTACHED ARE CORRECT AND DUE FROM THE COMPANY

17 D. CERTIFICATION: E. APPROVAL: AMOUNT--> 277359.27
 18 (IF NO SIGNATURE, SEE ATTACHED INVOICE)
 19 *Penny M Perez* DATE *10/10/94* *R.D. Swanson* DATE *10/10/94*
 20 TITLE: *Manager* TITLE: *ASST VICE PRESIDENT*
 21 NAME: PEREZ, PENNY M NAME: ~~WALTER JR. HT~~ R.D. SWANSON
 22 SSN: TN: 305-492-2420 SSN:
 23 DEPT: DEPARTMENT CODE PB]
 24 RC-01: B0401300 GLC:] LEVEL: 64

25 F. LIST ALL INVOICES
 26 INV DATE DUE DATE EXTC AMOUNT INVOICE NUMBER
 27 08/18/94 09/23/94 VC: 277359.27 APPL. 2
 28 TA: TB:

06416

29 G. CLASSIFICATION DATA

#	EXTC	AMOUNT	FRC	FC/FC	RC-C	GLC	AUTH.	BILL
30	001 484		10M	/	101F0200	E4464	EM6203	FL
31	S1: BN EL1199	S2: SI BE1276		VC:	TA:		TB:	
32	002 484		10M	/	101F0200	E4464	EM6203	FL
33	S1: BN EL1199	S2: SI BE1276		VC:	TA:		TB:	

*** END OF VOUCHER ***

APPLICATION AND CERTIFICATE FOR PAYMENT VIA DOCUMENT C702

(Instructions on reverse side) FICE ONE OF TWO

Please pay from this invoice only this is needed

TO (OWNER): Mr. Perry Perez
Southern Bell Telephone Co.
6451 N. Federal Highway, # 820
Ft. Lauderdale, Florida 33308

FROM (CONTRACTOR): Network Construction Corp.
120 S. Dixie Highway, Suite 4F
Coral Gables, Florida 33146
SECC - BCRC Computer Center
Hialeah, Florida 33183

PROJECT: SECC - BCRC Computer Center
Construction - Phase I
Ft. Lauderdale, Florida

MY (ARCHITECT): OFFICE - Lerner, M.R.
13831 S.W. 59th Street
Hialeah, Florida 33183

CONTRACT FOR: SECC - BCRC Computer Center

CONTRACT DATE: May 27, 1994

APPLICATION NO: Two

PERIOD TO: Aug. 18, 1994

ARCHITECTS: ARCHITECT

CONTRACTOR

OWNER

Distribution to: OWNER

ARCHITECT

CONTRACTOR

OWNER

CHANCE ORDER SUMMARY

Change Orders approved in previous months by Owner	Approved this month		TOTALS
	Number	Date Approved	
ADDITIONS			
DEDUCTIONS			
Change Orders approved in previous months by Owner			
ADDITIONS			
DEDUCTIONS			
TOTALS			

CONTRACTOR'S APPLICATION FOR PAYMENT

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR: Network Construction Corporation
Date: Aug 18, 1994

ARCHITECT'S CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on the observations and the data comprising the above application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the work has progressed as indicated, the quality of the work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED: \$ 217,359.27

Application is made for Payment, as shown below, in connection with the Contract Construction Sheet, AIA Document C702, is attached.

1. ORIGINAL CONTRACT SUM \$2,156,852.00

2. Net change by Change Orders \$2,156,852.00

3. CONTRACT SUM TO DATE (line 1+2) \$2,156,852.00

4. TOTAL COMPLETED & STORED TO DATE \$2,156,852.00

5. RETAINAGE: (Column C on C702)

a. % of Completed Work \$ 50.00

(Column D + E on C702)

b. % of Stored Material \$ 50.00

Total Retainage (line 5a + 5b or Column F on C702)

6. TOTAL EARNED LESS RETAINAGE Total in Column I of C702) \$ 50.00

7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (line 6 from prior Certificate) \$ 91,423.93

8. CURRENT PAYMENT DUE \$ 227,359.27

9. BALANCE TO FINISH, PLUS RETAINAGE (line 3 less line 6)

State of: Florida

County of: Dade

Subscribed and sworn to before me this 18th day of August, 1994

My Commission expires: _____

AMOUNT CERTIFIED: \$ 217,359.27

Date: Aug 18, 1994

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under the Contract.

AMOUNT CERTIFIED: \$ 217,359.27

AMOUNT CERTIFIED: \$ 217,359.27

AMOUNT CERTIFIED: \$ 217,359.27

08/23/95 15:31

NO. 317

017

AMOUNT CERTIFIED: \$ 217,359.27

AMOUNT CERTIFIED: \$ 217,359.27

AMOUNT CERTIFIED: \$ 217,359.27



Florida EPSC Audit of 1994 Surveillance Report

Request No. 47
Sampled Item Number: 38

Sampled: Account: 6121.1000
Amount: \$138,679.27

Supporting Documentation: Voucher 1006416

Amount \$138,679.27

See documentation for Request 47, Item 37.

44-3

2-1

Why is this considered
an expense item?
In acct disc up in Financial Systems
document AB01 part 10, section 11
acct 6121 does not mention renovation
or interior alteration

~~cost part~~

1 INPUT = FLPSMM SAVE SUPPLIER BILL VOUCHER
 2 VCHR ID = 94283 11:40:61 AREA = GA 10/10/94
 3 PREPARER: MAGNANI/MARIA A PH: 305-492-2456 SSN: 114 44 5076
 4 YR. MO] SERIAL] PT] CLASS] SPI] MBE] STAT] S1] S2] EDIT] CERT]

5 A. PAYEE'S NAME AND ADDRESS 1 B. CONTRACT AND LEASE DATA
 6 NUMBER: 0030840488 WHBE:]
 7 NETWORK CONSTRUCTION CORP] TRANSACTION COVERED BY CONTRACT: YES
 8 420 S DIXIE HWY STE 4F] CONTRACT NUMBER: BE1276
 9 CORAL GABLES, FL 33146]
 10] TRANSACTION COVERED BY LEASE: NO
 11 33146] LEASE IDENTIFICATION:

12 C. SPECIAL HANDLING INSTRUCTIONS: *show delivery before 10:00 AM must be expedited*
 13 *Important!!!! Please FED EX & VENDOR!!!*
 14 DRAFT TO BE PICKED UP BY: *Coral Gables FL 33146* APPROVED: *RC B0401300*
FE 3009

15 I HEREBY CERTIFY THAT ITEMS, AMOUNTS, AND EXPLANATIONS HEREIN LISTED OR
 16 ATTACHED ARE CORRECT AND DUE FROM THE COMPANY

17 D. CERTIFICATION: E. APPROVAL: AMOUNT--> 277359.27
 18 (IF NO SIGNATURE, SEE ATTACHED INVOICE)
 19 *[Signature]* DATE *21/94* *[Signature]* DATE *12/12/94*
 20 TITLE: *MANAGER* TITLE: ASST VICE PRESIDENT
 21 NAME: PEREZ, PENNY M. NAME: ~~WADDE~~ R.D. SWANSON
 22 SSN: TN: 305-492-2420 SSN:
 23 DEPT: DEPARTMENT CODE PB]
 24 RC-0: B0401300 GLC:] LEVEL: 64

25 F. LIST ALL INVOICES
 26 INV DATE DUE DATE EXTC AMOUNT INVOICE NUMBER
 27 08/18/94 09/23/94 277359.27 APPL. 2
 28 VC: TA: YB:

06416

29 G. CLASSIFICATION DATA
 30 # EXTC AMOUNT FRC FC/FC RC-C GLC AUTH. DILL
 31 001 484 138690.00 10M / 101F0200 E4464 EM6203 FL
 32 S1: BN EL1199 S2: SI BE1276 VC: TA: TB:
 33 002 484 138679.27 10R / 101F0200 E4464 EM6203 FL
 34 S1: BN EL1199 S2: SI BE1276 VC: TA: TB:

Please pay from this invoice only Bill rendered

APPLICATION AND CERTIFICATE FOR PAYMENT AIA DOCUMENT G702

(Instructions on reverse side) PAGE ONE OF TWO

TO (OWNER): Ms. Penny Perez
Southern Bell Telephone Co.
6451 N. Federal Highway, # 820
Ft. Lauderdale, Florida 33308

PROJECT: SERCC - BCRC Computer Center
Construction - Phase I
Ft. Lauderdale, Florida

APPLICATION NO: Two Distribution to:
 OWNER
 ARCHITECT
 CONTRACTOR
PERIOD TO: Aug. 18, 1994
ARCHITECT'S PROJECT NO: R/E # 9416

FROM (CONTRACTOR): Network Construction Corp.
120 S. Dixie Highway, Suite 4F
Coral Gables, Florida 33146

IA (ARCHITECT): Offerle - Lerner, RIA
13831 S.W. 39th Street
Miami, Florida 33183

CONTRACT FOR: SERCC - BCRC Computer Center

CONTRACT DATE: May 27, 1994

CONTRACTOR'S APPLICATION FOR PAYMENT

CHANGE ORDER SUMMARY		ADDITIONS	DEDUCTIONS
Change Orders approved in previous months by Owner	TOTAL		
Approved this Month			
Number	Date Approved		
TOTALS			
Net change by Change Orders			

Application is made for Payment, as shown below, in connection with the Contract. Continuation Sheet, AIA Document G703, is attached.

- 1. ORIGINAL CONTRACT SUM \$1,166,962.00
- 2. Net change by Change Orders \$
- 3. CONTRACT SUM TO DATE (Line 1 + 2) \$1,166,962.00
- 4. TOTAL COMPLETED & STORED TO DATE \$ 5318,483.20
(Column G on G703)
- 5. RETAINAGE:
 - a. % of Completed Work \$ 80.00
(Column D + E on G703)
 - b. % of Stored Material \$ 50.00
(Column F on G703)
 - Total Retainage (Lines 5a + 5b or Total in Column I of G703) \$ 80.00
- 6. TOTAL EARNED LESS RETAINAGE \$ 5318,483.20
(Line 4 less Line 5 Total)
- 7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 6 from prior Certificate) \$ 511,123.93
- 8. CURRENT PAYMENT DUE \$ 5277,359.27
- 9. BALANCE TO FINISH, PLUS RETAINAGE \$ 3818,483.20
(Line 3 less Line 6)

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR: Network Construction Corporation
By: [Signature] President Date: Aug 18, 1994

Notary Public: Lourdes Maria Ambros
State of Florida County of [Blank]
Subscribed and sworn to before me this [Blank] day of [Blank] 1994
My Commission expires: [Blank]

ARCHITECT'S CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on on-site observations and the data comprising the above application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED \$ 2,777,359.27
(Attach explanation if amount certified differs from the amount applied for.)
ARCHITECT: [Signature] Date: 29 Aug 94
This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

08/23/95

15:31

4042506980

08-23-95 03:33PM P01

NO. 317

017

EBF
Au 14 6121

PC 10 815
KW 10/20/95

912

- 1 In 1994, rent normalization began for the FL Learning Center due to the materiality of the lease payment
- 2 vs. the normalized amount. As a result of communication problems, the State Cost Office in Miami
- 3 continued to book the rent related entries as they had done in the past, and additionally HQ began the new
- 4 rent normalization entries.

- 5 #14 This entry is the historical normal recurring transaction from the FL CCO.

- 6 #15 This is the rent normalization entry per new Methods and Procedures initiated in January 1994. At the
- 7 time this entry was created it was thought that the 4120.3000 side of the account should be reconciled at
- 8 HQ. The 4120 side of the entry was booked at HQ, and the 6121 side was booked to FL. The side of the
- 9 entry booked to HQ was moved onto the FL books in March 1995 (see #10 - 2mo. X)

- 10 #20 This entry is the historical normal recurring transaction from the FL CCO.

- 11 #48 This entry is part of a series of entries (see #6,7,8) to record the March entry per the rent normalized
- 12 Methods and Procedures.

- 13 #30 This entry is to record the normal recurring rent expense transaction under the rent normalization
- 14 Methods and Procedures for July 1994 business.

- 15 #51 This entry is to record the rent normalized entry per the new Methods and Procedures.

- 16 *See 44-3 pg 3 & 4*
#36 The voucher for the rent payment was originally journalized to 4120.3000 (See #20). #36 is the entry
- 17 to move this amount from 4120 to 6121. Under the new procedures, the payment should be recorded to
- 18 6121. *(44-3)*

- 19 #58 Due to the miscommunications that occurred in the early part of the year, the CCO attempted to
- 20 reverse the March through June amounts that were booked in the FL CCO (4 x _____) The
- 21 entry #58 was journalized opposite of what the transaction should have been journalized to reverse the
- 22 original entries. (See #54)

- 23 #54 The CCO found the error of #58 above and this entry is to reverse and properly record the original
- 24 entry.

44-3
3 p.1

Application	CF02: Prepayments and Accruals	# 14
Part	1: Prepaid and Accrued Rents	
Section	1: Overview	# 20

ACCOUNTING CONCEPTS

- 2.01 Contracts usually require payment in advance of the period for which the rent is applicable. Since the financial statement matches expenses with benefits, the rent payments are amortized over the applicable period, so that the financial statements properly reflect expenses and benefits. If the entire expense was booked in one month, the journals for that month would not properly reflect expenses and benefits.
- 2.02 Account 1290.0000, Prepaid Rents, includes rent payments made in advance of the period to which they are chargeable to income, except amounts chargeable to telecommunications plant under construction and minor amounts which may be charged direct to the final accounts. Charges to Account 1290.0000 are distributed monthly to the appropriate final account or SRC charged over the period for which the prepayment was made.
- 2.03 Account 4120.3000, Accrued Rents, includes amounts accrued for rents which are payable at the end of the period to which the rent is applicable. The appropriate department furnishes the Comptrollers Department at the beginning of each year with an estimated amount of Account 4120.3000 charges for the current year. Such estimates are revised during the year as conditions warrant. The Comptrollers Department accrues monthly one-twelfth of the estimated amount by crediting Account 4120.3000 and debiting the appropriate final account or SRC.
- # 14
20
- 2.04 The appropriate Operating Department is responsible for negotiations with the other party for joint use of poles and for interpretation of contract provisions. They are also responsible for furnishing the Comptrollers Department with copies of leases, contracts, permits and other agreements applicable to rents charged to Accounts 1290.0000 and 4120.3000. The Comptrollers Department is responsible for maintaining a file of such records and ensuring that payments for rentals conform with these records.
- 2.05 Rents that are paid monthly are charged direct to final accounts and are not covered in these instructions.
- 2.06 The rental agreement will determine the method of accounting to be used (refer to CF02.1.2.1, paragraph 1.05 for a description of gross accounting and net accounting).

02130008

DRAFT

1.1.2

Notice: Not for use or disclosure outside
BellSouth except under written agreement

f 2

A B C Sheet1 D E

Prepared By HQ Books FL CCO Books

1	Jan-94	CCO		Dr. 6121 Cr. 4120.3000	#14
2		HQ	Cr. 4120.3000	Dr. 6121	#15
3	Feb-94	CCO		Dr. 6121 Cr. 4120.3000	#20
4		HQ	Cr. 4120.3000	Dr. 6121	
5	Mar-94	CCO		Dr. 6121 Cr. 4120.3000	
6		HQ	Cr. 4120.3000	Dr. 4120.3000	
7		HQ	Dr. 6121	Cr. 6121	#48
8		HQ	Dr. 4120.3000 Cr. 6121		
9				Dr. 4120.3000 Cr. Cash	
10		CCO	Dr. 4120.3000	Cr. 4120.3000	
11	Apr-94	HQ		Dr. 6121 Cr. 4120.3000	
12		CCO		Dr. 6121 Cr. 4120.3000	
13	May-94	HQ		Dr. 6121 Cr. 4120.3000	
14		CCO		Dr. 6121 Cr. 4120.3000	
15	Jun-94	HQ		Dr. 6121 Cr. 4120.3000	
16		CCO		Dr. 6121 Cr. 4120.3000	

8 3

A

B

C

Prepared		By	HA Books	FL CCO Books	
1	17	Jul 5 2011	HQ	Dr. 6121 Cr. 4120.3000	#30
2					
3	18	Aug 2 2011	HQ	Dr. 6121 Cr. 4120.3000	
4					
5	19	Sep 2 2011	HQ	Dr. 4120.3000 Cr. 6121	#51
6					
7	20			Dr. 4120.3000 Cr. Cash	
8					
9	21		HQ	Dr. 6121 Cr. 4120.3000	#36
10					
11	22	Oct 2 2011	HQ	Dr. 6121 Cr. 4120.3000	
12					
13	23	Nov 2 2011	HQ	Dr. 6121 Cr. 4120.3000	
14					
15	24			Dr. 6121 Cr. 4120.3000	#58
16					
17	25	Dec 2 2011	HQ	Dr. 6121 Cr. 4120.3000	
18					
19	26		CCO	Dr. 4120.3000 Cr. 6121	#54
20					

P 4

1
2
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5



6 REQUEST: Re: 6121

7 Provide further backup to the attached items: 19, 21, 22, 23, 31, 33, 34, 35, 40, 50, 56, 61, 63.

8 REQUEST:

9	<u>Item</u>	<u>FRC</u>	<u>Amount</u>	<u>Vendor</u>	<u>Description of Sampled Items</u>
10	19	5073	[REDACTED]	Journal Entry	Expensing of Rent Normalization for Colonnade
11					Feb. 94

- 12 How does the [REDACTED] relate to the lease Account System normalization documentation?
- 13 Explain each column on the Lease Accounting System Documentation.
- 14 Explain the Company procedures for normalizing rent (why)?
- 15 Explain the difference between paying rent and normalizing rent? The life of the lease is
- 16 [REDACTED] How did you come up with your monthly normalization? Is there another
- 17 lease included in this normalization? If so, provide total and monthly normalization data.
- 18 How do we determine what cost pool JFC relates (sic) to?
- 19 How do we determine how the cost pool is allocated to reg nonreg?

44-3
4-1 p 3
Correct?
(8/15/24)

20 RESPONSE:

21 [REDACTED] was booked for the months of November, 1993 through February, 1994. The

22 amounts should have been [REDACTED] for November 1993 and [REDACTED] for December

23 1993 through February, 1994. Corrections were booked in March, 1994. *More expense booked in 93 than should have been Capitalized in 93 or Dec 93*

24 The document labeled "Lease Accounting System - Rent Normalization Schedule" for

25 Lease 240 is really for Lease 240 and Lease 242. The column titled "Minimum Lease

26 Payments" represents the cash payments required under the lease [REDACTED] for Lease 242

27 and [REDACTED] for Lease 240 [REDACTED]. The column titled "Normalized Rent Expense" is

28 the total lease payments required, divided by the total months covered by the lease

29 agreement. The column titled "Difference DR (CR)" is the difference between Column (1)

30 and Column (2) is the amount of rent expense booked during the specified month, in

31 addition to any cash payments. The next two columns are the year to date (YTD) and

32 cumulative totals.

44-3
4-1 p 4

33 The document labeled "Lease Accounting System - General Lease Information"

34 summarizes the payment amounts required, the number of payments at each amount, and

35 the number of months between payments. These schedules provide the data for the Rent

36 Normalization Schedule.

44-3
4-1 p 3

44-3
4-1 p 3

44-3
4-1
2

1
 2
 3
 4
 5

FPSC Staff Audit
 1994 Surveillance Report
 Request No. 89
 September 28, 1995
 Page 2 of 14

6 GAAP accounting procedures require that when a lease provides for uneven payments, the
 7 amounts to be booked each month should be "normalized", or booked evenly over the term
 8 of the lease. Therefore, cash payments are recorded to expense; in addition, there is a
 9 monthly journal entry to debit or credit expense so that the total expense for the month
 10 equals total payments divided by total months of the lease.

11 The fair market value of the lease is \$77,040,750 for Lease 240. This is not the total lease
 12 payments. Total lease payments are See a copy of Schedule 3 of the
 13 lease (complete lease is provided with documentation for Sample Item No. 16), or this can
 14 be computed from the Schedule "General Lease Information". $\frac{44-3}{4124}$

Note A 17
 15 { The JFCs do not relate directly to cost pools. JFC stands for Job Function Code and is
 16 used to assign expenses to different type of work activities. The JFCs are converted to
 17 accounts during the financial processing and these are then categorized into cost pools.
 18 Cost Pools are established for accounts. They determine the methodology used to assign
 19 accounts to regulated and nonregulated. The accounts, associated cost pools and
 20 methodology used for assigning accounts to regulated and nonregulated are contained in
 21 the BellSouth Cost Allocation Manual (CAM). Please refer to Request Number 73 (1) for
 22 additional information regarding the allocating of account 6121 cost pools to regulated and
 23 nonregulated operations.

24 Note (A) answer to Req 73, Item 17, WP $\frac{44-3}{2}$

25 states that the appropriate amount in 6121
 26 is allocated to cost pools + subpools by
 27 applying factors developed based on floor
 28 space coding. more detailed info on $\frac{44-3}{2}$

29 The conclusion is "... cost pool assessment
 30 can only be determined on a transaction
 31 by transaction basis by applying the entire
 32 process to each transaction." "The allocation
 33 is done mechanically & factors are not
 34 retained"

11																			
42																			
43																			

989

1 Florida FPSC Audit of 1994 Surveillance Report

2 Request No. 47

3 Sampled Item Number: 19

4 Sampled: Account: 6121.1000

5 Amount _____

6 Supporting Documentation: GNPR

7	Amount
8	Prorate 16
9	FL Rate
10	FL Amount

44-3
4

.2645 ✓

44-3
41

P(1)

HEADQUARTERS GENERAL PURPOSE FORM

1

2 DATE: 2/24/94

PAGE
FORM MP-41

3

4 THIS REPORT IS PRODUCED DURING EXPORT FUNCTION

5

EXPLANATION EXPENSING OF RENT NORMALIZATION FOR COLONNADE

6

PK-ID	PEC	PK-ORIG	ZY/MM	NUM	REC-CNT	TOTAL-QTY	DEBIT	
89pcC	80	GNPR4RI	94/02	001	0000000	0.00	FINAL	
							598359.00	1

10

REC ID	SRC CDE	RCO	RCC	GEO CODE	FUNC CODE	JB E ST	AUTH C	SSN I
--------	---------	-----	-----	----------	-----------	---------	--------	-------

12

OC BI	ACCOUNT	F RV A JC	SECND AUTH	BILL INFO	P B T Y	MM/YY PLCD	A TR T CD	FRC GP	TRAN DATE	ORIGINAL BILL EMP
-------	---------	-----------	------------	-----------	---------	------------	-----------	--------	-----------	-------------------

14

DEP CAT	DR MA	MOTOR RC	VEHICLE F A	B VOU G	MIC	EXTC	HRS/QTY	AMOUNT
---------	-------	----------	-------------	---------	-----	------	---------	--------

16

A	B	C	D	E	F	G
GNPR	JNTR	A0303104	OX800000	SD53		

17

41203000				94		
				CY1	0.00	

18

19

GNPR	JNTR	A0303104	OX800000	10044	5073	
61211000					94	
					CYD	0.00

21

22 CORRECT:

VERIFIED:

Sandra Morgan

APPROVAL:

Handwritten signature for APPROVAL
MANAGER

NOTICE: NOT FOR USE/DISCLOSURE OUTSIDE BELL SOUTH EXCEPT UNDER WRITTEN AGREEMENT

Pg 2

**THIS PAGE(S) HAS BEEN REMOVED AS IT
CONSISTS OF LEASE DATA, WHICH IS
VENDOR SPECIFIC, CONTRACTUAL
PROPRIETARY INFORMATION**

818P
Am 4.6.21

Kg 10/15/95
10/20/95

1 06/26/94
2 15:25.15
3 FSD CC04

LEASE ACCOUNTING SYSTEM
BELLSOUTH TELECOMMUNICATIONS
GENERAL LEASE INFORMATION
CLIENT: BSHB LEASE: 240

FORM 01
PAGE 1
DATE 06/1994

4 INCEPTION: 11/1993 END DATE: 04/2015 BOOK CLASS: OPERATING TAX CLASS: BOTO

5 T ACTIVITY: CHANGED 06/26/94

6 REASON FOR PRECLASSIFICATION: (NOT PRECLASSIFIED)

7 LESSOR: CSL BIRMINGHAM ASSOCIATES
8 ADDRESS OF LEASED PROPERTY: 3535 COLONNADE
9 BIRMINGHAM AL

10 DESCRIPTION: BELLSOUTH HDQ COLONNADE 10044
11 GLC: 10044 RC CHARGED: B0407100
12 ASSET CAT: 1C TERM (MONTHS): 258

TYPE: LEASE

13 BORROWING RATE: 7.00 %
14 FAIR MARKET VALUE (FMV): 77,040,750 % FMV PERTAINS TO LAND: 0
15 SALVAGE VALUE: 0 CANCELLATION PENALTY: 0
16 GUARANTEED RESIDUAL: 0 UNGUARANTEED RESIDUAL: 0

17 INTERCOMPANY LEASE? N LESSEE TAKES TAX DEPRECIATION? N

18 PAYMENT TIMING: BEGINNING OF MONTH C

19	A	B	D	E
20	SEQ	PAYMENT AMOUNT	EXEC COSTS	NO. OF PAYMENTS
21	1		0	3
22	2		0	6
23	3		0	1
24	4		0	15
25	5		0	1
26	6		0	17
				199,284
				6,132,447.96
				4,629,256
				184,396,426
				4,053,975
				1,129,276
				<u>167,653,101</u>

44-3
4

44-3
492

17 *** LEASE WAS ADDED 02/1994 -- ACTUAL INCEPTION DATE WAS 11/1993
* NOT FOR USE OR DISCLOSURE OUTSIDE BELLSOUTH EXCEPT UNDER WRITTEN AGREEMENT *

(4)

										44-3
										44-1

8557
Pent Exp
Qu 1+ 1/6121

8/17/95

KW 10/20/95

				Booked	Booked
July	in March	94	for	Nov 93 \$98 357	504793
				Dec 93 \$98 359	600373
				Jan 94	
				Feb 94	
				1196718	1105066 (91552)
<p>Booked more in 93 than should have - credit for 93 given Mar 94 (<87,524>). Pass on disclosure</p>					

114-3

4-1

07/01/94
10:38.40
FSD CC04

LEASE ACCOUNTING SYSTEM
BELLSOUTH TELECOMMUNICATIONS
GENERAL LEASE INFORMATION
CLIENT: BSHB LEASE 242

FORM 01
PAGE 1
DATE 06/1994

INCEPTION: 11/1993 END DATE: 04/2015 BOOK CLASS: OPERATING TAX CLASS: BOTO

LAST ACTIVITY: CHANGED 07/01/94

REASON FOR PRECLASSIFICATION: NORMALIZED LEASE

LESSOR: CSL ASSOCIATES
ADDRESS OF LEASED PROPERTY: 3535 COLONNADE
BIRMINGHAM AL

DESCRIPTION: COLONNADE BUILDING

GLC: 10045
ASSET CAT: 1C

RC CHARGED: 80407100
TERM (MONTHS): 258

TYPE: LEASE

BORROWING RATE: 7.00 %

FAIR MARKET VALUE (FMV): 33,809,250

SALVAGE VALUE: 0

GUARANTEED RESIDUAL: 0

% FMV PERTAINS TO LAND: 0

CANCELLATION PENALTY: 0

UNGUARANTEED RESIDUAL: 0

INTERCOMPANY LEASE? N

LESSEE TAKES TAX DEPRECIATION? N

PAYMENT TIMING: BEGINNING OF MONTH

	A	B	C	D	E
	SEQ	PAYMENT AMOUNT	EXEC COSTS	NO. OF PAYMENTS	MTHS BETWEEN PAYMENTS
20	---				
21	---				
22	1		0	3	6
23	2		0	6	6
24	3		0	1	6
25	4		0	15	6
26	5		0	1	6
27	6		0	17	6

44-3
4

28 *** LEASE WAS ADDED 06/1994 -- ACTUAL INCEPTION DATE WAS 11/1993

* NOT FOR USE OR DISCLOSURE OUTSIDE BELLSOUTH EXCEPT UNDER WRITTEN AGREEMENT *



288
06/16/94

By [Signature]
06/10/94

28/7/94
44-3

**THIS PAGE(S) HAS BEEN REMOVED AS IT
IS A VENDOR CONTRACT -
PROPRIETARY INFORMATION**

44

3/4-2
p1-p11

APPENDIX (B) - 10/01/94

Empty grid table with multiple columns and rows, likely for data entry or tracking.

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BELLSOUTH TELECOMMUNICATIONS, INC.
STATE- CORPORATE REPORT PERIOD- JULY
REPORT- FE72 ORIGINAL-ENTRY GNPR TRANSACTIONS

FINANCIAL PROCESSOR
1994 TODAYS DATE- 08/04/94

RETENTION - OPTIONAL
TIME- 17:31:07 PASS- 45
PAGE- 20

ACCOUNT	A T	PACK ORIGIN	PAK NUM	OTC SRCE	AUTH	R C T B	CSG	SPEC LOC	FUNC CODE	LOB CDE	RCO	RCC	YR PL	C M EXTC	AMOUNT	F A J	MOTOR VEH NUMBER	FRC GRP CHG
61121100		GNPR5CC	017	JTCB		2 9	1110		5214	888	A0000000	B0502000	94 0	481 M	-129.25		11	
61121100		GNPR5CC	017	JTCB		2 9	1110		5214	888	A0000000	B0502000	94 0	481 M	-5.00		20	
61121100		GNPR5CC	017	JTCB		2 1	1110		5214	888	A0000000	B0502000	94 0	481 M	-50.00		93	
61121100		GNPR5CC	017	JTCB		2 4	1110		5214	888	A0000000	B0502000	94 0	481 M	-538.11		15	
61121100		GNPR5CC	017	JTCB		2 5	1110		5214	888	A0000000	B0502000	94 0	481 M	-260.35		15	
61121100		GNPR5CC	017	JTCB		2 6	1110		5214	888	A0000000	B0502000	94 0	481 M	-1,461.70		23	
61121100		GNPR5CC	017	JTCB		2 4	1110		5214	888	A0000000	NN000000	94 0	481 M	-506.65		21	
61121100		GNPR5CC	017	JTCB		2 1	1110		5214	888	A0000000	B0502000	94 0	481 M	-1,470.38		21	
61121100		GNPR5CC	017	JTCB		2 9	1110		5214	888	A0000000	B0502000	94 0	481 M	-20.00		11	
61121100		GNPR5CC	017	JTCB		2 2	1110	32244	5214	888	A0000000	B0503000	94 0	481 M	-514.80		11	
61121100		GNPR5CC	017	JTCB		2 2	1110	32244	5214	888	A0000000	B0503000	94 0	523 H	-376.41		11	
61121100		GNPR5CC	018	JTCD		2 2	1110		5214	888	A0000000	B0503000	94 0	481 M	187.20		93	
61121100		GNPR5CC	018	JTCD		2 2	1110		5214	888	A0000000	B0503000	94 0	523 H	177.24		93	
61121100		GNPR5CC	018	JTCD		2 3	1110		5214	888	A0000000	B0503000	94 0	481 M	40.00		23	
61121100		GNPR6JB	002	JNTR		2 2	1120		521H	888	A0303100	0XX00000	94 0	59B R	2,035.05		9949997	
61211000		GNPR4SM	001	JNTR		2 1	1040	11170	5073	888	A0303104	0X200000	94 0	CYD R	-5,814.00			
61211000		GNPR4SM	001	JNTR		2 1	1040	12701	5073	888	A0303104	0X200000	94 0	CYD R	-4,671.00			
61211000		GNPR4SM	002	JNTR		2 2	1040	31012	5073	888	A0303104	0X200000	94 0	CYD R	-11,596.00			
61211000		GNPR4SM	002	JNTR		2 2	1040	3C561	5073	888	A0303104	0X200000	94 0	CYD R	-7,094.00			
61211000		GNPR4SM	002	JNTR		2 2	1040	3E190	5073	888	A0303104	0X200000	94 0	CYD R	-6,210.00			
61211000		GNPR4SM	002	JNTR		2 2	1040	H2648	5073	888	A0303104	0X200000	94 0	CYD R	-10,410.00			
61211000		GNPR4SM	002	JNTR		2 3	1040	F0345	5073	888	A0303104	0X200000	94 0	CYD R	-92,590.00			
61211000		GNPR4SM	003	JNTR		2 3	1040	F1303	5073	888	A0303104	0X200000	94 0	CYD R	-1,900.00			
61211000		GNPR4SM	003	JNTR		2 3	1040	F1418	5073	888	A0303104	0X200000	94 0	CYD R	-2,000.00			
61211000		GNPR4SM	003	JNTR		2 3	1040	F3591	5073	888	A0303104	0X200000	94 0	CYD R	-1,200.00			
61211000		GNPR4SM	003	JNTR		2 3	1040	F5319	5073	888	A0303104	0X200000	94 0	CYD R	-1,558.00			
61211000		GNPR4SM	003	JNTR		2 3	1040	F5409	5073	888	A0303104	0X200000	94 0	CYD R	-88,427.00			
61211000		GNPR4SM	003	JNTR		2 3	1040	R2289	5073	888	A0303104	0X200000	94 0	CYD R	-3,167.00			
61211000		GNPR4SM	003	JNTR		2 3	1040	R6205	5073	888	A0303104	0X200000	94 0	CYD R	-2,015.00			
61211000		GNPR4SM	004	JNTR		1	1040	27689	5073	888	A0303104	0X800000	94 0	CYC R	-536,654.00			
61211000		GNPR4SM	005	JNTR		2		10044	5073	888	A0303104	0X800000	94 0	CYC R				
61211000		GNPR4SM	005	JNTR		2		10045	5073	888	A0303104	0X800000	94 0	CYC R	185,113.00			
61211000		GNPR4SM	005	JNTR		1	1040	10044	5073	888	A0303104	0X800000	94 0	CYC R				
61211000		GNPR4SM	005	JNTR		1	1040	10044	5073	888	A0303104	0X800000	94 0	CYC R				
61211000		GNPR4SM	005	JNTR		1	1040	10044	5073	888	A0303104	0X800000	94 0	CYC R	3,873.83			
61211000		GNPR4SM	005	JNTR		1	1040	10045	5073	888	A0303104	0X800000	94 0	CYC R	179,239.17			
61211000		GNPR4SM	006	JNTR		2 4	1040	53397	5073	888	A0303104	0X200000	94 0	CYD R	-625.00			
61211000		GNPR4SM	006	JNTR		2 4	1040	52191	5073	888	A0303104	0X200000	94 0	CYD R	-7,460.00			
61211000		GNPR4SM	006	JNTR		2 4	1040	53396	5073	888	A0303104	0X200000	94 0	CYD R	-625.00			
61211000		GNPR4SM	006	JNTR		2 4	1040	53396	5073	888	A0303104	0X200000	94 0	CYD R	-719.00			
61211000		GNPR4SM	009	JNTR		2 8	1040	9B042	5073	888	A0303104	0X200000	94 0	CYD R	-2,667.00			
61211000		GNPR4SM	009	JNTR		2 8	1040	91645	5073	888	A0303104	0X200000	94 0	CYD R	-1,625.00			
61211000		GNPR4SM	009	JNTR		2 8	1040	9B038	5073	888	A0303104	0X200000	94 0	CYD R	-850.00			
61211000		GNPR4SM	009	JNTR		2 8	1040	90902	5073	888	A0303104	0X200000	94 0	CYD R	-3,958.00			
61211000		GNPR4SM	009	JNTR		2 8	1040	91437	5073	888	A0303104	0X200000	94 0	CYD R	-1,421.00			
61211000		GNPR4SM	010	JNTR		2 9	1040	81269	5073	888	A0303104	0X200000	94 0	CYD R	-1,500.00			
61211000		GNPR4SM	010	JNTR		2 9	1040	82369	5073	888	A0303104	0X200000	94 0	CYD R	-12,419.00			
61211000		GNPR4SM	010	JNTR		2 9	1040	82383	5073	888	A0303104	0X200000	94 0	CYD R				



Out 4 6 121
JMP

44-3
8

Request 89
Attachment 1
WJ 10/20/95

FPSC Staff Audit
 1994 Surveillance Report
 Request No. 89
 September 28, 1995
 Item 31
 ATTACHMENT 2

PBC

280
 Rec 4 6121

By 10/18/95
 10/20/95

Request 89
 Attachment 2

	A Payment Amount	B No. of Payments	C Payments Total
1			
2			
3			
4			
5			
6			
7		3	
8		6	
9		1	
10		15	
11		1	
12		17	
13		43	
14		TOTAL all Payments	
15			
16			Normalized Amount $\frac{44-3}{8-3}$
17			Term of Lease 258

H. = Recalculated

Lease Agreement on
 $\frac{44-3}{4-2}$

$\frac{44-3}{8-2}$

SPT
Req # 6121

10/20/95
R 10/18/95

1
2
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(P00)

FPSC Staff Audit
1994 Surveillance Report
Request No. 89
September 28, 1995
Page 7 of 14

6 **REQUEST:** Re: 6121

7 Provide further backup to the attached items: 19, 21, 22, 23, 31, 33, 34, 35, 40, 50, 56, 61, 63.

8 **REQUEST:**

9	Item	FRC	Amount	Vendor	Description of Sampled Items
10	33	507		Journal Entry	Rent normalization for Aug. 94
11	The total invoice (sic) is				
12	show this. The amount is				
13	is the total lease to begin with. How did you come up with monthly amounts?				

14 **RESPONSE:**

15 See Attachment 3, Financial Processor Report for August 1994. Locate under the column
 16 44-3 "SPEC LOC" the items for 10044. There are three items with this specific location. They
 17 9-1 p1 are (1. _____ The first item is the total amount
 18 and the following two are summary group parts. The summary groups will summarize to
 19 the total amount.

44-3 20 Attachment 4 is a worksheet displaying the total amount of the lease, number of months
 9-1 21 the lease is for, and the normalization amount.
 p2

44-3
9

4	5	6	A	PACK	PAK	OTC		O								F	MOTOR	FRC				
			T	ORIGIN	NUM	SRCE	AUTH	R	C	SPEC	FUNC	LOB			YR	A	VEH	GRP				
		ACCOUNT						T	B	LOC	CODE	CDE	RCO	RCC	PL	N	EXTC	AMOUNT	J	NUMBER	CHG	
7		61121100		GNPR6JB	009	JTCB		2	5	1110	5213	888	B0503000	B0502100	94	0	CY1	M	-726.93		913	
8		61121100		GNPR6JB	010	JTCB		2	9	1110	5213	888	B0503000	B0502400	94	0	CY1	M	-67.94		108	
9		61121100		GNPR6JB	010	JTCB		2	9	1110	5213	888	B0503000	B0502400	94	0	CY1	M	-1,018.96		118	
10		61121100		GNPR6JB	010	JTCB		2	9	1110	5213	888	B0503000	B0502400	94	0	CY1	M	-136.30		138	
11		61121100		GNPR6JB	010	JTCB		2	9	1110	5213	888	B0503000	B0502400	94	0	CY1	M	-3,123.41		208	
12		61121100		GNPR6JB	010	JTCB		2	9	1110	5213	888	B0503000	B0502400	94	0	CY1	M	-67.97		218	
13		61121100		GNPR6JB	010	JTCB		2	9	1110	5213	888	B0503000	B0502400	94	0	CY1	M	-39.85		238	
14		61121100		GNPR6JB	010	JTCB		2	9	1110	5213	888	B0503000	B0502400	94	0	CY1	M	-15.45		258	
15		61121100		GNPR6JB	010	JTCB		2	9	1110	5213	888	B0503000	B0502400	94	0	CY1	M	-215.35		308	
16		61121100		GNPR6JB	010	JTCB		2	9	1110	5213	888	B0503000	B0502400	94	0	CY1	M	-616.43		408	
17		61121100		GNPR6JB	010	JTCB		2	9	1110	5213	888	B0503000	B0502400	94	0	CY1	M	-84.89		428	
18		61121100		GNPR6JB	012	JNTR		2	2	1120	521H	888	A0303100	0X000000	94	0	598	R	2,256.82		9949997	
19		61211000		GNPR4SM	001	JNTR		2	1	1040	11170	5073	888	A0303104	0X200000	94	0	CYD	R	-5,814.00		
20		61211000		GNPR4SM	001	JNTR		2	1	1040	12701	5073	888	A0303104	0X200000	94	0	CYD	R	-4,671.00		
21		61211000		GNPR4SM	002	JNTR		2	2	1040	31012	5073	888	A0303104	0X200000	94	0	CYD	R	-11,596.00		
22		61211000		GNPR4SM	002	JNTR		2	2	1040	M2648	5073	888	A0303104	0X200000	94	0	CYD	R	-10,410.00		
23		61211000		GNPR4SM	002	JNTR		2	2	1040	3C561	5073	888	A0303104	0X200000	94	0	CYD	R	-7,094.00		
24		61211000		GNPR4SM	002	JNTR		2	2	1040	3E190	5073	888	A0303104	0X200000	94	0	CYD	R	-6,210.00		
25		61211000		GNPR4SM	003	JNTR		2	3	1040	F0345	5073	888	A0303104	0X200000	94	0	CYD	R	-92,590.00		
26		61211000		GNPR4SM	003	JNTR		2	3	1040	F1303	5073	888	A0303104	0X200000	94	0	CYD	R	-1,900.00		
27		61211000		GNPR4SM	003	JNTR		2	3	1040	F1418	5073	888	A0303104	0X200000	94	0	CYD	R	-2,000.00		
28		61211000		GNPR4SM	003	JNTR		2	3	1040	F3591	5073	888	A0303104	0X200000	94	0	CYD	R	-1,200.00		
29		61211000		GNPR4SM	003	JNTR		2	3	1040	F5319	5073	888	A0303104	0X200000	94	0	CYD	R	-1,558.00		
30		61211000		GNPR4SM	003	JNTR		2	3	1040	F5409	5073	888	A0303104	0X200000	94	0	CYD	R	-88,427.00		
31		61211000		GNPR4SM	003	JNTR		2	3	1040	R2289	5073	888	A0303104	0X200000	94	0	CYD	R	-3,167.00		
32		61211000		GNPR4SM	003	JNTR		2	3	1040	R6205	5073	888	A0303104	0X200000	94	0	CYD	R	-2,015.00		
33		61211000		GNPR4SM	004	JNTR		1		1040	27689	5073	888	A0303104	0X800000	94	0	CYC	R	-609,524.00		
34		61211000		GNPR4SM	005	JNTR		2		10044	5073	000	A0303104	0X800000	94	0	CYC					
35		61211000		GNPR4SM	005	JNTR		2		10045	5073	000	A0303104	0X800000	94	0	CYC					
36	(2)	61211000		GNPR4SM	005	JNTR		1		1040	10044	5073	888	A0303104	0X800000	94	0	CYC	R			
37	(1)	61211000		GNPR4SM	005	JNTR		1		1040	10044	5073	888	A0303104	0X800000	94	0	CYC	R			
38		61211000		GNPR4SM	005	JNTR		1		1040	10045	5073	888	A0303104	0X800000	94	0	CYC	R	3,873.83		
39		61211000		GNPR4SM	005	JNTR		1		1040	10045	5073	888	A0303104	0X800000	94	0	CYC	R	179,239.17		
40		61211000		GNPR4SM	006	JNTR		2	4	1040	53397	5073	888	A0303104	0X200000	94	0	CYD	R	-625.00		
41		61211000		GNPR4SM	006	JNTR		2	4	1040	52191	5073	888	A0303104	0X200000	94	0	CYD	R	-7,460.00		
42		61211000		GNPR4SM	006	JNTR		2	4	1040	53396	5073	888	A0303104	0X200000	94	0	CYD	R	-625.00		
43		61211000		GNPR4SM	009	JNTR		2	8	1040	98842	5073	888	A0303104	0X200000	94	0	CYD	R	-719.00		
44		61211000		GNPR4SM	009	JNTR		2	8	1040	91645	5073	888	A0303104	0X200000	94	0	CYD	R	-2,667.00		
45		61211000		GNPR4SM	009	JNTR		2	8	1040	98038	5073	888	A0303104	0X200000	94	0	CYD	R	-1,625.00		
46		61211000		GNPR4SM	009	JNTR		2	8	1040	90902	5073	888	A0303104	0X200000	94	0	CYD	R	-850.00		
47		61211000		GNPR4SM	009	JNTR		2	8	1040	91437	5073	888	A0303104	0X200000	94	0	CYD	R	-3,958.00		
48		61211000		GNPR4SM	010	JNTR		2	9	1040	81269	5073	888	A0303104	0X200000	94	0	CYD	R	-1,421.00		
49		61211000		GNPR4SM	010	JNTR		2	9	1040	82369	5073	888	A0303104	0X200000	94	0	CYD	R	-1,500.00		
50		61211000		GNPR4SM	010	JNTR		2	9	1040	82383	5073	888	A0303104	0X200000	94	0	CYD	R	-12,419.00		
51		61211000		GNPR4SM	010	JNTR		2	9	1040	82561	5073	888	A0303104	0X200000	94	0	CYD	R	-1,000.00		
52		61211000		GNPR4SM	010	JNTR		2	9	1040	82683	5073	888	A0303104	0X200000	94	0	CYD	R	-54,974.00		
53		61211000		GNPR4SM	010	JNTR		2	9	1040	83517	5073	888	A0303104	0X200000	94	0	CYD	R	-1,075.00		
54		61211000		GNPR5CC	004	JTCB		2	4	1030	51114	5065	888	A0000000	B0404000	94	0	481	M	-463.45		



Ex 17 6/121

44-3
9

8/10/11/95

Request 84
Attachment 3

RW 10/20/95

Request 99
Attachment 4

FPSC Staff Audit
1994 Surveillance Report
Request No. 89
September 28, 1995
Item 33
ATTACHMENT 2

A
B

1 2 3 4 5 6

Payment
Amount

No. of
Payments

Payments
Total

3
6
1
15
1
17
43 TOTAL all Payments

Payments

16
17

Normalized Amount
Term of Lease

258

P 2

44-3
9-11

SBT
44-3
6121

10/18/95
10/18/95

1
2
3
4
5

PBC

FPSC Staff Audit
1994 Surveillance Report
Request No. 89
September 28, 1995
Page 8 of 14

6 REQUEST: Re: 6121

7 Provide further backup to the attached items: 19, 21, 22, 23, 31, 33, 34, 35, 40, 50, 56, 61, 63.

8 REQUEST:

9	Item	FRC	Amount	Vendor	Description of Sampled Items
---	------	-----	--------	--------	------------------------------

10	34	5073		Journal Entry	Lease 2000
11		44-3		(44-3)	9139 Research Dri
12		10-1			Charlotte NC
13					Sept. 94

14		Total novice (sic)	44-3		
15		This is for lease no 200. Provide total of lease, and how you came up with	10-1		as rent
16		normalization.			

17 RESPONSE:

18 The lease normalization process began January 1, 1994. Payments to be made after that
 19 date were normalized. The payments normalized are the PAYMENT AMOUNT less
 20 EXEC COSTS per the Lease Accounting System, General Lease Information report which
 21 was provided with the sample item.

22 44-3 Attachment 11 is a worksheet displaying the total amount of the lease normalized, number
 23 10-2 of months normalized, and the normalization amount.

24 Per explanation from Co personnel (Tanny Messier) The lease began
 25 in Feb 90 (confirmed on 44-3) - SBT made the
 26 decision to start normalizing leases w/ material
 27 input in 1/94. This lease was normalized
 28 starting 1/94 - See 44-3 44-3 for normalization
 29 schedule. 10-1 p3 10-2
 - staff calculation of normalization.

44-3
10



1 Florida FPSC Audit of 1994 Surveillance Report

2 Request No. 47

3 Sampled Item Number: 34

4 Sampled: Account: 6121.1000

5 Amount:

6 Supporting Documentation: Form

44-3
10-1 p 3

7 Amount

8 Prorate 16

9 FL Rate

10 FL Amount

.2645

1 09/22/94
 2 13:09.21
 3 FSD/CC04
 4 9409 949357
 5 341

LEASE ACCOUNTING SYSTEM
 BELLSOUTH TELECOMMUNICATIONS
 MONTHLY JOURNAL TRANSACTIONS
 CLIENT: BSHA

FORM 06
 PAGE 9
 DATE 09/1994
 PACK 004

Y	M	PACK	COUNT	TOTAL #	DR #	DR\$	F
11	11	2 2	2	3	4	5	7
67	89	0-2	3	0	1	3	4

7	RECID	SOURCE	RCO
1	0 0	0 0	1 1
2	1-4	5-9	0-7

1 GNPR JNTR A0303104

12	13	14	ACCOUNT												15							
			D	GLC	FUNC	AUTH	C	N	YR	F	O	B	MAIN	SRC/FRC		CD	A	EXTC	AMOUNT			
16	1	2	2	2	3	3	3	4	5	5	55	5	7	7	7	7	78	8	9	9	9	0
17	8	5	7	8	2	3	8	2	0	4	78	9	0	1	4	5	8	90	1	4	5	5
18	OX800000					5D53					94			4	20	3000						
19	OX800000	27689		5073							94			6121	1000							

20 TOTAL JNTR DEBITS: 509,524.00
 21 TOTAL JNTR CREDITS: (509,524)

22 CORRECT: Sandra Morgan
 23 VERIFIED: _____

APPROVED: Donnell E. Dettler
 APPROVED: _____

22

1 07/25/94
 2 15:21.15
 3 FSD CC04
 4

LEASE ACCOUNTING SYSTEM:
 BELLSOUTH TELECOMMUNICATIONS
 GENERAL LEASE INFORMATION
 CLIENT: BSHA LEASE: 200

FORM 01
 PAGE 1
 DATE 07/1994

5 INCEPTION: 02/1990 END DATE: 01/2010 BOOK CLASS: OPERATING TAX CLASS: BOTO

6 LAST ACTIVITY: ADDED 07/25/94

7 REASON FOR PRECLASSIFICATION: NORMALIZED LEASE FROM NC

8 LESSOR: GREYHOUND LEASING
 9 ADDRESS OF LEASED PROPERTY: 9139 RESEARCH DRIVE
 CHARLOTTE NC

10 DESCRIPTION: CAROLINA CORPORATE DATA CENTER
 11 GLC: 27689 RC CHARGED: DX80000
 12 ASSET CAT: 1C TERM (MONTHS): 240 (B) TYPE: LEASE

13 BORROWING RATE: 9.25 %
 14 FAIR MARKET VALUE (FMV): 0 % FMV PERTAINS TO LAND: 0
 15 SALVAGE VALUE: 0 CANCELLATION PENALTY: 0
 16 GUARANTEED RESIDUAL: 0 UNGUARANTEED RESIDUAL: 0

17 INTERCOMPANY LEASE? N LESSEE TAKES TAX DEPRECIATION? N

18 PAYMENT TIMING: END OF MONTH C D E F

20	A	PAYMENT AMOUNT	EXEC COSTS	NO. OF PAYMENTS	MTHS BETWEEN PAYMENTS	F
21	SEO					
22	1		40,087 =	5	6	
23	2		295,544 -	1	6	
24	3		40,087 -	14	6	
25	4		40,087	20	6	

26

27

28 (B) Lease 240 months starting 2/90
 29 Start monthly 1/94
 30 Beginning term 240 months
 31 Months 11 months 90 - 47 expired
 32 expired 12 " 91
 33 12 " 92
 34 12 " 93
 35 47
 36 193 months left

*** LEASE WAS ADDED 07/1994 -- ACTUAL INCEPTION DATE WAS 02/1990

* NOT FOR USE OR DISCLOSURE OUTSIDE BELLSOUTH EXCEPT UNDER WRITTEN AGREEMENT *

37 (A) Sequence 1, 2 took place prior to 1/94
 38 + the first payment of Sequence 3 took place
 39 prior to 1/94.

41	A	B	C	D
Prior Payments	3		5 =	
Sequence	2		1	
1st Payment by	3		1	
44	Total Prior Payments			

45	A	B	C
Total Payments Due			
46	above		
47	less prior		
48	payments		

49 To be Normalized

50 (C) 1/94

See 44-3 \div 193 months =

(44-3 / 193)

(P3)

SBT
Am 4 6121

W 10/20/95
E 11/12/95



- 1 FPSC Staff Audit
- 2 1994 Surveillance Report
- 3 Request No. 89
- 4 September 28, 1995
- 5 Page 9 of 14

6 REQUEST: Re: 6121

7 Provide further backup to the attached items: 19, 21, 22, 23, 31, 33, 34, 35, 40, 50, 56, 61, 63.

8 REQUEST:

	A	B	C	D	E
9	Item	FRC	Amount	Vendor	Description of Sampled Items
10	35	5073	$\frac{44-3}{1}$	Journal Entry	Lease 240
11					Colonnade
12					Sept. 94
13			Total invoice		Does not agree with rent normalization schedule attached.
14			Explain and reconcile.		

15 RESPONSE:

16
44-3
19
1119
20

See the attached Financial Processor Report for September 1994 (Attachment 6). Locate under the column "SPEC LOC" the items for 10044. There are four items with this specific location. They are (1) (2) (3) and (4).
The first item is the total amount and the following three are summary group parts. The summary groups will summarize to the total amount.

44-3 21
9-1 p2 22

Attachment 7 is a worksheet displaying the total amount of the lease, number of months the lease is for, and the normalization amount.

44-3
11

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T
ACCOUNT	A PACK Y ORIGIN	PAK NUM	OTC SRCE	AUTH	R C Y B	CSG	SPEC LOC	FUNC CODE	LOB CDE	RCO	RCC	YR PL	O N	P EXTC	AMOUNT	A	F A	S VEH	T FRC
5 (1) 61211000	GNPR4SH	005	JNTR		2		10044	5073	000	A0303104	0X800000	94	0	CYC					
6 61211000	GNPR4SH	005	JNTR		2		10045	5073	000	A0303104	0X800000	94	0	CYC	183.113.00				
7 (2) 61211000	GNPR4SH	005	JNTR		1	1040	10044	5073	888	A0303104	0X800000	94	0	CYC R					
8 61211000	GNPR4SH	005	JNTR		1	1040	10045	5073	888	A0303104	0X800000	94	0	CYC R	3.875.03				
9 61211000	GNPR4SH	005	JNTR		1	1040	10045	5073	888	A0303104	0X800000	94	0	CYC R					
10 (3) 61211000	GNPR4SH	005	JNTR		1	1040	10044	5073	888	A0303104	0X800000	94	0	CYC R	3.360.15				
11 (4) 61211000	GNPR4SH	005	JNTR		1	1040	10044	5073	888	A0303104	0X800000	94	0	CYC R					
12 61211000	GNPR4SH	006	JNTR		2	4	1040	52191	5073	888	A0303104	0X200000	94	0	CYD R	-7,460.00			
13 61211000	GNPR4SH	006	JNTR		2	4	1040	53396	5073	888	A0303104	0X200000	94	0	CYD R	-625.00			
14 61211000	GNPR4SH	006	JNTR		2	4	1040	53397	5073	888	A0303104	0X200000	94	0	CYD R	-625.00			
15 61211000	GNPR4SH	009	JNTR		2	8	1040	90902	5073	888	A0303104	0X200000	94	0	CYD R	-850.00			
61211000	GNPR4SH	009	JNTR		2	8	1040	91437	5073	888	A0303104	0X200000	94	0	CYD R	-3,958.00			
61211000	GNPR4SH	009	JNTR		2	8	1040	91645	5073	888	A0303104	0X200000	94	0	CYD R	-2,667.00			
61211000	GNPR4SH	009	JNTR		2	8	1040	98038	5073	888	A0303104	0X200000	94	0	CYD R	-1,625.00			
61211000	GNPR4SH	009	JNTR		2	8	1040	98042	5073	888	A0303104	0X200000	94	0	CYD R	-719.00			
61211000	GNPR4SH	010	JNTR		2	9	1040	81269	5073	888	A0303104	0X200000	94	0	CYD R	-1,421.00			
61211000	GNPR4SH	010	JNTR		2	9	1040	82369	5073	888	A0303104	0X200000	94	0	CYD R	-1,500.00			
61211000	GNPR4SH	010	JNTR		2	9	1040	82383	5073	888	A0303104	0X200000	94	0	CYD R	-12,419.00			
61211000	GNPR4SH	010	JNTR		2	9	1040	82561	5073	888	A0303104	0X200000	94	0	CYD R	-1,000.00			
61211000	GNPR4SH	010	JNTR		2	9	1040	82683	5073	888	A0303104	0X200000	94	0	CYD R	-56,974.00			
61211000	GNPR4SH	010	JNTR		2	9	1040	83517	5073	888	A0303104	0X200000	94	0	CYD R	-1,075.00			
61211000	GNPR5CC	001	JTCB		2	5	1040	K4206	5073	888	A0000000	B0407100	94	0	59E R	-100.00			
61211000	GNPR5CC	002	JTCB		2	3	1010	F1360	5044	888	A0000000	B0403000	94	0	481 H	-41.50			
61211000	GNPR5CC	004	JTCB		2	2	1020	31885	5051	888	A0000000	B0400100	94	0	661 H	-8,620.00			
61211000	GNPR5CC	004	JTCB		2	7	1040	21231	5073	888	A0000000	B0407400	94	0	59E R	-1,601.30			
61211000	GNPR5CC	004	JTCB		2	2	1040	M6690	5073	888	A0000000	B0407400	94	0	59E R	-1,597.50			
61211000	GNPR5CC	004	JTCB		2	2	1020	31885	5051	888	A0000000	B0400100	94	0	661 H	-600.00			
61211000	GNPR5CC	006	JTCB		2	2	1040	M2697	5073	888	A0000000	B0407400	94	0	59E R	-1,071.00			
61211000	GNPR5CC	006	JTCB		2	5	1030	K3425	5065	888	A0000000	B0400100	94	0	631 H	-253.50			
61211000	GNPR5CC	007	JTCB		2	2	1030	31885	5065	888	A0000000	B0400100	94	0	481 H	-436.74			
61211000	GNPR5CC	007	JTCB		2	2	1030	31885	5065	888	A0000000	B0407400	94	0	481 H	-100.93			
61211000	GNPR5CC	007	JTCB		2	2	1010	31885	5042	888	A0000000	B0407400	94	0	481 H	-103.98			
61211000	GNPR5CC	007	JTCB		2	2	1020	31885	5051	888	A0000000	B0407400	94	0	661 H	-100.92			
61211000	GNPR5CC	008	JTCB		2	9	1030	83265	5068	888	A0000000	B0407100	94	0	481 H	-25.43			
61211000	GNPR5CC	008	JTCB		2	9	1030	83265	5061	888	A0000000	B0407100	94	0	661 H	-170.58			
61211000	GNPR5CC	008	JTCB		2	3	1010	F1360	5044	888	A0000000	B0403000	94	0	481 H	-115.55			
61211000	GNPR5CC	009	JTCB		2	2	1020	31885	5051	888	A0000000	B0400100	94	0	661 H	-480.00			
61211000	GNPR5CC	010	JTCB		2	2	1030	31885	5065	888	A0000000	B0400100	94	0	481 H	-317.00			
61211000	GNPR5G0	009	JTCB		2	1	1010		5041	888	A0000000	0XX00000	94	0	CY1 H	-386.18			
61242000	GNPR7CJ	001	JNTR		1		1000		572D	888	T0000000	T0000000			KCJ 4	6.01			
61242000	GNPR7CJ	001	JNTR		1		1000		572D	888	T0000000	T0000000			KCG 1	35.79			
61242000	GNPR7CJ	001	JNTR	BRBM000002	1		1000		572D	888	T0000000	T0000000			KCG 1	-35.79			
61242000	GNPR7CJ	001	JNTR	BRBM000002	1		1000		572D	888	T0000000	T0000000			KCJ 4	-8.58			
61242000	GNPR7CJ	001	JNTR	BRBM000002	1		1000		572D	888	T0000000	T0000000			KCH 3	-6.50			
61242000	GNPR7CJ	001	JNTR	BRBM000002	1		1000		572D	888	T0000000	T0000000			KCG 1	-13.09			
61242000	GNPR7CJ	001	JNTR	BRBM000002	1		1000		572D	888	T0000000	T0000000			KCJ 4	-6.01			
61242000	GNPR7CJ	001	JNTR		1		1000		572D	888	T0000000	T0000000			KCJ 1	13.09			
61242000	GNPR7CJ	001	JNTR		1		1000		572D	888	T0000000	T0000000			KCJ 4	8.58			

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PBC

Request 89
Attachment
for 10/20/95

Handwritten marks and scribbles in the bottom left corner of the page.

ACCOUNT	T ORIGIN	PAK	OTC	AUTH	I B CSG	LOC	LOC	SPEC	FUNC	LOB	RCC	PL N EXTC	AMOUNT	J NUMBER	CHG
61211000	GNPR4MS	001	VO1P		1	1040	10033	5073	888	A030300	B0407100	0 59E	561,864.59		
61211000	GNPR4RI	001	JNTR		1	1040	10033	5073	888	A0303104	0X000000	94 0 CVC	366,529.62		
61211000	GNPR4RI	001	JNTR		1	1040	10033	5073	888	A0303104	0X000000	94 0 CVC	159,724.78		
61211000	GNPR4RI	001	JNTR		1	1040	10033	5073	888	A0303104	0X000000	94 0 CVC	148,690.87		
61211000	GNPR4RI	001	JNTR		1	1040	10033	5073	888	A0303104	0X000000	94 0 CVC	58,113.97		
61211000	GNPR4SM	001	JNTR		2	1040	12701	5073	888	A0303104	0X200000	94 0 CYD	-4,671.00		
61211000	GNPR4SM	002	JNTR		2	1040	31012	5073	888	A0303104	0X200000	94 0 CYD	-11,596.00		
61211000	GNPR4SM	002	JNTR		2	1040	M2648	5073	888	A0303104	0X200000	94 0 CYD	-10,410.00		
61211000	GNPR4SM	002	JNTR		2	1040	3C561	5073	888	A0303104	0X200000	94 0 CYD	-7,094.00		
61211000	GNPR4SM	002	JNTR		2	1040	3E190	5073	888	A0303104	0X200000	94 0 CYD	-6,210.00		
61211000	GNPR4SM	003	JNTR		2	1040	F0345	5073	888	A0303104	0X200000	94 0 CYD	-92,590.00		
61211000	GNPR4SM	003	JNTR		2	1040	F1303	5073	888	A0303104	0X200000	94 0 CYD	-1,900.00		
61211000	GNPR4SM	003	JNTR		2	1040	F1418	5073	888	A0303104	0X200000	94 0 CYD	-2,000.00		
61211000	GNPR4SM	003	JNTR		2	1040	F3591	5073	888	A0303104	0X200000	94 0 CYD	-1,200.00		
61211000	GNPR4SM	003	JNTR		2	1040	F5319	5073	888	A0303104	0X200000	94 0 CYD	-1,558.00		
61211000	GNPR4SM	003	JNTR		2	1040	F5409	5073	888	A0303104	0X200000	94 0 CYD	-88,427.00		
61211000	GNPR4SM	003	JNTR		2	1040	R2289	5073	888	A0303104	0X200000	94 0 CYD	-3,167.00		
61211000	GNPR4SM	003	JNTR		2	1040	R6205	5073	888	A0303104	0X200000	94 0 CYD	-2,015.00		
61211000	GNPR4SM	004	JNTR		1	1040	Z7669	5073	888	A0303104	0X000000	94 0 CVC	509,526.00		
61211000	GNPR4SM	005	JNTR		2	1040	10045	5073	888	A0303104	0X000000	94 0 CVC	183,113.00		
61211000	GNPR4SM	005	JNTR		1	1040	10045	5073	888	A0303104	0X000000	94 0 CVC	179,239.17		
61211000	GNPR4SM	005	JNTR		1	1040	10045	5073	888	A0303104	0X000000	94 0 CVC	3,873.83		
61211000	GNPR4SM	005	JNTR		1	1040	10044	5073	888	A0303104	0X000000	94 0 CVC			
61211000	GNPR4SM	005	JNTR		1	1040	10044	5073	888	A0303104	0X000000	94 0 CVC			
61211000	GNPR4SM	006	JNTR		2	1040	53396	5073	888	A0303104	0X200000	94 0 CYD	-625.00		
61211000	GNPR4SM	006	JNTR		2	1040	53397	5073	888	A0303104	0X200000	94 0 CYD	-625.00		
61211000	GNPR4SM	006	JNTR		2	1040	52191	5073	888	A0303104	0X200000	94 0 CYD	-7,460.00		
61211000	GNPR4SM	009	JNTR		2	1040	98442	5073	888	A0303104	0X200000	94 0 CYD	-719.00		
61211000	GNPR4SM	009	JNTR		2	1040	91645	5073	888	A0303104	0X200000	94 0 CYD	-2,667.00		
61211000	GNPR4SM	009	JNTR		2	1040	98038	5073	888	A0303104	0X200000	94 0 CYD	-1,625.00		
61211000	GNPR4SM	009	JNTR		2	1040	90902	5073	888	A0303104	0X200000	94 0 CYD	-850.00		
61211000	GNPR4SM	010	JNTR		2	1040	82369	5073	888	A0303104	0X200000	94 0 CYD	-1,500.00		
61211000	GNPR4SM	010	JNTR		2	1040	82383	5073	888	A0303104	0X200000	94 0 CYD	-1,000.00		
61211000	GNPR4SM	010	JNTR		2	1040	82561	5073	888	A0303104	0X200000	94 0 CYD	-12,419.00		
61211000	GNPR4SM	010	JNTR		2	1040	82683	5073	888	A0303104	0X200000	94 0 CYD	-1,000.00		
61211000	GNPR4SM	011	JNTR		2	1040	K3262	5073	888	A0303104	0X200000	94 0 CYD	-14,182.00		
61211000	GNPR5CC	001	JTCB		2	5	1040	K4286	5073	888	A0000000	0 59E	-100.00		
61211000	GNPR5CC	002	JTCB		2	2	1020	31805	5051	888	A0000000	0 661	-8,610.00		
61211000	GNPR5CC	003	JTCB		2	9	1040	89172	5073	888	A0000000	0 59E	-100.00		
61211000	GNPR5CC	003	JTCB		2	9	1040	89146	5073	888	A0000000	0 59E	-350.00		
61211000	GNPR5CC	005	JTCB		2	2	1040	M2697	5073	888	A0000000	0 59E	-1,071.00		
61211000	GNPR5CC	007	JTCB		2	2	1040	M6690	5073	888	A0000000	0 59E	-1,597.50		

44-3
12

44-3
127

Request 89
Attachment 8
pw 10/20/94

SPT
46121



SBP
Au 14 6121

Rg 10/18/95
Pw 10/29/95



- 1 FPSC Staff Audit
- 2 1994 Surveillance Report
- 3 Request No. 89
- 4 September 28, 1995
- 5 Page 11 of 14

6 REQUEST: Re: 6121

7 Provide further backup to the attached items: 19, 21, 22, 23, 31, 33, 34, 35, 40, 50, 56, 61, 63.

8 REQUEST:

9 Item	A FRC	B C Amount	D Vendor	E Description of Sampled Items
10 50	5073	44-3 1	Journal Entry	July 94
11				Lease 200
12				Transfer to BSHA

13 How did you determine this amount should be transferred to BSHA? For what reasons?
 14 How did you come up with the amount?

15 RESPONSE:

44-3
13-1

16 } Refer to Attachment 10 which is the rent normalization schedule for Lease 200. The lease
 17 } was transferred in July 1994 and the amount transferred was the YTD TOTAL for July of
 18 } — This was derived by summarizing the Differences for January through July
 19 } 1994.

- 20 A determination was made to transfer this building to Headquarters in July 1994 because
- 21 the use of the building was determined to be primarily Headquarters functions.
- 22 Transferring the building to Headquarters allowed the Company to efficiently allocate
- 23 Headquarters Cost to the States.

Per Co Personnel Terry Messer
Prior to that NC books.

Allocation from HQA is after
7/94.

Sample included allocation
from Hqs but only after July 94
See Item 034 $\frac{44-3}{16}$ & Item 56 $\frac{44-3}{15}$
Item 63 $\frac{44-3}{16}$ - all after July 94

44-3
13

10/20/95

- 1 FPSC Staff Audit
- 2 1994 Surveillance Report
- 3 Request No. 89
- 4 September 28, 1995
- 5 Page 12 of 14

6 REQUEST: Re: 6121

7 Provide further backup to the attached items: 19, 21, 22, 23, 31, 33, 34, 35, 40, 50, 56, 61, 63.

8 REQUEST:

9	A	B	C	D	E
	Item	FRC	Amount	Vendor	Description of Sampled Items
10	56	5073	$\frac{44-3}{1}$	Journal Entry	Lease 200
11					Nov. 94

12 Total invoice (sic) _____
 13 This is for lease no 200. Provide total of lease, and how you came up with
 14 as rent normalization.

15 RESPONSE:

16 The lease normalization process began January 1, 1994. Payments to be made after that
 17 date were normalized. The payments normalized are the PAYMENT AMOUNT less
 18 EXEC COSTS per the Lease Accounting System, General Lease Information report which
 19 was provided with the sample item.

20 Attachment 11 is a worksheet displaying the total amount of the lease normalized, number
 21 of months normalized, and the normalization amount.

Same as 34
 See answer to item 34

$$\frac{44-3}{10}$$

$$\frac{44-3}{10}$$

BELLSOUTH TELECOMMUNICATIONS, INC.

STATE- CORPORATE

REPORT PERIOD- DECEMBER

FINANCIAL PROCESSOR

1994 TODAYS DATE- 01/06/95

RETENTION - OPTIONAL

PASS- 41

REPORT- FE72 ORIGINAL-ENTRY GNPR TRANSACTIONS

TIME- 14:58:53

PAGE- 26

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U
ACCOUNT	A	PACK	PAK	OTC	AUTH	R	C	SPEC	FUNC	LOB				YR	O		AMOUNT	F	MOTOR	FRC
	T	ORIGIN	NUM	SRCE		T	B	LOC	CODE	CDE	RCO	RCC	PL	N	EXTC			A	VEH	GRP
							CSG											J	NUMBER	CHG
1	61211000	GNPR4SM	003	JNTR		2	3	1040	F1418	5073	888	A0303104	0X200000	94	0	CYD	R			
2	61211000	GNPR4SM	003	JNTR		2	3	1040	F3591	5073	888	A0303104	0X200000	94	0	CYD	R			
3	61211000	GNPR4SM	003	JNTR		2	3	1040	F5319	5073	888	A0303104	0X200000	94	0	CYD	R			
4	61211000	GNPR4SM	003	JNTR		2	3	1040	F5409	5073	888	A0303104	0X200000	94	0	CYD	R			
5	61211000	GNPR4SM	003	JNTR		2	3	1040	R6205	5073	888	A0303104	0X200000	94	0	CYD	R			
6	61211000	GNPR4SM	004	JNTR		1		1040	27689	5073	888	A0303104	0X800000	94	0	CYC	R			
7	61211000	GNPR4SM	005	JNTR		2		10045	5073	000	A0303104	0X800000	94	0	CYC	R				
8	61211000	GNPR4SM	005	JNTR		2		10033	5073	000	A0303104	0X800000	94	0	CYC	R				
9	61211000	GNPR4SM	005	JNTR		2		10044	5073	000	A0303104	0X800000	94	0	CYC	R				
10	61211000	GNPR4SM	005	JNTR		1		1040	10033	5073	888	A0303104	0X800000	94	0	CYC	R			
11	61211000	GNPR4SM	005	JNTR		1		1040	10044	5073	888	A0303104	0X800000	94	0	CYC	R			
12	61211000	GNPR4SM	005	JNTR		1		1040	10033	5073	888	A0303104	0X800000	94	0	CYC	R			
13	61211000	GNPR4SM	005	JNTR		1		1040	10045	5073	888	A0303104	0X800000	94	0	CYC	R			
14	61211000	GNPR4SM	005	JNTR		1		1040	10033	5073	888	A0303104	0X800000	94	0	CYC	R			
15	61211000	GNPR4SM	005	JNTR		1		1040	10045	5073	888	A0303104	0X800000	94	0	CYC	R			
16	61211000	GNPR4SM	005	JNTR		1		1040	10045	5073	888	A0303104	0X800000	94	0	CYC	R			
17	61211000	GNPR4SM	005	JNTR		1		1040	10045	5073	888	A0303104	0X800000	94	0	CYC	R			
18	61211000	GNPR4SM	005	JNTR		1		1040	10045	5073	888	A0303104	0X800000	94	0	CYC	R			
19	61211000	GNPR4SM	005	JNTR		1		1040	10033	5073	888	A0303104	0X800000	94	0	CYC	R			
20	61211000	GNPR4SM	005	JNTR		1		1040	10045	5073	888	A0303104	0X800000	94	0	CYC	R			
21	61211000	GNPR4SM	005	JNTR		1		1040	10045	5073	888	A0303104	0X800000	94	0	CYC	R			
22	61211000	GNPR4SM	005	JNTR		1		1040	10045	5073	888	A0303104	0X800000	94	0	CYC	R			
23	61211000	GNPR4SM	005	JNTR		1		1040	10044	5073	888	A0303104	0X800000	94	0	CYC	R			
24	61211000	GNPR4SM	005	JNTR		1		1040	10044	5073	888	A0303104	0X800000	94	0	CYC	R			
25	61211000	GNPR4SM	006	JNTR		2	4	1040	53397	5073	888	A0303104	0X200000	94	0	CYD	R			
26	61211000	GNPR4SM	006	JNTR		2	4	1040	52191	5073	888	A0303104	0X200000	94	0	CYD	R			
27	61211000	GNPR4SM	006	JNTR		2	4	1040	53396	5073	888	A0303104	0X200000	94	0	CYD	R			
28	61211000	GNPR4SM	009	JNTR		2	8	1040	90902	5073	888	A0303104	0X200000	94	0	CYD	R			
29	61211000	GNPR4SM	009	JNTR		2	8	1040	91437	5073	888	A0303104	0X200000	94	0	CYD	R			
30	61211000	GNPR4SM	009	JNTR		2	8	1040	91645	5073	888	A0303104	0X200000	94	0	CYD	R			
31	61211000	GNPR4SM	009	JNTR		2	8	1040	98038	5073	888	A0303104	0X200000	94	0	CYD	R			
32	61211000	GNPR4SM	009	JNTR		2	8	1040	98842	5073	888	A0303104	0X200000	94	0	CYD	R			
33	61211000	GNPR4SM	010	JNTR		2	9	1040	81269	5073	888	A0303104	0X200000	94	0	CYD	R			
34	61211000	GNPR4SM	010	JNTR		2	9	1040	82369	5073	888	A0303104	0X200000	94	0	CYD	R			
35	61211000	GNPR4SM	010	JNTR		2	9	1040	82383	5073	888	A0303104	0X200000	94	0	CYD	R			
36	61211000	GNPR4SM	010	JNTR		2	9	1040	82561	5073	888	A0303104	0X200000	94	0	CYD	R			
37	61211000	GNPR4SM	010	JNTR		2	9	1040	82683	5073	888	A0303104	0X200000	94	0	CYD	R			
38	61211000	GNPR4SM	010	JNTR		2	9	1040	83517	5073	888	A0303104	0X200000	94	0	CYD	R			
39	61211000	GNPR4SM	011	JNTR		2	5	1040	K3262	5073	888	A0303104	0X200000	94	0	CYD	R			
40	61211000	GNPR5CC	001	JTCB		2	9	1040	89172	5073	888	A0000000	B0407100	94	0	59E	R			
41	61211000	GNPR5CC	001	JTCB		2	9	1040	89146	5073	888	A0000000	B0407100	94	0	59E	R			
42	61211000	GNPR5CC	002	JTCB		2	9	1030	83265	5061	888	A0000000	B0407100	94	0	661	M			
43	61211000	GNPR5CC	002	JTCB		2	9	1030	83265	5068	888	A0000000	B0407100	94	0	481	M			
44	61211000	GNPR5CC	004	JTCB		2	5	1040	K4286	5073	888	A0000000	B0407100	94	0	59E	R			
45	61211000	GNPR5CC	004	JTCB		2	2	1020	31885	5051	888	A0000000	B0401500	94	0	661	M			
46	61211000	GNPR5CC	004	JTCB		2	6	1020		5051	888	A0000000	B0405400	94	0	661	M			
47	61211000	GNPR5CC	005	JTCB		2	2	1040		5073	888	A0000000	B0407400	94	0	59E	R			
48	61211000	GNPR5CC	009	JTCB		2	2	1020		5053	888	A0000000	0XX00000	94	0	688	M			
49	61211000	GNPR5CC	010	JTCB		2	5	1030	K3425	5065	888	A0000000	B0405000	94	0	481	M			
50	61211000	GNPR5CC	010	JTCB		2	2	1010	31885	5043	888	A0000000	B0401500	94	0	523	M			
51	61211000	GNPR5CC	015	JTCB		2	1	1020	10000	5051	888	A0000000	B0405600	94	0	481	M			
52	61211000	GNPR5CC	015	JTCB		2	9	1030	89117	506E	888	A0000000	B010C000	94	0	769	M			
53	61211000	GNPR5CC	016	JTCB		2	3	1040	FAA49	5073	888	A0000000	B0407400	94	0	59E	R			



ORIGINAL TRANS.

ATTACHMENT-13
1/6/95

851

SBP
Qui '4 6121

8/10/18/95

Request 89
Attachment 13

- 1 FPSC Staff Audit
- 2 1994 Surveillance Report
- 3 Request No. 89
- 4 September 28, 1995
- 5 Item 61
- 6 ATTACHMENT 2

C

B

A

7 Payment 8 Amount	No. of Payments	Payments Total
9	3	
10	6	
11	1	
12	15	
13	1	
14	17	
	43 TOTAL all Payments	
	15 Payments	
	16 Normalized Amount	258
	17 Term of Lease	

44-3
13-1

B 2

pw 10/20/95
B 10/11/95

SRP
Acc 46121

P8C

1 FPSC Staff Audit
2 1994 Surveillance Report
3 Request No. 89
4 September 28, 1995
5 Page 14 of 14

6 REQUEST: Re: 6121

7 Provide further backup to the attached items: 19, 21, 22, 23, 31, 33, 34, 35, 40, 50, 56, 61, 63.

8 REQUEST:

9 Item	A FRC	B Amount	C Vendor	D Description of Sampled Items
--------	-------	----------	----------	--------------------------------

10 63	5073		Journal Entry	Lease 200 Dec. 94
-------	------	--	---------------	----------------------

44-3
1

11 Total invoice

12 This is for lease no. 200. Provide total of lease, and how you came up with _____ as
13 rent normalization.

14 RESPONSE:

15 The lease normalization process began January 1, 1994. Payments to be made after that
16 date were normalized. The payments normalized are the PAYMENT AMOUNT less
17 EXEC COSTS per the Lease Accounting System, General Lease Information report which
18 was provided with the sample item.

19 Attachment 14 is a worksheet displaying the total amount of the lease normalized, number
20 of months normalized, and the normalization amount.

See answer to item 34

44-3
10

KW
10/11/95

Byg
10/10/95

AUDIT DISCLOSURE

SUBJECT: ACCOUNT 6122 - FURNITURE EXPENSE

STATEMENT OF FACT:

In PSC staff analytical review of expense accounts, we determined that Account 6122 Furniture Expense increased from \$1.9 million in 1993 to \$6 million in 1994. BellSouth Telecommunications Accounts and Subsidiary Records categories describe this account as follows: "...includes individual items of furniture and artwork of small value (\$500 or less) or having a service life of less than one year." This agrees with FPSC Order No. 18497, and Rule 25-4.0178.

The Company stated that this increase was related to restructure. There were large amounts paid to furniture companies in October and December 1994.

AMOUNT	PAYEE
\$1.001 MILLION	THOMAS W RUFF & CO. OF MIRAMAR FL
\$497 MILLION	PERDUE OFFICE INTERIORS OF ORLANDO FL
\$398 MILLION	PERDUE OFFICE INTERIORS OF ORLANDO
\$351 MILLION	PERDUE OFFICE INTERIORS OF JACKSONVILLE.

447

This accounts for approximately \$2,247 million.

Because of the large increase, staff included Account 6122 in the judgmental sample of expense invoices.

The total in account 6122 in 1994 is \$6,076,513.87. A frequency distribution of the account showed that all transactions (32) over \$40,000 represented 63% of the dollars in the account. Staff audited 19 items over \$40,000; for a total of \$2,637,982.

44

(43)

44-4p2

OPINION:

Results of the audit of this account showed that in all 19 invoices, all items expensed to 6122 were under the \$500 limit as noted above. However, staff questions whether the increase in the account was necessary. Considering the downsizing of employees in the restructure, why is new furniture being purchased instead of using the surplus that probably is available due to downsizing.

44-4
1

40											
41											
42											
43											

44-4p1

THE WALTER LATHAM COMPANY (708) 345-8787

SOUTHERN BELL SAMPLE SELECTION, 1994 DETAIL*
 ADCT 6122-2000 ALL ITEMS GT \$40,000
 REPORT SECTION 1 OF 2 (PROGRAM PIVC01 EDP-AFAD)

SERIAL #	REC ID	SOR	GEO-CODE	RSPOBG	RSPOBG	AUTHORZA	AUTH #2	PK-CTL-D	REF #	DPT	JOURNAL ACCOUNT #	100 CHARACTERS	SOURCE DATA	
		CDE								TRY				
										HTPN				
9402	956213	VOIP	VOIP	3 A 31885	B0401100	B0401100	EF6289			VOICDD	007 0217255	0 0 61222000	30M CH *P\ B	INTERNATIONAL INTERIORS INC 000126659B
9405	459182	VOIP	VOIP	3 A 31885	B0401100	101F0000	EF6289			VOICDD	003 0520181	0 0 61222000	30M CH *P\ B	PERDUE OFFICE INTERIORS INC 003088561B
9405	1345680	ATH	ATHA	3 A 30000	B0407000	B0407000	BPHQTM			ATH	003 0544561	0 0 61222000	30M VOIP	0
9406	229156	VOIP	VOIP	3 A 31885	B0401100	101C0000	EF6298			VOICDD	001 0635496	0 0 61222000	30M CT *P\ B	PERDUE OFFICE INTERIORS INC 003088561B
9407	501096	ATH	ATHA	3 A 30000	B0406000	B0407000				ATH	001 0790548	0 0 61222000	30M VOIP	0
9409	1412212	GNPR	JNTR	M Y	A0303000	B0400000	ZBPRIMRC			JNPLAN	002	0 0 61222000	30M	
9409	1412226	GNPR	JNTR	M Y	A0303000	101F0000	ZBPRIMRC			JNPLAN	002	0 0 61222000	30M	
9410	198692	VOIP	VOIP	3 M 31545	B0406106	B0407000	QJ3L1357			VOICDD	002 1044667	0 0 61222000	30M CH *PI	PERDUE OFFICE INTERIORS INC 000802690H
9410	198694	VOIP	VOIP	3 A 31885	B0406106	101F0300	EF6298			VOICDD	002 1044667	0 0 61222000	30M CH *PI	PERDUE OFFICE INTERIORS INC 000802690H
9410	198697	VOIP	VOIP	3 A 31885	B0406106	101F0100	EF6306			VOICDD	002 1044667	0 0 61222000	30M CH *P\A\	PERDUE OFFICE INTERIORS INC 000802690H
9410	198698	VOIP	VOIP	3 A 31885	B0406106	101F0100	EF6306			VOICDD	002 1044667	0 0 61222000	30M CH *P\A\	PERDUE OFFICE INTERIORS INC 000802690H
9410	754740	VOIP	VOIP	M Z M2414	B0401200	B0407000				VOICDD	005 1018395	0 0 61222000	30M CH *P+	THOMAS W RUFF & CO OF FLORIDA 000156206E
9410	891246	VOIP	VOIP	E A E4464	B0406106	101F0200	EM6203			VOICDD	007 1025471	0 0 61222000	30M CH *P\	PERDUE INC 000184274I
9410	891247	VOIP	VOIP	E A E4464	B0406106	101F0200	EM6203			VOICDD	007 1025471	0 0 61222000	30M CH *P\T	PERDUE INC 000184274I
9410	891306	VOIP	VOIP	M 2 M6563	B0406106	101F0100	EY6098			VOICDD	007 1025484	0 0 61222000	30M CH *P<	THOMAS W RUFF & CO 000186900G
9410	891309	VOIP	VOIP	M 2 M6563	B0406106	101F0100	EY6098			VOICDD	007 1025484	0 0 61222000	30M CH *P<	THOMAS W RUFF & CO 000186900G
9411	1958913	46	46	M Y	MPA00000	MPA00000	EF6324			PJGEN	001 P3L19800TM	0 0 61222000	30M	
9412	544095	VOIP	VOIP	3 A 31885	B0406106	B0400000	BPSUMI			VOICDD	002 1285948	0 0 61222000	30M CH *P\T	PERDUE INC 000184274I
9412	544096	VOIP	VOIP	E A E4459	B0406106	B0400000	BPSBUSI			VOICDD	002 1285948	0 0 61222000	30M CH *P<	PERDUE INC 000184274I
9412	544715	VOIP	VOIP	E A E4464	B0406106	101F0200	EM6203			VOICDD	002 1287739	0 0 61222000	30M CH *P\	PERDUE INC 000184274I
9412	850241	GNPR	JNTR	M Y	A0303000	101F0300	ZBPRIMRC			JNPLAN	002	0 0 61222000	30M	
9412	850315	GNPR	JNTR	M Y	A0303000	101F0000	ZBPRIMRC			JNPLAN	004	0 0 61222000	30M	
9412	850320	GNPR	JNTR	M Y	A0303000	B0400000	ZBPRIMRC			JNPLAN	004	0 0 61222000	30M	
9412	1436322	VOIP	VOIP	3 A 31885	B0406101	B0400000	BPSUMI			VOICDD	007 1207181	0 0 61222000	30M CH *P\	PERDUE INC 000184274I
9412	1437890	VOIP	VOIP	3 M 33007	B0406101	101F0700	QJEL1180			VOICDD	007 1211117	0 0 61222000	30M CH *P\C\T	PERDUE INC 000184274I
9412	1437894	VOIP	VOIP	E A E4464	B0406101	101F0200	EM6203			VOICDD	007 1211117	0 0 61222000	30M CH *P\CB	PERDUE INC 000184274I
9412	1463851	VOIP	VOIP	M 2 M6508	B0406101	101H0000	EY6099			VOICDD	008 1211122	0 0 61222000	30M CH *P\AG	THOMAS W RUFF & CO 000186900G
9412	1463854	VOIP	VOIP	M 2 M6103	B0406101	B0401000	QJML1384			VOICDD	008 1211122	0 0 61222000	30M CH *P\I\	THOMAS W RUFF & CO 000186900G
9412	1463855	VOIP	VOIP	M 2 M6103	B0406101	B0401000	QJML1384			VOICDD	008 1211122	0 0 61222000	30M CH *P\I\T	THOMAS W RUFF & CO 000186900G
9412	1633606	ATH	ATHA	3 A 30000	A0303000	B0406000	BBS002101			ATH	003	0 0 61222000	30M JTJF	0
9412	1633607	ATH	ATHA	3 A 30000	A0303000	B0400000	BPPHENY			ATH	003	0 0 61222000	30M JTJF	0
9412	1928493	46	46	M Y	B0400000	B0400000	EY6106			PJGEN	001 PML13910TH	0 0 61222000	30M	
COUNT				32										

B2a

SOUTHERN BELL SAMPLE SELECTION, 1994 DETAIL*
 ADCT 6122-2000 ALL ITEMS GT \$40,000
 REPORT SECTION 2 OF 2 (PROGRAM PNC01 EDP-AFAD)

SERIAL #	PROD-ID	BILL PR	MAT-CODE	SOCIAL #	REQ NUMB	FUNC	JOB FUNC	IN EDP DX TYPE	AMOUNT OCCURS 01	GENERAL LEDGER AMOUNT
9402 956213					3L1604	M030		1 523 M	50,000.00	50,000.00
9405 459182					3L1604	M030		1 523 M	60,699.40	60,699.40
94051345680						M030		1 HE1 M	81,090.49	81,090.49
9406 229156						M030		1 480 M	184,702.44	184,702.44
9407 501096					3L1721	M030		1 HE1 M	207,327.95	207,327.95
94091412212						M030		1 523 M	54,199.00	54,199.00
94091412226						M030		1 523 M	55,910.23	55,910.23
9410 190692						M030		1 523 M	97,019.03	97,019.03
9410 190694						M030		1 523 M	66,878.67	66,878.67
9410 190697						M030		1 523 M	74,347.50	74,347.50
9410 190698						M030		1 523 M	59,123.94	59,123.94
9410 754740						M030		1 523 M	99,764.55	99,764.55
9410 891246						M030		1 523 M	252,011.57	252,011.57
9410 891247						M030		1 523 M	118,186.38	118,186.38
9410 891306						M030		1 523 M	46,410.35	46,410.35
9410 891309						M030		1 523 M	80,427.66	80,427.66
94111958913						M030		1 CHS M	42,916.57	42,916.57
9412 544095						M030		1 523 M	293,195.89	293,195.89
9412 544096						M030		1 523 M	220,785.50	220,785.50
9412 544715						M030		1 484 M	46,000.00	46,000.00
9412 850241						M030		1 523 M	54,199.00	54,199.00
9412 850315						M030		1 484 M	40,691.00	40,691.00
9412 850320						M030		1 523 M	163,181.30	163,181.30
94121436322						M030		1 523 M	194,610.33	194,610.33
94121437890						M030		1 523 M	193,427.61	193,427.61
94121437894						M030		1 523 M	96,283.83	96,283.83
94121463851						M030		1 523 M	99,566.69	99,566.69
94121463854						M030		1 523 M	174,697.91	174,697.91
94121463855						M030		1 INTB M	220,857.50	220,857.50
94121633606						M030		1 HE1 M	92,575.00	92,575.00
94121928493						M030		1 CHS M	473,435.11	473,435.11

3,777,432.85

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 2,637,982.

M-4p2 44-4p2b

SOUTHERN BELL SAMPLE SELECTION, 1994 DETAIL*

ACCT 6122-2000 ALL ITEMS LT <S-40.000>

REPORT SECTION 1 OF 2 (PROGRAM PV001 EDP-AFAD)

| SERIAL # | REC ID | SOR | GEO-CODE | RSPORG | AUTHRZ | AUTH #2 | PK-CIL-D | REF #

10 P T I JOURNAL ACCOUNT # | <----- 100 CHARACTERS

SOURCE DATA

9408 395150	ATH	ATHA	3 A	30000	A0C01000	B0407000	BPRAD0R	ATH	001	00E0470	0 0	61222000	30M	W0IP
94091412211	GMPR	JMTR	M Y		A0303000	B0400000	ZBP00ERM	JMPLAM	002		0 0	61222000	30M	
94091412225	GMPR	JMTR	M Y		A0303000	101F0000	ZBP00ERM	JMPLAM	002		0 0	61222000	30M	
94101471792	ATH	ATHA	3 A	30000	A0C01000	B0407000	ZBPWF0S0	ATH	003	10E0569	0 0	61222000	30M	W0IP
9412 850242	GMPR	JMTR	M Y		A0303000	101F0300	ZBPWF0S0	MCPLAM	002		0 0	61222000	30M	
9412 850316	GMPR	JMTR	M Y		A0303000	B0400000	ZBPR019C	MCPLAM	004		0 0	61222000	30M	
9412 850319	GMPR	JMTR	M Y		A0303000	101F0000	ZBPR019C	MCPLAM	004		0 0	61222000	30M	

COUNT

Bu

SOUTHERN BELL SAMPLE SELECTION, 1994 DETAIL*
 MOCT 6122-2000 ALL ITEMS LT <\$-40,000>
 REPORT SECTION 2 OF 2 (PROGRAM PYC01 EDP-AFAD)

SERIAL #	PROD-ID	BIL ORG	PR TY	MAT-CODE	SOCIAL #	REQ NUMB	FUNC	JOB FUNC	IN EXP DN TYPE	AMOUNT OCCURS 01	GENERAL LEDGER AMOUNT
9408 395150							M030		1 HE1 M	40,255.18	40,255.18 (5)
94091412211							M030		1 523 M	54,199.00	54,199.00
94091412225							M030		1 523 M	105,886.00	105,886.00
94101471792							M030		1 HE1 M	205,888.23	205,888.23 (43)
9412 850242							M030		1 484 M	46,000.00	46,000.00
9412 850316							M030		1 523 M	54,199.00	54,199.00
9412 850319							M030		1 484 M	40,291.00	40,291.00

2

44-4 p 36

COMPANY: BST
 TITLE: SAMPLE 0122
 TEST YEAR: TYE 12/31/04
 DATE: SEPT 13, 1996
 AUDITOR: RKY/GL/RG
 WP NO:

KW 10/18/95

G ITEMS OVER \$500 *H* *I*

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ITEM NO.	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Vendor	DESCRIPTION OF SAMPLED ITEMS	Serial No.	Total Invoice	Alloc to FI
9	66	6122 30m	60,699.40	x	X	x	x	x	?	n/a	Perdue Office Interiors	Chairs for BCAC ER CHAIR	all items under \$500		
				This is an indirectly attributable account per CAM and based on Account 2122. See WP 44-4/1 -1 for attribute 6											
14	65	6122 30m	60,000.00	x	?	x	x	x	?	n/a	International Interiors	Panel parts for BCAC and to replenish supplies.	all items under \$500		
				This is an indirectly attributable account per CAM and based on Account 2122. See WP 44-4/1 -1 for attribute 6											
				NO DETAIL TO DETERMINE IF THE VALUE OF EACH PIECE IS UNDER \$500.											
17	67	6122 30m	61,090.49	x	no	x	x	x	?	x	Interior Design Service	Project South Central Bell hdq facility Celling Tiles, shelf, worksurfaces	9045,1345880	306580 3	
				This is an indirectly attributable account per CAM and based on Account 2122. See WP 44-4/1 -1 for attribute 6											
				As this is the only invoice with items over \$500, pass on adjustment because of immateriality. <i>44.51 page 5</i>											
24	68	6122 30m	184,702.44	x	x	x	x	x	?	n/a	Perdue Office Interiors	Furniture for AFIC Steelcases, Chairs, Ship to Souther Bell in Jacksonville	no items over \$500		
				This is an indirectly attributable account per CAM and based on Account 2122. See WP 44-4/1 -1 for attribute 6											
29	69	6122 30m	207,327.95	x	x	x	x	x	?	x	Bodine	ship to SCB in Birmingham Chairs, panels, tables, work surface package	all items under \$500		
				This is an indirectly attributable account per CAM and based on Account 2122. See WP 44-4/1 -1 for attribute 6											
34	74	6122 30m	69,123.84	x	x	x	x	x	?	n/a	Thomas W. Ruff & Co of FI	ship to BS Miami, 10701 SW 88th Street, Miami 666 NW 79 Ave, Miami 101 West Canal Street, Miami Desks, tables, charis, mouse pads, adaptors for compact, keyboard shelves, etc.	All items under \$500		
				This is an indirectly attributable account per CAM and based on Account 2122. See WP 44-4/1 -1 for attribute 6											

Detail proposed by Co of 13/95 under \$500

1 COMPANY: BST
 2 TITLE: SAMPLE 8122
 3 TEST YEAR: TYE 12/31/94
 4 DATE: SEPT 13, 1995
 5 AUDITOR: RKY/GL/RG
 6 WP NO:

ITEMS OVER \$500

ITEM NO.	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Vendor	DESCRIPTION OF SAMPLED ITEMS	Serial No.
10 11 12 13 75	6122 30m		99,764.55	x	x	x	x	x	?	n/a	Perdue Office Interiors	ship to SBT, Oakland Pk Blvd. Ft. Lauderdale Panels, Work Surface Package, Shelves, Chairs, Desks.	all items under \$500
14 15 16 17 76	6122 30m		252,011.57	x	x	x	x	x	?	n/a	Perdue Office Interiors	ship to SBT, Oakland Pk Blvd. Ft. Lauderdale Panels, Work Surface Package, Shelves, Chairs, Desks.	All items under \$500
18 19 20 21 77	6122 30m		116,166.38	x	x	x	x	x	?	n/a	Thomas W. Ruff & Co.	Furniture, Files, Chairs, Desks, ship to BellSouth, Ojus	All items under \$500
22 23 24 25 78	6122 30m		46,410.35	x	x	x	x	x	?	n/a	Thomas W. Ruff & Co. of fl	ship to BellSouth, Ojus Furniture, Files, Chairs, Desks,	All items under \$500
26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 80	6122 30m		42,916.57	x	x	x	x	x	?	n/a	Perdue Office Interiors	Shipped to BellSouth Services see 44-4/1-1 for why bellsouth Services Summit Group 301 W Bay Street Jacksonville, Fl Acoustical Panels, Bracket Wall Attachments	All items under \$500
81	6122 30m		293,195.69	x	x	x	x	x	?	n/a	Perdue Office Interiors	Shipped to BellSouth Services Ft. Lauderdale - N. Federal Hwy Acoustical Panels, Straight Glass Panel,	All items under \$500

Item no. 81, invoice no. 82574, on Page 7 a/ Straight glass panel was charged to 30M, on page 8 straight glass panel charged to 30C (2122) Why? Amount charged to 30C is \$1,200. Under \$500 limit. Amount on Page 8 is plus tax for each unless it is capitalized. See wp 44-4/1-1 page 2

Also, on page 12, the company is charging tables to 30C (2122) and why in item no 69 and 74 are tables charged to 30M (8122)? Tables on Page 12 are each and should be charged to assets account. On items 69 and 74 all items are under \$500. See wp 44-4/1-1 page 2

See WP 44-4/1-1 for attribute 6

pg 2

COMPANY: BST
 TITLE: SAMPLE 6122
 TEST YEAR: TYE 12/31/94
 DATE: SEPT 13, 1995
 AUDITOR: RKY/GL/RG
 WP NO:

ITEM NO.	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Vendor	DESCRIPTION OF SAMPLED ITEMS	Serial No.	ITEMS OVER \$5
82	6122	30m	220,785.50	x	x	x	x	x			n/a Perdue Office Interiors	Shipped to SBT Oakland Park Blvd. Ft. Laud./ Acoustical Panels, Keyboard, Chairs Desk for Training Room		All items under JUC
<p>This is an indirectly attributable account per CAM and based on Account 2122. See WP 44-4/1 -1 for attribute 6</p>														
83	6122	30m	163,181.30	x	x	x	x	x	?		n/a Perdue Office Interiors	Shipped to BellSouth Services Summit Group Jacksonville, Fl see 44-4/1 -1 for why bellsouth Services		All items under JUC
<p>This is an indirectly attributable account per CAM and based on Account 2122. See WP 44-4/1 -1 for attribute 6. See wp 44-4/1 -4 for Invoice for info purposes.</p>														
84	6122	30m	194,610.33	x	x	x	x	x	?		n/a Perdue Office Interiors	Shipped to Souther Bell 7900 Mandarin Cent Orlando Acoustical Panels, Base Covers, Receptacle ~Simplex Worksurface Package, Keyboard Shelf, Pedestals, Powerway panel		All items under JUC
<p>This is an indirectly attributable account per CAM and based on Account 2122. See WP 44-4/2 and 44-4/1 -1 for attribute 6</p>														
85	6122	30m	193,427.61	x	x	x	x	x	?		n/a Perdue Office Interiors	Shipped to SBT W. Oakland Pk Blvd, Sunrise, Fl Tackable Acoustical Panels Worksurface Packages Half Shelves, Keyboard Shelves, Chairs, Pedestals, Bulbs, Fabric for Chairs		All items under JUC
<p>This is an indirectly attributable account per CAM and based on Account 2122. See WP 44-4/2 and 44-4/1 -1 for attribute 6</p>														
86	6122	30m	96,283.83	x	x	x	x	x	?		n/a Thomas W. Ruff	Shipped to BellSouth - North Dade Soc 19051 NE 3rd Ct. Miami Acoustical Panels Bin Storage, Pedestals, Bookcases, Keyboard Shelves, Chairs, Fabric Protection, Tables(various sizes)		All items under JUC
<p>This is an indirectly attributable account per CAM and based on Account 2122. See WP 44-4/2 and 44-4/1 -1 for attribute 6</p>														

By 3

COMPANY: BST
 TITLE: SAMPLE 6122
 TEST YEAR: TYE 12/31/94
 DATE: SEPT 13, 1995
 AUDITOR: RKY/GL/RG
 WP NO:

ITEM NO.	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Vendor	DESCRIPTION OF SAMPLED ITEMS	ITEMS OVER \$500		
													Serial No.	Total Invoice	
87	6122 30m		99,565.69	x	x	x	x	x	?	n/a	Thomas W. Ruff	Shipped to Bellsouth - summit 7780 N.W. 50 St Miami Receptacles, Acoustical Panels, Bin Storage, Pedestals, Keyboard Shelves, Chairs, Worksurface Packages Wall Brackets	All items under	500	
88	6122 30m		174,897.91	x	x	x	x	x	?	n/a	Thomas W. Ruff	Shipped to Bellsouth - Summit 7780 NW 50St Miami Receptacles, Acoustical Panels, Bin Storage, Pedestals, Base Power Circuit, half Shelves, Chairs, Worksurface Station Bracket Wall Attachemnts	All items under	500	
			----- 2,637,962.60 -----												
92	6122 30m		(40,255.18)	x	x	x	x	x	?	x	Correction Voucher	The Coding was changed to Debit South Carolina and credit Headquarters Acct 6122 30M. The original invoices were for shipping to BST in Columbia SC and Charleston SC.			
93	6122 30M		(209,555.23)	x	x	x	x	x	?	x	Correction Voucher	The Coding was changed to debit Alabama and credit Headquarters Acct 6122 30M. The original invoice was from Bodine and Shipped to South Central Bell, in Birmingham.			

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	Total Invoice	Alloc to FI	Description	Num of Items	Amt of Each Item	Total Amount	plus tax	Total 0.065 to 2122	Total to 2122 ft
1									0.2645
2									
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4	365560.3								
5			81,090.41 Steelcase Inc. 930561 HF			18,912.00		1,099.28	18,011.28
6			Steelcase Inc. 942561 HF			682.00		44.98	736.98
7			Steelcase Inc. 930561 HF			25,696.50		1,683.27	27,579.77
8			Steelcase Inc. 942561 HF			692.00		44.98	736.98
9			Steelcase Inc. 930561 HF			4,759.20		309.35	5,068.55
10									13,788.33

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REQUEST: Please provide further explanations and backup to the attached questions regarding DRR51, Account # 6122, sample items.

REQUEST (1): Sample Item 66 - Is the 60,699.40 total reg and nonreg or just reg. Per FP AB01, Account 6122 is allocated to reg and non reg based on account 2122. Per FP AB01 2122 there are three cost pools, which cost pool? and none of the cost pools in MP2708 show 100% allocated to reg. Please explain.

Same for items 65, 67, 68, 69, 74, 75, 76, 77, 78 and 82.

RESPONSE (1): In accordance with our Cost Allocation Manual (CAM) filed with the FCC, the total amount classified to account 6122 was indirectly attributed to regulated and nonregulated operations. (See attachment 1). When accounts or cost pools are indirectly attributable, individual transactions are not classified as regulated or nonregulated, but the aggregate account/cost pool is allocated based on an indirect measure of cost causation. In the case of account 6122, the ratio of nonregulated expense to total expense classified to account 2122 was used. The ratio is calculated by taking the total 2122 investment allocated to nonregulated as a percentage of the total amount classified to account 2122.

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Item 66 was processed in May 1994. The calculation of the May ratio is calculated as follows:

	Account 2122 • May 1994 \$		
	Regulated	Nonregulated	Total
Cost Pool 01	290,553	28,467	319,020
Cost Pool 02	5,405,802	358,234	5,764,036
Cost Pool 03	7,864,166	533,864	8,398,030
Total	13,560,521	920,565	14,481,086

44-4
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Nonreg. ratio applied to account 6122: .06357 (920,565/14,481,086).

* See attachment 2 for supporting report pages.

REQUEST (2): Item 80. Why is this charged to BST Florida when the invoice is billed to BellSouth Services Summit Group? Should this be charged to BST? Is this regulated? \$42,916.57

RESPONSE (2): Perdue, Inc. uses a bill mask when generating invoices. This mask has not been updated since 1993 when BellSouth Services was folded into BST. This invoice is for furniture purchased for the BST Consumer Services reengineering group located at 301 West Bay Street in Jacksonville, Florida and is a regulated expense.

(A) Ratio agrees w/ May NR ratio per 45-2 BST Reg Non Reg kept by month by acct by CP + SP.

P1

10/18/83
 10/18/83
 10/18/83

Attachment 1
 Source: CAM

BELLSOUTH
 COST APPORTIONMENT TABLES
 TABLE SEVEN

PBC

USOA PART 32 ACCT.	COST POOLS	BASIS FOR APPORTIONMENT TO COST POOLS	BASIS FOR APPORTIONMENT TO REGULATED/UNREGULATED	COST DEFINITION	COMMENTS
6121 Land and Building Expense (Cont)	Other Common Expense - Customer Operations - Telephones Operator	Based on actual detailed floor space assignments representing specific business functions	Current year salaries and wages in Accounts 6621 and 6622	Indirectly Attributable	
	Other Common Expense - Corporate Operations	Based on actual detailed floor space assignments representing specific business functions	Current year salaries and wages in Accounts 6710 - 6728	Indirectly Attributable	
	Other Common Expense - Warehouse	Based on actual detailed floor space assignments representing specific business functions	Relative investment value in Account 1220.1	Indirectly Attributable	
6122 Furniture and Artworks Expense	Same as Account	Cost Pool Equals Account	Relative investment value (Account 2122)	Indirectly Attributable	44.4 / 1-1
6123 Office Equipment Expense	Office Support	Identified from subsidiary record categories	Relative investment value (Account 2123) excluding Corporate Communications Equipment and demonstration equipment	Indirectly Attributable	
	Corporate Communications	Identified from subsidiary record categories	Relative investment value (Account 2123) Corporate Communications and demonstration equipment	Indirectly Attributable	
6124 General Purpose Computers Expense	General Support Related	Identified by function through machine utilization and other statistics	Follows the general support related expenses (61XX Accounts excluding 6124)	Indirectly Attributable	

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BST - MAIN ACCOUNT / COST POOL ANALYSIS BY REG/NR - FLORIDA 1994 BY MO
 (NOTE: BALANCE SHEETS ACCTS. REFLECT END OF MONTH BALANCES ONLY)

ST	ACCT	CP	DATE	TOTANT \$	REG \$	NR \$	NR RATIO
FL	2121	06	94/05	41,076,903	38,897,622	2,179,281	5.3
			94/06	39,974,240	37,704,506	2,189,654	5.5
			94/07	40,477,059	38,320,026	2,149,033	5.3
			94/08	40,261,602	38,174,766	2,086,836	5.2
			94/09	41,201,469	39,166,009	2,035,460	4.9
			94/10	41,685,496	39,472,035	2,213,460	5.3
			94/11	34,945,834	33,074,366	1,871,467	5.4
			94/12	40,530,165	38,200,447	2,249,718	5.5
		07	94/01	4,660,393	4,660,393	0	.0
			94/02	4,675,066	4,675,066	0	.0
			94/03	4,704,792	4,704,792	0	.0
			94/04	4,690,716	4,690,716	0	.0
			94/05	4,694,660	4,694,660	0	.0
			94/06	4,705,105	4,705,105	0	.0
			94/07	4,620,326	4,620,326	0	.0
			94/08	4,623,205	4,623,205	0	.0
			94/09	4,651,050	4,651,050	0	.0
			94/10	4,711,959	4,711,959	0	.0
			94/11	4,740,764	4,740,764	0	.0
			94/12	4,704,678	4,704,678	0	.0
		08	94/01	42,125,351	40,090,680	2,034,671	4.0
			94/02	42,105,196	40,050,326	2,046,870	4.9
			94/03	42,666,054	40,552,903	2,113,071	5.0
			94/04	42,050,964	40,032,604	2,010,360	4.7
			94/05	42,747,201	40,490,456	2,256,745	5.3
			94/06	42,603,426	40,572,404	2,111,022	4.9
			94/07	41,473,211	39,345,355	2,127,856	5.1
			94/08	41,940,933	39,072,400	2,068,453	4.9
			94/09	41,753,546	39,739,554	2,013,992	4.8
			94/10	43,123,390	40,947,111	2,176,279	5.0
			94/11	42,909,671	40,024,777	2,004,894	4.9
			94/12	43,101,355	40,955,922	2,145,433	5.0
	2122	01	94/01	311,293	204,540	26,752	8.6
			94/02	300,533	201,944	26,509	8.6
			94/03	310,632	203,001	27,631	8.9
			94/04	316,296	200,165	27,131	8.6
			94/05	319,020	290,553	28,467	8.7
			94/06	317,952	291,424	26,528	8.3
			94/07	310,045	290,301	27,744	8.7
			94/08	324,126	297,339	26,787	8.3
			94/09	321,091	294,052	27,039	8.4
			94/10	370,479	345,209	33,190	8.8
			94/11	359,166	326,078	32,209	9.0
			94/12	366,020	320,742	30,078	10.4

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NOT FOR DISCLOSURE OUTSIDE BELLSOUTH WITHOUT WRITTEN PERMISSION
 FILENAME: FOCENEC PYCPANMA RUN 06/21/95

Attachment 2
 page 10 of 20

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WALTER HAN COMPANY
7001 MAGNATE

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BST - MAIN ACCOUNT / COST POOL ANALYSIS BY REG/NR - FLORIDA 1994 BY MO
(NOTE: BALANCE SHEETS ACCTS. REFLECT END OF MONTH BALANCES ONLY)

ST	ACCT	CP	DATE	TOTANT \$	REG \$	NR \$	NR RATIO
FL	2122	02	94/01	5,779,980	5,439,717	340,263	5.9
			94/02	5,713,677	5,376,731	336,946	5.9
			94/03	5,713,860	5,370,176	342,884	6.0
			94/04	5,498,528	5,374,236	322,295	5.7
			94/05	5,764,836	5,405,802	358,234	6.2
			94/06	5,764,874	5,418,583	346,511	6.0
			94/07	5,773,893	5,412,688	360,404	6.2
			94/08	5,767,355	5,423,828	343,536	6.0
			94/09	5,769,201	5,416,839	352,362	6.1
			94/10	5,732,450	5,570,952	361,497	6.3
			94/11	5,729,257	5,356,888	372,368	6.5
			94/12	5,872,257	5,482,139	390,118	6.6
		03	94/01	9,179,228	8,626,156	553,072	6.0
			94/02	8,983,925	8,441,685	542,320	6.0
			94/03	8,788,636	8,248,051	540,585	6.2
			94/04	8,592,333	8,094,112	498,221	5.0
			94/05	8,398,030	7,844,344	553,686	6.4
			94/06	8,282,727	7,788,963	501,763	6.1
			94/07	8,087,424	7,497,163	510,261	6.4
			94/08	7,812,121	7,337,194	474,927	6.1
			94/09	7,616,818	7,142,320	474,497	6.2
			94/10	7,421,515	6,942,188	479,334	6.5
			94/11	7,226,212	6,745,933	480,278	6.6
			94/12	7,038,989	6,548,369	482,540	6.9
		01	94/01	601,998	558,255	51,735	8.6
			94/02	597,967	546,435	51,531	8.6
			94/03	592,551	539,843	52,708	8.9
			94/04	587,261	534,888	50,373	8.6
			94/05	584,867	531,950	52,117	8.9
			94/06	589,266	548,101	49,165	8.3
			94/07	591,294	539,714	51,581	8.7
			94/08	599,835	558,262	49,573	8.3
			94/09	598,459	548,863	50,396	8.4
			94/10	740,468	675,534	64,934	8.8
			94/11	712,622	648,558	64,064	9.0
			94/12	706,814	633,443	73,371	10.4
		02	94/01	9,984,247	9,396,483	587,764	5.9
			94/02	10,086,820	9,416,708	590,120	5.9
			94/03	9,944,154	9,347,330	596,824	6.0
			94/04	9,823,838	9,267,471	555,567	5.7
			94/05	9,832,483	9,221,320	611,083	6.2
			94/06	9,796,341	9,289,127	587,214	6.0
			94/07	9,819,354	9,286,349	613,086	6.2
			94/08	9,844,866	9,257,698	586,367	6.0

44-4
1-3

Attachment
page 2 of 2

COST POOL ANALYSIS
TUE 10/21/94

SAT

RY
10/18/94
ec



1 FPSC Staff Audit
 2 1994 Surveillance Report
 3 Item No. 74
 4 September 13, 1995
 5 Attachment 4
 6 Page 1 of 7

7 PERDUE OFFICE INTERIORS, INC.
 8 INVOICE NUMBER 81795

A	B	C	D	E	F
Catalog #	Quantity	Unit Price w/ Tax	Total Expensed	Total Capitalized	
11 98113			13,548.80		12780
12 98119			19,875.00		18750
13 98216			4,572.84		4314
14 98405APC			14,341.80		13530
15 98405APC			14,341.80		13530
16 98865CC			19,423.44		18324
17 99224			13,101.60		12360
18 99223			13,101.60		12360
19 9HPS3015			3,784.20		3570
20 CCKS			11,384.40		10740
21 99465			477.00		450
22 4535330H			24,358.80		22980
23 9BBL6015			3,809.64		3594
24 LSM48KC			1,081.20		1020
25 4535330H			2,435.88		2298
26 CCKS			1,138.44		1074
27 4535330H			1,623.92		1532
28 CCKS			758.98		716
29 851804838				6,921.80	6530
30 Surtax *			23.98	1.02	
31			<u>163,181.30</u>	<u>6,922.82</u>	

* .5% surtax is charged on the first \$5,000 purchased for a maximum of \$25.
 The surtax was prorated between expense and capital.

Reference: DRR 51; Item 83

44-4
 1-1

P1

Attachment 1
Page 2 of 7

LICENSE NO. IBC000233

Perdue, Inc.
8051 Bayberry Road
Post Office Box 550737
Jacksonville, Florida 32255-0737
904/737-5858
FAX 904/737-6088

PERDUE RECEIVED

NOV 10 1994

INVOICE

PAGE

PLEASE REMIT TO

PERDUE, INC.
D860232
ORLANDO, FL 32886-0232

5949-41130-0 PROPERTY MANAGEMENT

TERMS: NET 10 DAYS
1 1/2% PER MONTH WILL BE ADDED TO BALANCES OVER 30 DAYS

INVOICE NO.	INVOICE DATE	CUSTOMER ORDER NO.	SALES ORDER NO.	ORDER DATE	DATE SHIPPED	ACCOUNT REPRESENTATIVE
81795	10/26/94	EL100149/NE7196	59887	09/13/94	10/10/94	BO ROBIN LUNDY

TO:
BELL SOUTH SERVICES
JIM BLOOMER
SUMMIT GROUP
301 W BAY STREET
JACKSONVILLE, FL 32201

SHIP TO:
59887
BELL SOUTH SERVICES
JIM BLOOMER
SUMMIT GROUP
301 W BAY STREET
JACKSONVILLE, FL 32201

NET 30 DAYS

829580

LI	QUANTITY	CATALOG NUMBER	DESCRIPTION	UNIT PRICE	AMOUNT
22	1	98113	PANEL-TACKABLE ACOUSTICAL,		12,780.00
23	A	STEELCAS	30X53		
24			HINGE :6615 GREY V5		
25			SURE-1 :5486 ICICLE		
26			SURE-2 :5486 ICICLE		
27			TRIM :4692 GREY V5		
28			W/PNL TRIM TRIM STD BASE 98622CDB2		
29		TAG FOR:	REPS		
30	2	98119	PANEL-TACKABLE ACOUSTICAL,		18,750.00
31	A	STEELCAS	42X53		
32			HINGE :6615 GREY V5		
33			SURE-1 :5486 ICICLE		
34			SURE-2 :5486 ICICLE		
35			TRIM :4692 GREY V5		
36			W/PNL TRIM TRIM STD BASE 98628CDB2		
37		TAG FOR:	REPS		
38	5	98216	PANEL-TACKABLE ACOUSTICAL,		4,314.00
39	A	STEELCAS	60X65		
40			HINGE :6615 GREY V5		
41			SURE-1 :5486 ICICLE		
42			SURE-2 :5486 ICICLE		
43			TRIM :4692 GREY V5		
44			W/PNL TRIM TRIM STD BASE 98625CDB2		
45		TAG FOR:	SUPV		
46			*** CONTINUED ON NEXT PAGE ***		

Title of goods herein described or referred to is retained by Perdue, Inc. until entire purchase price and sales tax have been paid in full.

PERDUE, INC.
THIS AMOUNT

Attachment A
10/26/94

LICENSE NO. 18G000233

PERDUE

INVOICE

PAGE

Perdue, Inc.
3051 Bayberry Road
Post Office Box 550737
Jacksonville, Florida 32255-0737
904/737-5858
FAX 904/737-6088

PLEASE REMIT TO
PERDUE, INC.
0860232
ORLANDO, FL 32886-0232

TERMS: NET 10 DAYS
1% PER MONTH WILL BE ADDED TO BALANCES OVER 30 DAYS

3 DEC 1994 16 15

INVOICE NO.	INVOICE DATE	CUSTOMER ORDER NO.	SALES ORDER NO.	ORDER DATE	DATE SHIPPED	ACCOUNT REPRESENTATIVE
12-81795	10/26/94	EL100149/NE7196	59887	09/12/94	10/10/94	22 RUBIN LUNDY

TO: **B BELL SOUTH SERVICES**
16 JIM BLOOMER
17 SUMMIT GROUP
18 301 W BAY STREET
19 JACKSONVILLE, FL 32201

SHIP TO: **BELL SOUTH SERVICES**
JIM BLOOMER
SUMMIT GROUP
301 W BAY STREET
JACKSONVILLE, FL 32201

A SONET 30 DAYS C 829580 D E

LA	QUANTITY	CATALOG NUMBER	DESCRIPTION	UNIT PRICE	AMOUNT
22	10	98405APC	WORKSURFACE PACKAGE-LAM,END		10,530.00
23	A	STEELCAS	PNL/CANT,LK,25X30		
24			BASIC :4654 GREY V2		
25			LOCK :9201 POLISHED CHROME		
26			OUTER :4654 GREY V2		
27			TOP-SURE:2782 GREY V1		
28			TRIM :4654 GREY V2		
29			KEYS :SK SPEC		
30			+/		
31	TAG	FOR:	REPS		
32		60	PLUG		
33	11	98405ACP	WORKSURFACE PACKAGE-LAM,CANT/		10,530.00
34	A	STEELCAS	END PNL,LK,25X30		
35			BASIC :4654 GREY V2		
36			LOCK :9201 POLISHED CHROME		
37			OUTER :4654 GREY V2		
38			TOP-SURE:2782 GREY V1		
39			TRIM :4654 GREY V2		
40			KEYS :SK SPEC		
41			+/		
42	TAG	FOR:	REPS		
43		60	PLUG		
44	12	98865CC	WORKSURFACE PKG-CORNER,90 DEG,		10,324.00
45	A	STEELCAS	LAM,CANT/CANT,25X42,22-5/8W ER		
46			BASIC :4654 GREY V2		
47			TOP-SURE:2782 GREY V1		
48			*** CONTINUED ON NEXT PAGE ***		

Title of goods herein described or referred to is retained by Perdue, Inc. until entire purchase price and sales tax have been paid in full.



23

Attachment 4
2004-7

LICENSE NO. IBC000233

Perdue, Inc.
8051 Bayberry Road
Post Office Box 550737
Jacksonville, Florida 32255-0737
904/737-5858
FAX 904/737-6088

PERDUE

INVOICE

PAGE

PLEASE REMIT TO

PERDUE, INC.
D860232
ORLANDO, FL 32886-0232

TERMS: NET 10 DAYS
1 1/2% PER MONTH WILL BE ADDED TO BALANCES OVER 30 DAYS

TO DEC 1994 16

INVOICE NO.	INVOICE DATE	CUSTOMER ORDER NO.	SALES ORDER NO.	ORDER DATE	DATE SHIPPED	ACCOUNT REPRESENTATIVE
81795	10/26/94	FL100149/NE7196	59887	09/12/94	10/10/94	JA ROBIN LUNDY

13 TO:

14

5BELL SOUTH SERVICES
6JIM BLOOMER
7SUMMIT GROUP
8301 W BAY STREET
9JACKSONVILLE, FL 32201

SHIP TO:

59887

5BELL SOUTH SERVICES
6JIM BLOOMER
7SUMMIT GROUP
8301 W BAY STREET
9JACKSONVILLE, FL 32201

20 NET 30 DAYS

C 829580

D

E

QTY	QUANTITY	CATALOG NUMBER	DESCRIPTION	UNIT PRICE	AMOUNT
12		98865CC	LINE CONTINUED TRIM :4654 GREY V2		
	TAG FOR:		REPS		
13		99224	PEDESTAL-FIXED, FULL HGT, 2 BOX/ 1 FILE DWR, 25X15X24-27/32		12,360.00
	A	STEELCAS	BASIC :4654 GREY V2		
	TAG FOR:		REPS		
14		99220	PEDESTAL-FIXED, FULL HGT, 2 BOX/ DWR, 25X15X24-27/32		12,360.00
	A	STEELCAS	BASIC :4654 GREY V2		
	TAG FOR:		REPS		
15		9HBS3015	SHELF-HALF HEIGHT, PANEL SUPPORTED, 14-7/8X30X7-5/8		3,570.00
	A	STEELCAS	BASIC :4654 GREY V2		
	TAG FOR:		REPS		
16		CCKS	KEYBOARD-SHELF, COMPACT		10,740.00
	A	DETAILS	BASIC :6031 METEORITE		
	TAG FOR:		REPS		
*** CONTINUED ON NEXT PAGE ***					

84

Title of goods herein described or referred to is retained by Perdue, Inc. until entire purchase price and sales tax have been paid in full.

PLEASE PAY THIS AMOUNT

Page 5 of 7

LICENSE NO. IBC000233

Perdue, Inc.
 8051 Bayberry Road
 Post Office Box 550737
 Jacksonville, Florida 32255-0737
 904/737-5858
 FAX 904/737-6088

PERDUE

INVOICE

PAGE

PLEASE REMIT TO

PERDUE, INC.
 D860232
 ORLANDO, FL 32886-0232

TERMS: NET 10 DAYS
 1 1/2% PER MONTH WILL BE ADDED TO BALANCES OVER 30 DAYS

INVOICE NO.	INVOICE DATE	CUSTOMER ORDER NO.	SALES ORDER NO.	ORDER DATE	DATE SHIPPED	ACCOUNT REPRESENTATIVE
81795	10/26/94	FL100149/NE7196	59887	09/12/94	10/10/94	MR RUBIN LUNDY

13 TO:
14

SHIP TO:
59887

15 BELL SOUTH SERVICES
 16 JIM BLOOMER
 17 SUMMIT GROUP
 18 301 W BAY STREET
 19 JACKSONVILLE, FL 32201

BELL SOUTH SERVICES
 JIM BLOOMER
 SUMMIT GROUP
 301 W BAY STREET
 JACKSONVILLE, FL 32201

A NET 30 DAYS

829530 C

D

E.

QUANTITY	CATALOG NUMBER	DESCRIPTION	UNIT PRICE	AMOUNT
17	99465	TRAY-CONVENIENCE		450.00
	STEELCAS			
	FOR:	REPS		
18	4335330H	CHAIR-OPNL, PNEU HGT, MID BK, SET		20,000.00
	STEELCAS	CAP, ADJ ARM HGT		
		SHELL : 6250 KAFFA		
		UPHSTRY: 5509 FENNEL		
	FOR:	REPS		
19	9BBL6015	BIN-STORAGE, PANEL SUPPORTED, 2		3,594.00
	STEELCAS	DOORS, 2 LOCKS, 14-7/8X6X16-5/8		
		BASIC : 4654 GREY V2		
		LOCK : 9201 POLISHED CHROME		
		KEYS : SK SPEC		
		+ /		
	FOR:	SUPV		
		12 PLUG		
20	LSM48KC	LIGHT-SHELF, ELEK BALLAST, 32		1,500.00
	STEELCAS	WAIT, LAMP, 6' CURD, 49W, CHI		
		BASIC : 4654 GREY V2		
	FOR:	SUPV		

*** CONTINUED ON NEXT PAGE ***

Title of goods herein described or referred to is retained by Perdue, Inc. until entire purchase price and sales tax have been paid in full.



LICENSE NO. IBC000233

Perdue, Inc.
8051 Bayberry Road
Post Office Box 550737
Jacksonville, Florida 32255-0737
904/737-5858
FAX 904/737-5088

PERDUE

INVOICE

PAGE

PLEASE REMIT TO

PERDUE, INC.
0860232
ORLANDO, FL 32886-0232

TERMS: NET 10 DAYS
1 1/2% PER MONTH WILL BE ADDED TO BALANCES OVER 30 DAYS

INVOICE NO.	INVOICE DATE	CUSTOMER ORDER NO.	SALES ORDER NO.	ORDER DATE	DATE SHIPPED	ACCOUNT REPRESENTATIVE
81795	10/26/94	FL100149/NE7196	59887	09/13/94	10/10/94	22 ROBIN LUNDY

TO:
16 ORELL SOUTH SERVICES
16 JIM BLOOMER
17 SUMMIT GROUP
18 301 W WAY STREET
19 JACKSONVILLE, FL 32201

SHIP TO:
20 ORELL SOUTH SERVICES
20 JIM BLOOMER
20 SUMMIT GROUP
20 301 W WAY STREET
20 JACKSONVILLE, FL 32201

NET 30 DAYS

229580

LI	QUANTITY	CATALOG NUMBER	DESCRIPTION	UNIT PRICE	AMOUNT
21	A	4535330H STEELCAS	CHAIR-OPNL, PNEU HGT, MID BK, SET CAP, ADJ ARM HGT SHELL :6250 KAFFA UPHLSTRY:5529 FENNEL		2,298.00
26	TAG	FOR:	SUPV		
27	A	CKKS DETAILS	KEYBOARD-SHELF, COMPACT BASIC :6031 METEORITE		1,074.00
29	TAG	FOR:	SUPV		
30	A	4535330H STEELCAS	CHAIR-OPNL, PNEU HGT, MID BK, SET CAP, ADJ ARM HGT SHELL :6250 KAFFA UPHLSTRY:5529 FENNEL		1,532.00
35	A	CKKS DETAILS	KEYBOARD-SHELF, COMPACT BASIC :6031 METEORITE		716.00
37	TAG	FOR:	CLERKS		
38	A	851804838 STEELCAS	TABLE-BOAT SHAPED, VINYL EDGE, 38X48X180X28 1/2 BASE :6202 GREY V5 COLUMN :4692 GREY V5		6,530.00
42			*** CONTINUED ON NEXT PAGE ***		

Title of goods herein described or referred to is retained by Perdue, Inc. until entire purchase price and sales tax have been paid in full.

PLEASE PAY THIS AMOUNT

kw 10/18/94
R4

Attachment 4
10-2-97

1 LICENSE NO. IBC000233
2 Perdue, Inc.
3 8051 Bayberry Road
4 Post Office Box 550737
5 Jacksonville, Florida 32255-0737
6 904/737-5858
7 FAX 904/737-6088

PERDUE

INVOICE

PAGE

PLEASE REMIT TO
PERDUE, INC.
0860232
ORLANDO, FL 32886-0232

-WTR # 6949-41130-02

TERMS: NET 10 DAYS
1 1/2% PER MONTH WILL BE ADDED TO BALANCES OVER 30 DAYS

INVOICE NO.	INVOICE DATE	CUSTOMER ORDER NO.	SALES ORDER NO.	ORDER DATE	DATE SHIPPED	ACCOUNT REPRESENTATIVE
1281795	10/26/94	FL100149/NE7196	59887	09/12/94	10/10/94	22 RUBEN LUNDY

13 TO:
14
15 BELL SOUTH SERVICES
16 JIM BLOOMER
17 SUMMIT GROUP
18 301 W BAY STREET
19 JACKSONVILLE, FL 32201

SHIP TO:
59887
BELL SOUTH SERVICES
JIM BLOOMER
SUMMIT GROUP
301 W BAY STREET
JACKSONVILLE, FL 32201

20 NET 30 DAYS

C 829580

D E

QTY	COUNTY	ATA/ORDER NUMBER	DESCRIPTION	UNIT PRICE	AMOUNT
22		851804838	LINE CONTINUED		
23			EDGE :6615 GREY VS		
24			TOP-SURF:2731 SHELL		
25			ENTRY #		ENTRY #2
26		EXTC 523	EXTC	523	
27		AMT 6,530.00	AMT	15,392.00	
28		FRC 300	FRC	30M	
29		RCC B0400000	RCC	B0400000	
30		AUTH CODE BPSUMI	AUTH CODE	BPSUMI	
31		GLC 31885	GLC	31885	
32		SPI B0400000	SPI		
33		SP2 P1IC17 M Q05	SP2		
34		Bill To FL	Bill To:	FL	
35		#6530.00	Connie O'Leary 11/18/94	*153,922.00	
36		391.80	6% TAX	9,235.32	
37		6921.80		*163,157.32	
38			\$6,921.80		
39			163,157.32		
40			170,079.12		
41			+ 25.00 (.5% SURTAX		
42			170,104.12		
			CHARGED ON 1ST \$5000.)		
			SUB TOTAL		.45
			FLORIDA 6%		.62
			COUNTY .5% SURTAX		3

Title of goods herein described or referred to is retained by Perdue, Inc. until entire purchase price and sales tax have been paid in full.

PLEASE PAY THIS AMOUNT

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9/11/95
RT

PBC

FPSC Staff Audit
1994 Surveillance Report
Request No. 75
August 14, 1995
Page 1 of 1

REQUEST: Please answer the attached questions. Re: Sample items from 6122, Items 85, 84 and 86.

$\frac{44-4}{1}$

REQUEST (1): Item 85. Is the \$193,427.61 total reg and nonreg or just reg? If just reg, per FP AB01 account 6122 is allocated to reg and nonreg based on account 2122. Per FP AB01 2122 there are three cost pools, which cost pool? And none of the cost pools show 100% allocated to reg. Please explain.

Same for item 84 and 85.

RESPONSE (1): Please refer to response to Request 74 (1).

Note A
on 44-4
T-1

REQUEST (2): Item 86. Item 81 page 12, the Company is charging tables to 30C (2122), in item 84, the tables are charged to 30M (6122). Why? In 86 tables are charged to 30M (6122) Why?

RESPONSE (2): Tables were appropriately classified to expense or capital. Please refer to response to Request 74 (3).

confirms to answer

$\frac{44-4}{1}$

40																			
41																			
42																			
43																			

$\frac{44-4}{2}$

SOUTHERN BELL SAMPLE SELECTION, 1994 DETAIL*
 ACCT 6124-1020 ALL ITEMS GT \$60,000
 REPORT SECTION 1 OF 2 (PROGRAM PVC01 EDP-AFAD)

SERIAL #	REC ID	SOR CODE	GEO-CODE	RSPORG	RSPCHG	AUTHORZA	AUTH #2	PK-CTL-D	REF #	O P T T R Y R H T P M	JOURNAL	ACCOUNT #	<-----	
94061373459	ATH	ATHA	3 A	30000	A0303000	01X00000				ATH 003	0 0	61241020	630M	JTJF
94071371419	ATH	ATHA	3 A	30000	A0303000	A0R00000	ZBPBILLS			ATH 003	0 0	61241020	630M	JNTR
94071371420	ATH	ATSD	3 A		A0303000	TOK00000				ATH 003	0 0	61241020	630M	JTJF
94101044622	GNPR	JNTR	M Y		A0303000	TOK00000	ZBPRIMRC			ACPLAM 002	0 0	61241020	630M	
94101044879	GNPR	JNTR	M Y		A0303000	TOK00000	ZBPDCOM			GMPLAM 001	0 0	61241020	630M	
9411 625698	ATH	ATHA	3 A	30000	TOM03000	TOM03000				ATH 001 1131108	0 0	61241020	630M	VOIP
9411 625781	ATH	ATHA	3 A	30000	E0500000	101F0000	BPRIMRC			ATH 001 1151090	0 0	61241020	630M	VOIP
94111193922	VOIP	VOIP	M Y		TOK63220	TOK06000	BPICOMH			VOICDO 006 1157771	0 0	61241020	630M	99 *P*
94111672225	ATH	ATHA	3 A	30000	A0C01000	TOM03000	BPRCOMP			ATH 003 11E0683	0 0	61241020	630M	VOIP
94111672241	ATH	ATHA	3 A	30000	TOM0B000	TOK00000	BPCINFR			ATH 003 1163368	0 0	61241020	630M	VOIP
9412 606362	ATH	ATHA	3 A	30000	TOM04000	TOM04000				ATH 001 1289974	0 0	61241020	630M	VOIP
9412 606384	ATH	ATHA	3 A	30000	TOM03000	TOM03000	BPCINFR			ATH 001 1283454	0 0	61241020	630M	VOIP
9412 689368	VOIP	VOIP	M Y		TOK63220	TOK06000	BPICOMH			VOICDO 003 1219008	0 0	61241020	630M	99 *P*
9412 850279	GNPR	JNTR	M Y		A0303000	TOK00000	ZBPICOMH			ACPLAM 003	0 0	61241020	630M	
94121087961	GNPR	JNTR	M Y		A0303000	TOK00000	ZBPRIMRC			ACPLAM 001	0 0	61241020	630M	
94121087964	GNPR	JNTR	M Y		A0303000	TOK00000	ZBPRIMRC			ACPLAM 001	0 0	61241020	630M	
94121087969	GNPR	JNTR	M Y		A0303000	TOK00000	ZBPNOPSE			ACPLAM 001	0 0	61241020	630M	
94121087970	GNPR	JNTR	M Y		A0303000	TOK00000	ZBPNOPSE			ACPLAM 001	0 0	61241020	630M	
94121087971	GNPR	JNTR	M Y		A0303000	TOK00000	ZBPNOPNF			ACPLAM 001	0 0	61241020	630M	
94121087972	GNPR	JNTR	M Y		A0303000	TOK00000	ZBPICOMH			ACPLAM 001	0 0	61241020	630M	
94121247038	ATH	ATHA	3 A	30000	C0404000	C0404000				ATH 002 1292039	0 0	61241020	630M	VOIP
94121633828	ATH	ATSD	3 A		A0303000	TOK00000	ZBPICOMH			ATH 003	0 0	61241020	630M	JNTR
94121633830	ATH	ATSD	3 A		A0303000	TOK00000	ZBPICOMH			ATH 003	0 0	61241020	630M	JNTR
COUNT														

SOUTHERN BELL SAMPLE SELECTION, 1994 DETAIL*
 ACCT 6124-1020 ALL ITEMS GT \$60,000
 REPORT SECTION 2 OF 2 (PROGRAM PVCO1 EDP-AFAD)

SERIAL #	PROD ID	BIL	PR	MAT CODE	SOCIAL #	REQ NUMB	FUNC	JOB	IN EXP	AMOUNT	EXP	AMOUNT	EXP	AMOUNT	EXP	AMOUNT	GENERAL LEDGER
		ORG							DX TYPE	OCURS 01	TYPE	OCURS 02	TYPE	OCURS 03	TYPE	OCURS 04	AMOUNT
94061373459									M630	1	HE1 M	1,431,209.50	C07 1			.02	1,401,209.50
94071371419									M630	1	HYU M	171,396.00	C07 1			.17	171,396.00
94071371420									M630	1	523 M	1,467,000.00	C07 1			.17	1,467,000.00
94101044622									M630	1	523 M	64,827.00	C07 1			.73	64,827.00
94101044879									M630	1	523 M	367,569.00	C07 1			.73	367,569.00
9411 625698									M630	1	HYK M	224,825.00	C07 1			.00	224,825.00
9411 625781									M630	1	HYF M	529,000.00	C07 1			.00	529,000.00
94111193922									M630	1	655 M	197,421.65	C07 1			.00	197,421.65
94111672225									M630	1	HYK M	224,825.00	C07 1			.00	224,825.00
94111672241									M630	1	HYK M	950,480.75	C07 1			.00	950,480.75
9412 606362									M630	1	HYG M	70,759.97	C07 1			.31	70,759.97
9412 606384									M630	1	HYK M	64,590.90	C07 1			.31	64,590.90
9412 689368									M630	1	655 M	126,349.86	C07 1			.39	126,349.86
9412 850279									M630	1	523 M	68,880.00	C07 1			.00	68,880.00
94121087961									M630	1	523 M	169,416.00	C07 1			.00	169,416.00
94121087964									M630	1	523 M	129,148.00	C07 1			.00	129,148.00
94121087969									M630	1	523 M	201,352.00	C07 1			.00	201,352.00
94121087970									M630	1	523 M	237,902.00	C07 1			.00	237,902.00
94121087971									M630	1	523 M	244,461.00	C07 1			.00	244,461.00
94121087972									M630	1	523 M	552,027.00	C07 1			.00	552,027.00
94121247038									M630	1	HYF M	132,250.00	C07 1			.33	132,250.00
94121633828									M630	4	CJ6 M	269,000.00	C07 1			.00	269,000.00
94121633830									M630	1	523 M	341,000.00	C07 1			.00	341,000.00
										20,403.38	C08 2		6,060.03		17,862.14	313,325.55	
										20,403.38	C08 2		6,060.03		17,862.14	341,000.00	

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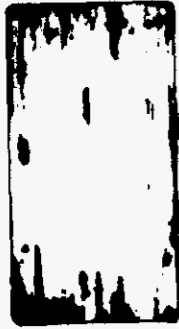
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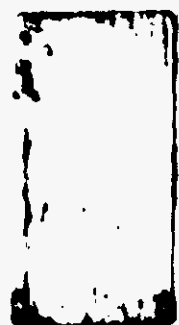
SOUTHERN BELL SAMPLE SELECTION, 1994 DETAIL*
 ACT 6124-1020 ALL ITEMS LT <= 60.000
 REPORT SECTION 1 OF 2 (PROGRAM PV01 EDP-AFAD)
 | SERIAL # | REC ID | SOR | GEO-CODE | RSPORG | RSPCHG | AUTHORIZA | AUTH #2 | PK-CT-D | REF # | DP T | JOURNAL ACCOUNT # | <--

ACT	SERIAL #	REC ID	SOR	GEO-CODE	RSPORG	RSPCHG	AUTHORIZA	AUTH #2	PK-CT-D	REF #	DP T	JOURNAL ACCOUNT #
94061373460	94061373462	ATH	ATH	3 A	NS200000	A0303000				00	61241020	630M J1JF
94061373464	94061373464	ATH	ATH	3 A	NS300000	A0303000				00	61241020	630M J1JF
94071371415	94071371415	ATH	ATH	3 A	A0000000	A0303000				00	61241020	630M J1JF
941010444621	941010444621	GMR	GMR	M Y	TOK00000	A0303000				00	61241020	630M J1JF
94101044461	94101044461	GMR	GMR	M Y	TOK00000	A0303000				00	61241020	630M J1JF
94101471878	94101471878	ATH	ATH	3 A	ACC01000	A0303000				00	61241020	630M J1JF
94111672222	94111672222	ATH	ATH	3 A	ACC01000	A0303000				00	61241020	630M J1JF
9412545627	9412545627	GMR	GMR	M Y	TOK00000	A0303000				00	61241020	630M J1JF
94121087680	94121087680	GMR	GMR	M Y	BO300000	A0303000				00	61241020	630M J1JF
94121087955	94121087955	GMR	GMR	M Y	TOK00000	A0303000				00	61241020	630M J1JF
94121087973	94121087973	GMR	GMR	M Y	TOK00000	A0303000				00	61241020	630M J1JF
94121633816	94121633816	ATH	ATH	3 A	NS200000	A0303000				00	61241020	630M J1JF
94121633820	94121633820	ATH	ATH	3 A	NS200000	A0303000				00	61241020	630M J1JF
94121633822	94121633822	ATH	ATH	3 A	NS300000	A0303000				00	61241020	630M J1JF
94121633824	94121633824	ATH	ATH	3 A	NS400000	A0303000				00	61241020	630M J1JF
94121633826	94121633826	ATH	ATH	3 A	NS400000	A0303000				00	61241020	630M J1JF

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08/21/95





SOUTHERN BELL SAMPLE SELECTION, 1994 DETAIL*
ADCT 6124-1020 ALL ITEMS LT <\$-60,000>
REPORT SECTION 2 OF 2 (PROGRAM PYC01 EDP-AFAD)

SERIAL #	PROD-ID	BIL ORG SOR	PR TY	MAT-CODE	SOCIAL #	REQ NUMB	FUNC	JOB FUNC	IN EXP DX TYPE	AMOUNT OCCURS 01	EXP TYPE	AMOUNT OCCURS 02	EXP TYPE	AMOUNT OCCURS 03	EXP TYPE	AMOUNT OCCURS 04	GENERAL LEDGER AMOUNT	
94061373460									M630	1	523 M	729,000.00	CO7 1			.02	729,000.00	
94061373462									M630	1	523 M	541,000.00	CO7 1	.01	CO8 2	.00	.02	541,000.00
94061373464									M630	1	523 M	197,000.00	CO7 1	.01	CO8 2	.00	.02	197,000.00
94071371409									M630	1	HE1 M	1,431,209.50	CO7 1	.36	CO8 2	.13	.17	1,431,209.50
94071371415									M630	1	HTU M	95,220.00	CO7 1	.36	CO8 2	.13	.17	95,220.00
94101044621									M630	1	523 M	64,827.00	CO7 1	.17	CO8 2	.06	.73	64,827.00
94101044861									M630	1	523 M	379,987.00	CO7 1	.17	CO8 2	.06	.73	379,987.00
94101471878									M630	1	HE1 M	93,427.13	CO7 1	.07	CO8 2	.02	.29	93,427.13
94111672222									M630	1	HYK M	224,825.00	CO7 1	.01	CO8 2	.00	.00	224,825.00
9412 545627									M630	1	523 M	97,294.00	CO7 1	.00	CO8 2	.00	.00	97,294.00
94121087680									M630	1	CO9 4	173,213.00	CO7 1	.00	CO8 2	.00	.00	173,213.00
94121087955									M630	1	523 M	201,932.00	CO7 1	.00	CO8 2	.00	.00	201,932.00
94121087973									M630	1	523 M	1,399,449.00	CO7 1	.00	CO8 2	.00	.00	1,399,449.00
94121633816									M630	4	CJ6 M	115,000.00	CO7 1	8,722.64	CO8 2	2,590.72	7,636.23	133,949.59
94121633818									M630	1	523 M	146,000.00	CO7 1	8,722.64	CO8 2	2,590.72	7,636.23	146,000.00
94121633820									M630	4	CJ6 M	63,000.00	CO7 1	4,778.49	CO8 2	1,419.26	4,183.33	73,381.08
94121633822									M630	1	523 M	79,000.00	CO7 1	4,778.49	CO8 2	1,419.26	4,183.33	79,000.00
94121633824									M630	4	CJ6 M	91,000.00	CO7 1	6,902.26	CO8 2	2,050.05	6,042.58	105,994.89
94121633826									M630	1	523 M	116,000.00	CO7 1	6,902.26	CO8 2	2,050.05	6,042.58	116,000.00

No Selection

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Account 6124
TYE 12/31/94

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1 COMPANY:
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4 DATE:
5 AUDITOR:
6 WP NO:

BST
SAMPLE 6124
TYE 12/31/94
SEPT 13, 1995
RKY/GL/RG

kw 10/18/95

7	A	B	C	D	E	F						
ITEM NO.	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Vendor	DESCRIPTION OF SAMPLED ITEMS
97	6124 630m		529,000.00	x	x	x	x	x	X	x	ATT Network Systems	Starrap Seamless Integrated management systems (sims) application software release 4.0 right to use fee for 10/94
98	6124 630M		197,421.65	x	x	x	x	x	X	x	BellSouth Communications Systems	For Maintenance and Labor 11/1/94 to 11/30/94 Maintenance on Corporate comm systems used by BST employees See 44-5/1-1 pg 2
99	6124 630M		224,825.00	x	x	x	x	x	x	x	Voucher Correction Correction of 10/94	Moved from one responsibility code to another. No effect on expense. Original invoice is for Software Products System Configuration Disk Duplication
100	6124 630M		950,480.75	x	x	x	x	x	x	x	Cabletron systems	Field Maintenance Management Enhancement Program Field Technician to each location to upgrade the management functionality in existing hub. 11/94
101	6124 630M			x	x	x	x	x	x	x	Texas Instruments	Invoice Date 12/7/94, payment date 12/13/94 Maintenance for 1995 on the "Information Engineering Facility" software licensed by BST from TI (License Agreement MLA 1338).
				see 44-5/1-1 for explanation of 95 charge.								
102	6124 630M		64,580.90	x	x	x	x	x	x	x	Bethco Inc.	System Configuration/Burnin 12.94

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1 COMPANY: BST
 2 TITLE: SAMPLE 6124
 3 TEST YEAR: TYE 12/31/94
 4 DATE: SEPT 13, 1995
 5 AUDITOR: RKY/GL/RG
 6 WP NO:

7	ITEM NO.	A ACCOUNT	B FRC	C AMOUNT	D							E Vendor	F DESCRIPTION OF SAMPLED ITEMS
					(1)	(2)	(3)	(4)	(5)	(6)	(7)		
8	103	6124		126,349.96	x	x	x	x	x	x	n/a	BellSouth communications Systems	Maintenance and labor 12/1 - 12/31/94 See explanation of maint and labor on 44-5/1-1.
9													
10													
11													
12													
13													
14													
15	111	6124			x	x	x	x	x	x		American Mgmt Systems	Fisk Management Project Strata Software License 12/94

15 ** ATTRIBUTE 6 IS AUDITED IN THIS ACCOUNT BY DETERMINING THE ACCOUNTING RESPONSIBILITY CODE ON THE INVOICE OR
 16 JOURNAL ENTRY. FROM THAT THE ACCOUNT IS DETERMINED BY LOOKING IN THE FINANCIAL HIERARCHIES AND THEN DETERMINING
 17 THE COST POOL FROM THE USER GUIDE AB01. THE MONTH OF THE SAMPLE ITEM IS TAKEN FROM THE INVOICE OR BACK UP.
 18 (WP SECTION 44) WE REQUEST AND THE COMPANY PROVIDES US WITH THE REG NON REG RATIOS FOR A PARTICULAR COST POOL.
 19 (WP SECTION 44) THE % IS TRACED TO COMPANY PREPARED COST POOL REPORT BY MONTH (REG NONREG) FOR THE SPECIFIC
 20 ACCOUNTS (SECTION 45) TO DETERMINE IF THE CO USED THE % THAT IS IS THEIR USER GUIDE FOR ALLOCATION OF REG AND
 21 NONREG.

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REQUEST: Re: Account 6124. Please answer the attached questions. Re: Sample items 97, 98, 99, 100, 101, 102, 103 and 111.

REQUEST (1): According to AB01, FRC 630M is in Cost Pool 11 and is allocated based on 2124 530C ratios. Provide these ratios for the month of the invoice here (September/October).

(Items 97, 98, 99, 100, 101, 102, 103, and 111.)

*correct
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RESPONSE (1): Account 6124 CP11 is allocated to regulated and nonregulated operations based on the salary and wage ratio CSW01 (See AB01 part 9, section 11, page 8.) Salary and wage ratios are discussed in AB01 part 12, section 2, subsection 1, page 1. The January through December 1994 CSW01 ratios are listed below. The appropriate ratio can be applied to items 97, 98, 99 100, 101, 102, 103 and 111.

SY CSW01

	<u>Regulated</u>	<u>Nonregulated</u>
January	.9411308360	.0588691637
February	.9410282254	.0589717740
March	.9399824729	.0600175264
April	.9434424901	.0565575091
May	.9378501210	.0621498783
June	.9400578014	.0599421979
July	.9375716913	.0624283080
August	.9404344266	.0595655728
September	.9389235909	.0610764085
October	.9369384247	.0630615747
November	.9350058166	.0649941827
December	.9335659745	.0664340248

The 2124 530C ratio is used to allocate 630M dollars per the general ledger between account 6124 CP10 and CP11. The 2124 530C ratio is calculated as follows:

not used

$$\frac{2124\ 530C\ CP02}{2124\ 530C\ CP02 + CP03} = 2124\ 530C\ ratio = \% \text{ of } 630M \text{ dollars to account } 6124\ CP10.$$

(b) $1 - 2124\ 530C\ ratio = \% \text{ of } 630M \text{ dollars to account } 6124\ CP11.$

The 1994 2124 530C ratios were:

January	.495139200
February	.494424393
March	.497004511
April	.485638985

by 182

*V = agreed w/ AB01 WP 45-4
2*

RV
61 10/12/95
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RV
10/18/95
RV

FPSC Staff Audit
1994 Surveillance Report
Request No. 76
August 15, 1995
Page 2 of 2

May	.485099521
June	.485803987
July	.472199824
August	.469290642
September	.454365494
October	.460554238
November	.455296012
December	.056905448

REQUEST (2): Item 98. This invoice does not explain what the maintenance and labor is for. Please document.

RESPONSE (2): The invoice was for maintenance on corporate communications equipment used by BST employees. This includes: printers, telephone sets, PBXs, etc. BellSouth Communications Systems uses BST materials, but provides the labor needed to repair this equipment.

44-5
1 Item 98

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REQUEST (3): Item 101. As this invoice is for 1995 maintenance, shouldn't this be considered a prepayment, not an expense?

RESPONSE (3): BST entered into a maintenance agreement with Texas Instruments which included technical and administrative support, as well as free software upgrades. BST enters into these maintenance agreements on a regular basis resulting in an annual impact which is relatively constant. Due to the immaterial impact these transactions have on year-over-year expenses and the administrative issues associated with classifying items as prepaid, these payments have historically been expensed. The classification of the 1994 transactions are in compliance with the Stipulation and Agreement which was provided in response to request number 35.

Due to immateriality pass

44-5
1 Item 101

REQUEST (4): Item 103: This invoice does not explain what the maintenance and labor is for. Please document.

44-5
1 Item 103

RESPONSE (4): Please refer to response (2) above.

REQUEST (5): Item 103. Cannot determine which invoices make up the \$126,349.86. Please detail.

RESPONSE (5): BellSouth Communication Systems invoice number 00101815 for \$65,046.90, 00101814 for \$66,343.11 and 00553523 for \$66,031.64 were charged to Florida operations. The total amount of \$197,421.65 was allocated 64% to data communications (function code 630M) and 36% to voice communications (function code 658M). Thus, the \$126,349.86 charged to 630M in item number 103 is calculated as 64% of the total of the three invoices (\$197,421.65). The 64% and the 36% allocation factors equal the percentage of 1993 BST Florida labor charged to data and voice communications, respectively.

44-5
1 Item 103

✓ = Agreed w/ invoices

* = Recalculated

The 64% & 36% were not audited.

By 2/8/95

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08/23/95

SOUTHERN BELL SAMPLE SELECTION, 1994 DETAIL *

ACCT 6611-0000 ALL ITEMS GT \$100.000
REPORT SELECTION 1 OF 2 (PROGRAM PVO01 EDP-AFAD)

SERIAL #	REC ID	SOR	GEO-CODE	RESPONS	AUTHORZ	AUTH #2	PK-CTL	REF #	OPT JOURNAL ACCOUNT #	CHARACTERS
9401 787125	ATH	3	A	30000	BPCNPLX		002		0 0 66110000	BBS SJAPPDRH 01
94021322871	ATH	3	A	30000	BPCNPLX		003		0 0 66110000	BBS SJAPPDRH 01
94021322872	ATH	3	A	30000	BPCNPLX		002		0 0 66110000	BBS SJAPPDRH 01
94031066778	ATH	3	A	30000	BPCNPLX		003		0 0 66110000	BBS SJAPPDRH 01
94041333668	ATH	3	A	30000	BPCNPLX		003		0 0 66110000	BBS SJAPPDRH 01
94051355662	ATH	3	A	30000	BPCNPLX		003		0 0 66110000	BBS SJAPPDRH 01
94061366741	ATH	3	A	30000	BPCNPLX		003		0 0 66110000	BBS SJAPPDRH 01
94061366745	ATH	3	A	30000	BPCNPLX		003		0 0 66110000	BBS SJAPPDRH 01
94071033842	ATH	3	A	30000	BPCNPLX		002		0 0 66110000	BBS SJAPPDRH 01
94071033844	ATH	3	A	30000	BPCNPLX		002		0 0 66110000	BBS SJAPPDRH 01
94081484973	ATH	3	A	30000	BPCNPLX		003		0 0 66110000	BBS SJAPPDRH 01
94081484975	ATH	3	A	30000	BPCNPLX		003		0 0 66110000	BBS SJAPPDRH 01
94081484976	ATH	3	A	30000	BPCNPLX		003		0 0 66110000	BBS SJAPPDRH 01
94091516326	ATH	3	A	30000	BPCNPLX		003		0 0 66110000	BBS SJAPPDRH 01
94091516327	ATH	3	A	30000	BPCNPLX		003		0 0 66110000	BBS SJAPPDRH 01
9410 947237	ATH	3	A	30000	BPCNPLX		002		0 0 66110000	BBS SJAPPDRH 01
9410 947241	ATH	3	A	30000	BPCNPLX		002		0 0 66110000	BBS SJAPPDRH 01
9410 947242	ATH	3	A	30000	BPCNPLX		002		0 0 66110000	BBS SJAPPDRH 01
94111686141	ATH	3	A	30000	BPCNPLX		003		0 0 66110000	BBS SJAPPDRH 01
94111686142	ATH	3	A	30000	BPCNPLX		003		0 0 66110000	BBS SJAPPDRH 01
94111686144	ATH	3	A	30000	BPCNPLX		003		0 0 66110000	BBS SJAPPDRH 01
94111686401	ATH	3	A	30000	BBS001804		003	1158648	0 0 66110000	BBS SJAPPDRH 01
94111686402	ATH	3	A	30000	BBS001804		003	1158650	0 0 66110000	BBS SJAPPDRH 01
94121283092	ATH	3	A	30000	BPCNPLX		003	1202746	0 0 66110000	BBS SJAPPDRH 01
94121648463	ATH	3	A	30000	BPCNPLX		003		0 0 66110000	BBS SJAPPDRH 01
94121648465	ATH	3	A	30000	BPCNPLX		003		0 0 66110000	BBS SJAPPDRH 01
94121648466	ATH	3	A	30000	BPCNPLX		003		0 0 66110000	BBS SJAPPDRH 01
94121648472	ATH	3	A	30000	BPCNPLX		003		0 0 66110000	BBS SJAPPDRH 01
94121648473	ATH	3	A	30000	BPCNPLX		003		0 0 66110000	BBS SJAPPDRH 01
COUNT										

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SUBMERGE BELL SAMPLE SELECTION 1994 DETAIL*

ACT 6611-0000 ALL ITEMS GT \$100,000

REPORT SECTION 2 OF 2 (PROGRAM PWC01 EDP-AFAD)

SERIAL # | PROD---ID | ORG | TY |

IBIL | PR | MAT-CODE | SOCIAL # | RECQ NUMB | FUMC | JOB | IN EXP | AMOUNT | GENERAL

DX TYPE

LEADER

OCCURS 01

AMOUNT

LEADER

AMOUNT

SERIAL #	PROD---ID	ORG	TY	IBIL	PR	MAT-CODE	SOCIAL #	RECQ NUMB	FUMC	JOB	IN EXP	DX TYPE	AMOUNT	OCCURS 01	GENERAL LEADER AMOUNT
9401787125											1	HC1 M	258,948.80		258,948.80
94021322871											1	HC1 M	204,944.36		204,944.36
94021322872											1	HC1 M	204,944.36		204,944.36
94031060778											1	HC1 M	284,437.05		284,437.05
94041333668											1	HC1 M	303,794.89		303,794.89
94051355652											1	HC1 M	373,634.15		373,634.15
94061386741											1	HC1 M	183,799.44		183,799.44
94061386742											1	HC1 M	269,443.90		269,443.90
94061386745											1	HC1 M	158,324.89		158,324.89
94071033842											1	HC1 M	499,397.47		499,397.47
94071033844											1	HC1 M	158,343.20		158,343.20
94081484973											1	HC1 M	200,491.70		200,491.70
94081484975											1	HC1 M	198,915.46		198,915.46
94094516326											1	HC1 M	485,578.69		485,578.69
94101947237											1	HC1 M	120,133.71		120,133.71
94101947241											1	HC1 M	253,609.65		253,609.65
94101947242											1	HC1 M	144,831.91		144,831.91
94111686141											1	HC1 M	120,286.73		120,286.73
94111686142											1	HC1 M	323,125.67		323,125.67
94111686144											1	HC1 M	141,164.05		141,164.05
94111686401											1	HC1 M	353,512.10		353,512.10
94111686402											1	HC1 M	103,492.73		103,492.73
94121282092											1	HC1 M	114,200.00		114,200.00
94121548463											1	HC1 M	114,200.00		114,200.00
94121548465											1	HC1 M	121,052.00		121,052.00
94121548466											1	HC1 M	143,394.50		143,394.50
94121548472											1	HC1 M	377,698.41		377,698.41
94121548473											1	HC1 M	158,278.67		158,278.67
											1	HC1 M	164,378.72		164,378.72
											1	HC1 M	109,715.72		109,715.72

SOUTHERN BELL SAMPLE SELECTION, 1994 DETAIL*
ACCT 6611-0000 ALL ITEMS LT <3-100,000>
REPORT SECTION 1 OF 2 (PROGRAM PW001 EDP-AFAD)

SERIAL #	REC ID	SOR	GE0-CODE	RESPORG	AUTHORZA	AUTH #2	PK-CTL-D	REF #	JOURNAL ACCOUNT #	100 CHARACTERS	SOURCE DATA			
94021019264	ATH	ATHA	3 A	30000	A0308000	X0001000	BPCNPLI	ATH	002	0 0	66110000	BACDR	BBS SJAPM8PH 01	0
9409 653276	ATH	ATHA	3 A	30000	M0900000	M0900000	BPWKSUP	ATH	001	0 0	66110000	ATFBL	BCORC1316511 01	0

SOUTHERN BELL SAMPLE SELECTION, 1994 DETAIL*
ACCT 6611-0000 ALL ITEMS LT <3-100,000>
REPORT SECTION 2 OF 2 (PROGRAM PW001 EDP-AFAD)

SERIAL #	PROD-ID	BIL	PR	INT-CODE	SOCIAL #	REG NUMB	FUNC	JOB	IN EIP	BI TYPE	AMOUNT OCCURS 01	GENERAL LEDGER AMOUNT
94021019264							0600		1	HEI M	258,548.80-	258,548.80-
9409 653276							060G		1	HEA M	178,586.28-	178,586.28-

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 RG
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 SAMPLE ACC'T 6611-000
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COMPANY: BST
 TITLE: SAMPLE 6611
 TEST YEAR: TYE 12/31/94
 DATE: SEPT 21, 1995
 AUDITOR: RKY/GL/RG
 WP NO:

*KW
10/18/95*

ITEM	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Vendor	DESCRIPTION OF SAMPLED ITEMS
280	6611	0600	\$204,944.36	x	x	x	x	x	?	x	Bellsouth Business Systems	Services rendered for the month of January 1994. Product Management Regulated - All
				See WP 44-6/1-1., pg 1 Attribute 6 See item 282								
282	6611	0600x	284,437.05	x	x	x	x	x	?	x	Bellsouth Business Systems	Feb 94 Product Management - Regulated Products (all)
				See WP 44-6/1-1., pg 1 Attribute 6 BBS bills BST for this service directly either regulated or nonregulated. The reg or non reg portions of this service are determined at BBS with BBS cost pools and JFC which are not related, according to Tammy Messier, BST personnel, to the BST CAM. In order to determine if the reg non reg % are correct, we would have to audit the BBS system of allocation. Out of the scope of this audit.								
283	6611	0600x	303,794.89	x	x	x	x	x	?	x	Bellsouth Business Systems	March 94 Product Management - Regulated Products (all)
				Same explanation as 282.								
284	6611	0600x	373,634.15	x	x	x	x	x	?	x	Bellsouth Business Systems	April 94 Product Management - Regulated Products (all)
				Same explanation as 282								

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P. 066

COMPANY: BST
 TITLE: SAMPLE 6611
 TEST YEAR: TYE 12/31/94
 DATE: SEPT 21, 1995
 AUDITOR: RKY/GL/RG
 WP NO:

ITEM	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Vendor	DESCRIPTION OF SAMPLED ITEMS
285	6611	060G	\$183,799.44	x	x	x	?	x	x	x	BellSouth Communications Inc.	For services rendered for the month of May, 1994.
<p>How was the \$804,726.08 allocated from the total invoice of \$33,720,904.44? <i>See 44-6/1-10</i> Job Function Code 060G is allocated as CP02 SP01. CP02 SP01 is allocated based on Account 6611 CP01 SP01, direct regulated complex business product management. CP01 SP01 is allocated based on the prior month complex Business Customer Operations Unit Sales, Advertising, and Customer Services (Account 6612, 6613, and 6623) Please provide the rates used to allocate this sample item. On wp 44-6/1-8, The company provided us with the rate for July, but not with the recalculation of all the items necessary to come up with the % allocation to reg and non reg to agree with their reg/nonreg report on wp 45-6/1. Time limits preclude us from doing this for each month for this cost pool.</p>												
286	6611	0600	\$269,443.90	x	x	x	x	x	?	x	BELLSOUTH COMMUNICATIONS INC.	For services rendered for the month of May, 1994. Product Management - Regulated
See item 282												
287	6611	0600	\$158,324.89	x	x	x	x	x	?	x	BELLSOUTH COMMUNICATIONS INC.	For services rendered for the month of May, 1994. Product Management Overheads - Regulated
See item 289												
288	6611	0600x	499,397.47	x	x	x	x	x	?	x	Bellsouth Business Systems	June 94 Product Management - Regulated Products (all)
Same as 282												

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COMPANY: BST
 TITLE: SAMPLE 6611
 TEST YEAR: TYE 12/31/94
 DATE: SEPT 21, 1995
 AUDITOR: RKY/GL/RG
 WP NO:

ITEM	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Vendor	DESCRIPTION OF SAMPLED ITEMS
289	6611	0600x	158,343.20 x	x	x	x	x	x	?	x	Bellsouth Business Systems	June 94 Product Management Overheads Regulated
<p>The types of expenses for overheads are enumerated in wp 44-6/1-1 pg 8. These overhead costs are split to reg and nonreg based on Com[plex Business pror month's % of reg nonreg costs for each Part 32 function in BST CSS/PPS. wp 44-6/1-1 p8.</p> <p>We do not have the data at this time to go back and determine if the CSS was followed by BBS for these reg and nonreg costs.</p>												
290	6611	0600x	200,491.70 x	x	x	x	x	x	?	x	Bellsouth Business Systems	July 94 Product Management Overheads Regulated
See item 289												
291	6611	060Gx	198,915.46 x	x	x	x	x	x	?	x	BBS	July 94 Product Mgmt Support- Common
<p>See wp 44-6/1-1 The types of charges in Common are listed on 44-6/1-1 pg 10. and appear reasonable. The BBS system allocates to reg and non reg. Beyond the scope of this audit.</p>												
292	6611	0600x	485,578.69 x	x	x	x	x	x	?	x	Bellsouth Business Systems	July 94 Product Management Regulated Products
See item 282												
293	661	060gx	120,133.71 x	x	x	x	x	x	?	x	BBS	Aug 94 Product Mgmt Support- Common
See item 291												

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P3

COMPANY: B9T
 TITLE: SAMPLE 6611
 TEST YEAR: TYE 12/ 31/94
 DATE: SEPT 21, 1995
 AUDITOR: RKY/GL/RG
 WP NO:

ITEM	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	DESCRIPTION OF SAMPLED ITEMS
293	120,133.71 x	x	x	x	x	x	?	x	Aug 94 Product Mgmt Support- Common See Item 291
294	253,609.65 x	x	x	x	x	x	?	x	Aug 94 Product Mgmt Regulated Products Ballouath Business Systems See Item 282
295	144,831.91 x	x	x	x	x	x	?	x	Sept 94 Product Management Overheads Regulated BBa See Item 289
296	120,286.73 x	x	x	x	x	x	?	x	Sept 94 Product Mgmt Support Common BBa See Item 291
297	323,125.67 x	x	x	x	x	x	?	x	Sept 94 Product Mgmt Regulated Products Ballouath Business Systems See Item 282
298	141,164.05 x	x	x	x	x	x	?	x	Oct 94 Product Mgmt Support common BBa See Item 291
299	356,512.10 x	x	x	x	x	x	?	x	Oct 94 Product Mgmt Regulated Products Ballouath Business Systems See Item 282
300	\$103,492.73 x	x	x	x	x	x	?	x	Ballouath Communications, Inc. For services rendered for the month of October 1994. Product Management Overheads Regulated See Item 289

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84

COMPANY: BST
 TITLE: SAMPLE 6611
 TEST YEAR: TYE 12/31/94
 DATE: SEPT 21, 1995
 AUDITOR: RKY/GL/RG
 WP NO:

ITEM	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Vendor	DESCRIPTION OF SAMPLED ITEMS
301	6611	0630?	114,200.00	no	no	no	no	no	no	no	Bank South	Invoice 11/21/94 Consulting and Developmental Servi Associated with ADSI screen telephc banking, call waiting deluxe, and vis director services.
				This invoice is for Georgia and should be removed from FI. See wp 44-6/1-1 pg 12.								
302	6611	0630?	114,200.00	no	no	no	no	no	no	no	Northern Telecom	Invoice 11/28/94 Consultation and Development Work on ADSI screen telephones to be applied toward the first 10,000 unites purchased from Northern Telecom.
				This invoice is for Georgia and should be removed from FI. See wp 44-6/1-1 pg 13								
303	6611	069g?	121,052.00	x	x	x	x	x	?	x	Dun's marketing Services	9/30/94 Enhanced DMI Plus Cartridge Multi Use Dun's Geocconnect Service Updating - 6 month CAF linkage Small business indicator Minority Business Indicator Cottage Industry Indicator
				Item 302 - The invoice does not include a Function Code. How can we tell what function code should be here? See wp 44-6/1-1 pg 13 for answer. Re attribute no. 6 See no 285 above.								
304	6611	060gx	143,394.50	x	x	x	x	x	?	x	BBs	Nov 94 Product Management Support Common
				See item 291								
305	6611	0600x	377,698.41	x	x	x	?	x	?	x	Bellsouth Business Systems	Nov 94 Product mgmt Regulated Products.
				See item 282								
306	6611	0600x	158,278.67	This is a true up of the accrual in the beginning of the year. See wp no _____ for explanation and calculation.								Dec 94 Product Mgmt Regulated Products

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P5

COMPANY: BST
 TITLE: SAMPLE 6611
 TEST YEAR: TYE 12/31/94
 DATE: SEPT 21, 1995
 AUDITOR: RKY/GL/RG
 WP NO:

ITEM	ACCOUNT	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Vendor	DESCRIPTION OF SAMPLED ITEMS	
306	6611 0600x	158,278.67	This is a true up of the accrual in the beginning of the year. See wp no <u>44-6</u> for explanation and calculation.									Dec 94 Product Mgmt Regulated Products
307	6611 0600x	164,378.72	Describe what the retro amount of 90,209.86 was for and what was the adj for (29,415.62) for. See wp 44-6/1-5 for company answer								BBs	Nov 94 Product Management Overheads Regulated
308	6611 0600x	109,715.72	This is a true up of the accrual in the beginning of the year. See wp no <u>44-6</u> for explanation and calculation. See 44-6/1-6									Dec 94 Product Management Regulate Overheads
281	6611 0600x	204,944.36	Accrual - No voucher for January accrual. See 44-6/--1-7								Journal Entry Accrual	Jan 94 Product Management Regulated Products

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FBC

FPSC Staff Audit
1994 Surveillance Report
Item No. 86
September 28, 1995
Page 1 of 15

REQUEST: Re: Account 6611

Provide answers to the attached questions for Items 282, 288, 289, 290, 291, 293, 298, 301, 302, 303, 307.

<u>Item</u>	<u>Amount</u>	<u>Date</u>	<u>Vendor</u>	<u>Description</u>
282	\$284,437.05	Feb94	BBS	Product Management - Regulated Products (all)

44-6
1

It appears that BBS is assigning to regulated and billing to HDQ for Product Mgmt Regulated. How did BBS determine \$1,245,346.12 was directly assigned to regulated for Product Management?

Describe work BBS does for Product Mgmt and specifically what were the deliverables for this invoice, e.g., forecasting, test mkt planning, demand & forecasting, etc. (provide documentation).

Describe the work BBS does for Product Mgmt in general and general deliverables.

Provide the dollar amount for each deliverable for this invoice.

RESPONSE: BBS billing to BST is on a fully-distributed cost (FDC) basis. Costs allocated to the Product Management - Regulated (All) line on the bill are direct costs related to BBS JFC 0600 for product, service and market management functions associated with regulated BST products. Direct costs include salaries and wages, benefits, travel, advertising, externally acquired professional services, third-party sales commissions, and expenses associated with maintenance, operation or depreciation of data processing equipment.

(*) BBS costs are aggregated in cost pools, and JFCs of employees considered within the cost pool are used to allocate these costs to various functions (i.e., Part 32 accounts) billed to BST. Since dollar amounts are considered in the aggregate they cannot be detailed at a "deliverable" level. The FDC are billed at a BST headquarters level since products and services cross state boundaries.

(*) Per conversation w/ Tanny Mesner, BST personnel, BBS cost pools & JFC are not the same as BST CAM which are processed thru CSS. BBS Cost Pools JFC are an add'l. to themselves
Pg 1

The nature of functions whose costs are included on the Product Management - Regulated line of the BBS bill are described in the following excerpts from the BBS JFC manual.

0600 - Product Management - Product/Services Management Business - Regulated

Product/Service Management - Business

Used for work and costs associated with

- Directing and overseeing the management of a class of products/services
- Managing the strategic direction for a group of products/services
- Analyzing the vertical marketing interrelationships among all products and services
- Devising market plans for the coordinated roles of the individual products/services
- Directs introduction of new products/services and enhancements to existing products/services.
- Performs planning and implementation of products/services strategies and tactics.
- Develops and updates market plans
- Tracks and analyzes product/service performance.
- Manages, executes specific task related to life cycle management.
- Develops short and long range capital and expense budgets for products/services.
- Directs, participates on project teams, product teams.
- Supports sales channels
- Participates in bid selection process; subsequently negotiates and manages all Co-Marketing agreements

Marketing Management - Business

- Directing and overseeing the management and operation of vertical market segment strategies and tactics
- Directing and overseeing the sales support for all Business Direct Marketing functions, seminar sales and customer education support
- Representing the industry market strategy to the various planning functions of the corporation

Market Management

- Directs/oversees research and analysis of specific segments for the development of specific industry knowledge.

*Descriptions appear to
functions w/ BBT
agree w/ August +
descriptions for August +
in the areas. WPSR*

- Directs/oversees development and management of marketing programs and applications which use various sets of products.
- Develops/oversees implementation of tactical or strategic market plans with sales channels
- Analyzes data to support program performance and new strategies
- Directs the development of training course content and delivery of the application
- Conveys sales channel strategy and applications strategy to Sales Operations
- Negotiates with interdepartmental coordinates to develop and gain agreement to segment strategies
- Manages the implementation of the industry specific tactical or strategic market plan to the sale channels
- Identifies and analyzes market needs, develops programs and applications for various technologies
- Supports functions and responsibilities that impact various markets

Product/Service Innovation

- Develops new products/services concepts by analyzing such things as: customer requirements, market opportunities, market trends, demand potential, competitive implications and product feasibility
- Establishes and chairs inter-department conceptions teams
- Develops and conveys specific marketing research projects
- Analyzes results, incorporates findings into comprehensive concept evaluation
- Plans and coordinates appropriate concept trail activities

Strategic Market Planning

- Performs analysis of market conditions and trends
- Delivers competitive analysis scenarios
- Formulates strategy and coordinate strategy execution for promotion, segmentation and distribution
- Participates on product teams and/or committees
- Evaluates alternative strategies for maximizing effectiveness upon market conditions
- Designs, develops and coordinates marketing financial integration
- Links marketing strategic and operational plans and measurements quantitatively to official corporate plans, financial commitments and

measurements

Customer Retention/Satisfaction

- Develops and enhances programs to promote customer loyalty
- Performs analysis and tracks customer responses
- Develops and evaluates customer responses
- Participates on product teams and/or committees

Development and Planning - Business

- Directing, administering full ranges of marketing research services
- Developing new products/services concepts
- Performing analysis of market conditions and trends
- Developing and enhancing programs to promote customer loyalty
- Developing new products/services or enhancements to existing products/services
- Developing, producing and distributing such things as marketing guides, product introduction packages, etc.
- Developing and implementing programs for small business customer seminars

Market Research and Analysis

- Establishes and implements global marketing research policies, programs, practices and procedures
- Identifies opportunities, problems and develops marketing research programs practices and procedures
- Approves project design and establishes project schedules
- Develops and maintains vendor contracts
- Administers vendor bid process
- Establishes and coordinates market research programs
- Analyzes research results and develops reports of research findings
- Develops action plans based on research results
- Designs, executes and analyzes complex research projects
- Monitors vendor activities
- Identifies marketing problems, designs research projects and determines data collection methods
- Researches and enforces Trade Marks/Service Marks
- Establishes and maintains research panels

Product/Service Development

- Develops new products/services and enhancements to existing products/services
- Directs product/service launch or initial commercialization
- Validates end-user and access customer needs
- Plans product/service requirements
- Coordinates product/service development activities
- Test products and conducts deployment tests
- Consults/coordinates with appropriate market development staff
- Develops technical and market descriptions of product

Product/Service Deliverables

- Develops, produces and distributes the following: product introduction packages, marketing guides, videos, audio/visual material, "pocket" reference guides and other materials
- Create concept development for packaging of documentation
- Negotiates vendor contracts to ensure development of product marketing deliverables
- Reviews and evaluates existing guides, and procedures to ensure they are properly designed
- Develops, evaluates training materials and programs for products and services
- Provides instructions of general nature for products and services
- Initiates, develops and evaluates internal product promotions and sales campaigns
- Develops seminar support and documentation in association with product roll-outs
- Develops and evaluates surveys measuring the effectiveness of internal deliverables through focus groups and written questionnaires

Customer Education/Customer Seminars

- Develops and implements programs for small business customer seminars
- Develops and implements all aspects of seminar and customer registration
- Plans all seminar logistics
- Manages and administers program accounting process
- Provides instructions of general nature for products and services

Product/Service Management

- Directs introduction of new products/services and enhancements to existing products/services
- Performs planning and implementation of product/services strategies and tactics
- Develops and updates market plans
- Tracks and analyzes products/service performance
- Manages, executes specific task related to life cycle management
- Develops short and long range capital and expense budgets for products and services
- Directs, participates on project teams, product teams
- Supports sales channels
- Provides technical support

Measurement and Analysis

- Collects and analyzes results of a specific service or product
- Analyzes costs, productivity and performance of a service or product
- Develops statistical/financial outputs for products and services
- Publishes statistical/financial reports of products and services performance
- Performs strategic and financial analysis which provide actionable management information for assessing and resolving issues and problems

Marketing Information Systems

- Designs and develops computer applications
- Develops and implements design changes for existing applications
- Develops and manages information systems in support of marketing programs outside a centralized data system environment

Operations and System Planning

- Implements recommended work center structures and perform feasibility studies for work center operations
- Developing and implementing BOC-Specific sales operations plans
- Identifying and anticipating user needs
- Projecting management for planing, developing and implementing recommended systems

REQUEST: Re: Account 6611

Provide answers to the attached questions for Items 282, 288, 289, 290, 291, 293, 298, 301, 302, 303, 307.

<u>Item</u>	<u>Amount</u>	<u>Date</u>	<u>Vendor</u>	<u>Description</u>
288 44-6 1	\$499,397.47	June94	BBS	Product Management - Regulated Products

It appears that BBS is assigning to regulated and billing to HDQ for Product Mgmt Regulated. How did BBS determine \$2,186,503.81 was directly assigned to regulated for Product Management?

Describe work BBS does for Product Mgmt and specifically what were the deliverables for this invoice, e.g., forecasting, test mkt planning, demand & forecasting, etc. (provide documentation).

Provide the dollar amount for each deliverable.

RESPONSE: Please refer to request number 86 response regarding sample item 282.

REQUEST: Re: Account 6611

Provide answers to the attached questions for Items 282, 288, 289, 290, 291, 293, 298, 301, 302, 303, 307.

<u>Item</u>	<u>Amount</u>	<u>Date</u>	<u>Vendor</u>	<u>Description</u>
289 44-6 1	\$158,343.20	June94	BBS	Product Management - Overheads Regulated

It appears that BBS is assigning to regulated and billing to HDQ for Product Mgmt Regulated Overheads. How did BBS determine \$693,271.44 was directly assigned to regulated for Product Management Overheads?

Describe work BBS does for Product Mgmt and specifically what were the deliverables for this invoice, e.g., forecasting, test mkt planning, demand & forecasting, etc. (provide documentation).

Describe all types of charges that are included in the Overheads. Include dollar amounts for the month for each type.

RESPONSE: BBS billing to BST is on a fully-distributed cost (FDC) basis. Costs are aggregated in cost pools, and JFCs of employees considered within that cost pool are used to allocate costs to various functions (i.e., Part 32 accounts) billed to BST. Therefore, dollar amounts cannot be detailed at a "deliverable" level. Both direct and overhead costs are allocated to various functions based on JFCs. For Product Management functions, JFCs determine if direct costs are regulated, non-regulated or common. Costs are billed to BST at the Headquarters level since product managers are responsible for products and services across geographic boundaries. For all overhead costs billed to BST for the various Part 32 functions, the overhead costs are split between regulated and nonregulated based on the Complex Business prior month's percentage of regulated/non-regulated total costs for each Part 32 function in BST's CSS/PPS. Since many of the functions billed by BBS are considered common and are neither distinctly regulated nor distinctly non-regulated, it was determined that CSS/PPS would yield a more accurate allocation between regulated and non-regulated for all "Overheads" associated with the various Part 32 functions.

The following items are considered in direct overheads and may be included on the various Part 32 overhead lines:

Cost Incurred by Line Organizations

- Rent
- Utilities
- Official Communications
- Other Occupancy Costs
- Depreciation/Repair of Furniture/Equipment other than Computers
- Printing, Postage, Supplies, Courier Services
- Legal
- General Management Training/Education

These types of costs appear to be reasonable

Loading for Costs from Other Organization

BST, BBS, BellSouth Corporation corporate services
Insurance (other than employee benefits)
Ad Valorem, Franchise, Business Taxes
Return on Investment (ROI)
Auditing
Voucher/Payroll Processing
Accounting/Finance/Treasury functions
Human Resources/Planning/Procurement functions
Executive functions

The amount reflected on the Product Management-Overheads-Regulated line is the product of all overhead costs allocated to product management in various cost pools times the prior month's regulated percentage of total Complex Business product management costs in CSS/PPS.

REQUEST: Re: Account 6611

Provide answers to the attached questions for Items 282, 288, 289, 290, 291, 293, 298, 301, 302, 303, 307.

<u>Item</u>	<u>Amount</u>	<u>Date</u>	<u>Vendor</u>	<u>Description</u>
290	\$200,491.70	July94	BBS	Product Management - Overheads Regulated

44-6
1

It appears that BBS is assigning to regulated and billing to HDQ for Product Mgmt Regulated Overheads. How did BBS determine \$877,577.18 was directly assigned to regulated for Product Management Overheads?

Describe work BBS does for Product Mgmt and specifically what were the deliverables for this invoice, e.g., forecasting, test mkt planning, demand & forecasting, etc. (provide documentation).

Describe all types of charges that are included in the Overheads. Include dollar amounts for the month for each type of charge.

RESPONSE: Please refer to request number 86 response regarding sample item 289.

REQUEST: Re: Account 6611

Provide answers to the attached questions for Items 282, 288, 289, 290, 291, 293, 298, 301, 302, 303, 307.

<u>Item</u>	<u>Amount</u>	<u>Date</u>	<u>Vendor</u>	<u>Description</u>
291	\$198,915.46	July94	BBS	Product Mgmt Support - Common

44-6
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Describe all types of charges that are included in Support Common.

Include dollar amounts for the month for each type of charge.

RESPONSE: This line of the BBS bill to BST contains only direct costs associated with product/market management. Overhead costs associated with Product Management are included in the Product Management-Overheads-Regulated and Product Management-Overheads-Nonregulated lines of the bill.

BBS
Product Management direct costs allocated to the Product Management-Common line are those related to the 060G JFC for "common" product, service and market management functions. The following excerpts from the BBS JFC manual describe the nature of the products, service and market management functions charged to the 060G JFC.

060G - Product Management - Product/Services Management Business - Common

Supports and/or supervises Product/Service Management, Market Management, Development and Planning or Measurement and Information Systems functions.

Typical activities include:

- Budget, personnel
- Coordination/consultation
 - Intellectual Property
 - Innovation Award Programs
- Methods, practices and procedures
- Departmental/segment excellence through quality
- Training

*Types of support
responsible*

- Safety
- Data Input
- Office Mechanization
- Office/Clerical/Secretarial duties.

REQUEST: Re: Account 6611

Provide answers to the attached questions for Items 282, 288, 289, 290, 291, 293, 298, 301, 302, 303, 307.

<u>Item</u>	<u>Amount</u>	<u>Date</u>	<u>Vendor</u>	<u>Description</u>
293	\$120,133.71	Aug94	BBS	Product Mgmt Support - Common

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Describe all types of charges that are included in Support Common.

Include dollar amounts for the month for each type of charge.

RESPONSE: Please refer to request number 86 response regarding sample item 291.

REQUEST: Re: Account 6611

Provide answers to the attached questions for Items 282, 288, 289, 290, 291, 293, 298, 301, 302, 303, 307.

<u>Item</u>	<u>Amount</u>	<u>Date</u>	<u>Vendor</u>	<u>Description</u>
298	\$141,164.05	Oct94	BBS	Oct 94 Product Management Support common

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Describe all types of charges that are included in Support Common.

RESPONSE: Please refer to request number 86 regarding sample item 291.

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6 REQUEST: Re: Account 6611

7 Provide answers to the attached questions for Items 282, 288, 289, 290, 291, 293, 298,
8 301, 302, 303, 307.

9	<u>A</u> <u>Item</u>	<u>B</u> <u>Amount</u>	<u>C</u> <u>Date</u>	<u>D</u> <u>Vendor</u>	<u>E</u> <u>Description</u>
10	301	 	11/21/94	BankSouth	Invoice - Consulting and Developmental Services Associated with ADSI screen telephones, home banking, call waiting deluxe, and visual director services.

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The invoice does not include a Function Code.
How can we tell what function code should be
here?

19 RESPONSE:

20 When a Function Code is not designated, the voucher is charged to the Job Function
21 Codes for the person certifying the expense. Attached is a copy of the Payroll Minifile
22 showing that the JFC for Marlow Skinner is 0630, which drives the expense to Account
23 6611.

24 **NOTE:** Subsequent to filing of the original 1994 Surveillance Report, it was discovered
25 that the above invoice was incorrectly charged to headquarters and allocated in part to
26 Florida. It should have been charged 100% to Georgia operations. An adjustment will be
27 made to remove the Florida intrastate portion of this expense from the revised 1994
28 Surveillance Report. This adjustment was identified after preparation of the
29 response to Public Counsel's 6th Request for Production of Documents, Item No. 87.

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6 REQUEST: Re: Account 6611

7 Provide answers to the attached questions for Items 282, 288, 289, 290, 291, 293, 298,
8 301, 302, 303, 307.

9	<u>A</u> Item	<u>B</u> Amount	<u>C</u> Date	<u>D</u> Vendor	<u>E</u> Description
10	302		11/28/94	Northern Telecom	Invoice 11/28/94 -
11					Consultation and
12					Development work on ADSI
13					screen telephones to be
14					applied toward the first
15					10,000 units purchased from
16					Northern Telecom.

Handwritten calculation: 44.6 / 1

17 The invoice does not include a Function Code.
18 How can we tell what function code should be
19 here?

20 RESPONSE:

21 When a Function Code is not designated, the voucher is charged to the Job Function
22 Codes for the person certifying the expense. Attached is a copy of the Payroll Minifile
23 showing that the JFC for Marlow Skinner is 0630, which drives the expense to Account
24 6611.

25 **NOTE:** Subsequent to filing of the original 1994 Surveillance Report, it was discovered
26 that the above invoice was incorrectly charged to regulated expense. It should have been
27 charged 100% to nonregulated operations. An adjustment will be made to remove the
28 Florida intrastate portion of this expense from the revised 1994 Surveillance Report
This adjustment was included in the response to Public Counsel's 6th Request
for Production of Documents, Item No. 87.

Handwritten notes: 44.6 / 1

Handwritten signature: 8/13

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REQUEST: Re: Account 6611

Provide answers to the attached questions for Items 282, 288, 289, 290, 291, 293, 298, 301, 302, 303, 307.

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
<u>Item</u>	<u>Amount</u>	<u>Date</u>	<u>Vendor</u>	<u>Description</u>
303		9/30/94	Dun's Marketing Services	Enhanced DMI Plus Cartridge Multi Use Dun's Geoconnect Service Updating - 6 month CAF linkage. Small business indicator. Minority Business Indicator Cottage Industry Indicator

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The invoice does not include a Function Code.
How can we tell what function code should be here?

RESPONSE:

When a Function Code is not designated, the voucher is charged to the Job Function Codes for the person certifying the expense. A copy of the Payroll Minifile was provided with the original documentation, showing that the JFC for Robert C. Bennett is 069G, which drives the expense to Account 6611.

89 14

REQUEST: Re: Account 6611

Provide answers to the attached questions for Items 282, 288, 289, 290, 291, 293, 298, 301, 302, 303, 307.

<u>Item</u>	<u>Amount</u>	<u>Date</u>	<u>Vendor</u>	<u>Description</u>
307	\$164,378.72	Nov94	BBS	Product Management - Overheads Regulated

44-6
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It appears that BBS is assigning to regulated and billing to HDQ for Product Mgmt Regulated Overheads. Describe what the retro amount of \$90,269.86 was for and what was the adj for (29,415.62) for.

RESPONSE: Please refer to request number 86 response regarding sample item 289.

Pg 15

THE WATER UTILITY COMPANY
(700) 442-7873

JOB VPSYGR01		LISTING OF PAYROLL MINIFILE										12-02-94													
FORM PR-6003-RF																									
GROUP-25: NAME																									
A		B		C		D		E		F		G		H		I		J		K		L		M	
EMPLOYEE NAME TITLE	SSN JSC JTC PDN	FGE/WS AR PT RC.....	DEPARTMENT EH GLC	WORK PHONE EXCHANGE	PAYROLL # SEN DATE	JFC/EC/ % EFG I AUTHGAI..... LV FRC LAST PCR % CD GRP NCS DATE																		
SKINNER/JANES P OUTSIDE PLANT TECH	VO 5300 2024	30 20 3	NTWK OPN NORTH NN106606 N	502-782-4848160433 53259 BMLG KY	4200 U 00	03	09-20-94 07-29-89																		
SKINNER/JUDY T OPERATOR	VO 5110 2419	11 30 2	OPERATOR SVCS K0405900 N	318-670-13402035A53 K4563 SHPT LA	2940 U 00		08-07-94 10-12-70																		
SKINNER/MARLOW J MANAGER	T2 059A 3843 H3303 01	4	CONSUMER SVCS (0104000) N	404-614-4969G999999 F5142 ATLN GA	0630 U 00	X RBSU01884 00	09-01-94 07-17-72																		
SKINNER/MARSHA L SPECIALIST	T2 058A 9040 Y2416 00	4	NTWK OPN CENT N05EE1001 N	404-493-3744G999999 F3133 TURK GA	3220 U 00 30		09-01-94 03-13-72																		
SKINNER/MARTHA W SERVICE ASST	VO 214A 3507	14 50 2	OPERATOR SVCS K0404000 N	615-248-0708201AF03 K2361 NSVL TN	2120 U 00		08-07-94 07-04-54																		
SKINNER/MORRIS MANAGER	S2 0591 3843 F4811 01	4	IT-OPERATIONS TUR3K2001 Y	205-988-6198AL99999 10015 BRNH AL	1500 U 00	X OPSUPT210 00	09-01-94 10-06-75																		
SKINNER/M F DIRECTOR	MS 0611 2033 G0047 01	4	REG & EXT AFF Y0E210001 Y	205-977-1550AL99999 10046 BRNH AL	2420 U 50	U510 U 50	09-01-94 06-01-71																		
SKINNER/NANCY D SERVICE REP	VO 2620 3552	23 01 2	CONSUMER SVCS 01212000 N	912-356-7904B040V10 K2339 SVNH GA	2E70 U 57	2E50 U 38	08-07-94 06-25-76																		
SKINNER/E I FACILITY TECHNICIAN	VO 5320 9118	32 00 3	NTWK OPN CENT N06R0500 N	704-576-3130WY30150 K4430 CLPE GA	4200 U 00		03 08-07-94 10-01-52																		
SKINNER/SHERY D ENGINEERING ASST	VO 510A 1230	10 30 2	NTWK OPN SOUTH NST08911 N	205-972-29507K1A044 10006 BRNH AL	3220 U 00 30		08-07-94 04-27-88																		
SKINNER/T L ELECTRONIC TECH	VO 5320 9115	32 01 3	NTWK OPN SOUTH NST07401 N	205-470-86517K1A060 12330 FUEL AL	4300 U 00		06 08-07-94 08-17-70																		
SKINNER/MIKI G OPERATOR	VO 511A 2419	11 01 2	OPERATOR SVCS K0402000 N	202-838-4570K12EAL3 11425 BRNH AL	2940 U 10		08-07-94 05-02-77																		
SKIPPER/BARBARA J FAC ASSIGN SPCL	VO 2600 1330	20 00 3	NTWK OPN CENT NN702105 N	912-752-3722G999999 K2110 MAEN GA	4000 U 00		01 09-19-94 02-14-85																		
SKIPPER/EDY D SW. EQ INST TECH	VO 5320 3552	32 30 3	NTWK FLNG & SP NFR07205 N	803-609-6323S199999 96647 FLRN SC	4300 U 00		04 08-07-94 04-30-77																		
SKIPPER/CYNTHIA E NETWORK CLERK	VO SIDE 0800	1 30 3	NTWK OPN NORTH NN055004 N	704-357-96220630A11 21000 CHRL NC	4240 U 00		03 08-07-94 03-26-77																		
SKIPPER/DAVID B	VO	30 01 3	NTWK OPN SOUTH 305-582-6358N127A40		4200 U 00		03 08-07-94																		

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44-16

NOTICE: NOT FOR USE OR DISCLOSURE OUTSIDE BELLSOUTH EXCEPT UNDER WRITTEN AGREEMENT

NOV 8 1994

PAGE 4/12

FORM PR-
GROUP-
EMPLOYEE TITLE
SKINNER JANES P CAB ASST
SKINNER JUDY T SUPER
SKINNER MARLOW J GETS
SKINNER MARSHA L ELEC
SKINNER MARTHA W CLERK
SKINNER MORRIS ALC
SKINNER M F FAC
SKINNER NANCY D FAC
SKINNER E I FAC
SKINNER SHERY D TECH
SKINNER T L SPCL
SKINNER MIKI G FAC
SKIPPER BARBARA J SPCL
SKIPPER EDY D ALC
SKIPPER CYNTHIA E FAC
SKIPPER DAVID B FAC

Request # 86
Attachment.

SBT

WJ
10/16/94

SBP
Quest no Que 4 6611

10/14/95
WJ 01/18/95

Item 282, 283, 284, 288, 289, 290, 292, 294, 295, 297, 299, 305
JFC 0600 w/ RCC starting w/ X goes to
CPO1 SPO1, directly assigned to reg/ non reg
per ABO1, Part 9, section 19 (45-6).

It appears that BBS is assigning to regulated
& billing to HDO. HDO then allocated to all
9 states.

(How does BBS determine if was directly assigned
to regulated for Product Management?)
1,245,246.11

1) Describe what that BBS does for Product Mgmt & specifically
(what was the deliverables for the services; eg. forecasting,
test market planning, demand & forecasting, etc
(provide details).

Item 291-293, 296, 298, 303, 304
JFC 0606 w/ RCC starting with X goes
to CPO2 SPO1 - Complex Bus General Product
& Mkt Mgmt Support. Per ABO1 Part 10, Section
19 WP(45-6) says that CPO2 SPO1 is
allocated based on 6611 CPO1 SPO1, so
if we determine the method of allocation
for CPO1 SPO1 above, then we know this.

Item 301 -
JFC 0630 goes to CPO1 SPO1 & assigned
directly to reg & non reg Consumer Product
& Mkt Mgmt Support. CPO1
Per ABO1 Part 10 Sub-Part SPO1 is directly
assigned to regulated.

~~Item 303~~

~~44-6~~

SBT
AUDIT EXCEPTION
TYE 12/31/94

KY
62 10/19/95
RG

KW
10/18/94

1 AUDIT EXCEPTION

2 SUBJECT: NONREGULATED AND OTHER STATE ITEMS CHARGED TO
3 FLORIDA REGULATED.

4 STATEMENT OF FACTS:

5 ⁴⁴⁻⁶/₃ Our sample test of Account 6611 revealed two invoices that were not for Florida.
6 One invoice, dated 11/21/94, payable to Bank South for Consulting
7 and Developmental Services associated with ADSI screen telephones, home banking,
8 call waiting deluxe, and visual director services, should be billed directly to Georgia per th company.

9 ⁴⁴⁻⁶/₁₋₄ The other invoice dated 11/28/94, payable to Northern Telecom for Consultation
10 and Development work on ADSI screen telephones to be applied toward the first
11 10,000 units purchased from Northern Telecom is for nonregulated services.

12 OPINION:

13 The Surevillance Report is effected as follows:

INVOICE	AMOUNT FL	FL INTRASTATE PER COMPANY
14		
15		
16	1	
17	2	
	-----	-----
18	228,400.00	161,086.00
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1 Florida FPSC Audit of 1994 Surveillance Report

2 Request No. 56

3 Sampled Item Number: 301



4 Sampled: Account: 6611.0000

5 Amount:

6 Supporting Documentation: Voucher 1158648

7	Amount	_____
8	Prorate 16	
9	FL Rate	<u>.2284</u>
10	FL Amount	

11

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$$\frac{44-6}{1-2}$$



BELL SOUTH TELECOMMUNICATIONS, INC.
 675 West Peachtree Street
 Atlanta, Georgia 30375

ATTENTION: Jim Skinner
 Room 34P70

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CUSTOMER NUMBER		CUSTOMER ORDER NO.		TERMS	INVOICE DATE	INVOICE NUMBER
BSEBD0001		BST0001		Nec 30 Days	11/21/94	C325J-001
QUANTITY	PRODUCT NUMBER	DESCRIPTION			UNIT PRICE	AMOUNT
		Consultative & Developmental Services Associated With ADSI Screen Telephones, Home Banking, Call Waiting Deluxe, and Visual Director Services				
COMMENTS:						SUB-TOTAL
FREIGHT	SALES TAX	LOCAL OPTION TAX 1	LOCAL OPTION TAX 2	HANDLING	TOTAL	

INVOICE DATE	INVOICE NUMBER	AMOUNT THIS INVOICE
November 21, 1994	C325J-001	←

REMITTANCE ADVICE
 REMOVE THIS PORTION OF INVOICE AND RETURN WITH PAYMENT TO:
 Bank South, N.A.
 P.O. Box 105563
 MC 60
 Atlanta, GA 30348

	43	42	41	40
THE WALTER LUTHER COMPANY				
(700) 448-8787				

BELLSOUTH COMMUNICATIONS, INC.
 PROC ENTIT ORPORATE STATE- CORPORATE AREA- CORPORATE
 REPORT- FB20 CUMULATIVE PRORATE RESULTS

FINAL PROCESSOR RETENTION PERIOD- 3 MONTHS
 REPORT PERIOD- FEBRUARY 1994 PASS- 33 PROGRAM- FB0226
 TODAY'S DATE- 03/04/94 PAGE- 34

***** PRORATE 16 *****

LOOK-UP KEY VALUES: 6535

FCT NUM	ACCOUNT CODE	A ACC T MOD	FUNC CODE	GEOGRAPHIC LOCATION	RESPONSIBILITY CHARGD	CDE ORIGINATING	ENV CDE	OC BI EXTC	AUTH NUMB	SECONDARY AUTH	FACT L-CG	PR TP	PRORATE FACTOR	PRORATED HR-QTY	PRORATED AMOUNT
001				81 A							0194		.0894000	576.00	152676.36
002				81 K							0194		.0559000	360.13	95465.61
003				81 L							0194		.0879000	566.27	150114.93
004				81 H							0194		.0545000	351.08	93074.67
005				81 T							0194		.0972000	626.19	165997.22
006				8H F							0194		.2787000	1795.34	475961.25
007				8H G							0194		.1573000	1013.40	268635.67
008				8H N							0194		.1076000	693.29	183758.33
009				8H S							0194		.0715000	460.34	122107.29
TOTAL											1.0000000	6442.04	1707791.33		

***** PRORATE 16 *****

LOOK-UP KEY VALUES: 6611

FCT NUM	ACCOUNT CODE	A ACC T MOD	FUNC CODE	GEOGRAPHIC LOCATION	RESPONSIBILITY CHARGD	CDE ORIGINATING	ENV CDE	OC BI EXTC	AUTH NUMB	SECONDARY AUTH	FACT L-CG	PR TP	PRORATE FACTOR	PRORATED HR-QTY	PRORATED AMOUNT
001				81 A							0194		.0940000	8479.66	472614.30
002				81 K							0194		.0488000	4403.79	245356.79
003				81 L							0194		.0992000	8947.95	498758.05
004				81 H							0194		.0515000	4645.62	258932.20
005				81 T							0194		.1064000	9598.82	534958.25
006				8H F							0194		.2204000	20601.95	1148351.34
007				8H G							0194		.2136000	19264.83	1073940.37
008				8H N							0194		.0943000	8505.00	474121.70
009				8H S							0194		.0630000	5747.71	320774.55
TOTAL											1.0000000	90195.33	5027807.55		

***** PRORATE 16 *****

LOOK-UP KEY VALUES: 6612

FCT NUM	ACCOUNT CODE	A ACC T MOD	FUNC CODE	GEOGRAPHIC LOCATION	RESPONSIBILITY CHARGD	CDE ORIGINATING	ENV CDE	OC BI EXTC	AUTH NUMB	SECONDARY AUTH	FACT L-CG	PR TP	PRORATE FACTOR	PRORATED HR-QTY	PRORATED AMOUNT
001				81 A							0194		.0941000	9901.01	838175.84
002				81 K							0194		.0447000	4702.88	398155.78
003				81 L							0194		.0983000	10343.56	875586.38
004				81 H							0194		.0485000	5104.06	432004.18
005				81 T							0194		.1054000	11091.39	938828.14
006				8H F							0194		.2336000	24578.73	2080742.32
007				8H G							0194		.2192000	23064.77	1952478.35
008				8H N							0194		.0930000	9786.24	828378.04
009				8H S							0194		.0632000	6646.84	562941.27
TOTAL											1.0000000	105219.48	8907290.30		

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1 Florida FPSC Audit of 1994 Surveillance Report

2 Request No. 56

3 Sampled Item Number: 302



4 Sampled: Account: 6611.0000

5 Amount:

6 Supporting Documentation: Voucher 1158650

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Amount	<u> </u>
Prorate 16	
FL Rate	<u> </u> .2284
FL Amount	<u> </u>

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Northern Telecom Inc.
 220 Athens Way
 Nashville, TN 37228
 615/734-5510 FAX 615/734-5992

INVOICE

No.	SPECIAL
Date	NOVEMBER 29, 1994

Sold To **BELL SOUTH TELECOMMUNICATIONS**

SPECIAL	NOV 28 94	IS0001	CONSULTATION	\$30002	NOV 2894	of	6
(Amounts shall not be returned without first obtaining prior authorization)							
001	CONSULTATION AND DEVELOPMENT WORK ON ADSI SCREEN TELEPHONES - TO BE APPLIED TOWARD THE FIRST 10000 UNITS PURCHASED FROM NORTHERN TELECOM						
Ordered by: _____ Telephone: _____							

S H I P TO
 SAME

S O L D TO
 BELL SOUTH TELECOMMUNICATIONS
 675 W. PEACHTREE STREET
 ROOM 34P70
 ATLANTA, GA. 30375

Please forward payment to:
 Northern Telecom Inc
 P.O. Box 75519
 CHARLOTTE, NC 28275

PLEASE PAY
 THIS AMOUNT

P001

11-29-94 03:23PM FROM CUSTOMER RESPONSE TO 64046144974

23

BELLSOUTH COMMUNICATIONS, INC.
 PROC ENTIT CORPORATE STATE- CORPORATE AREA- CORPORATE
 REPORT- FB26 CUMULATIVE PRORATE RESULTS

FINA L PROCESSOR RETENTION PERIOD- 3 MONTHS
 PORT PERIOD- FEBRUARY 1994 PASS- 33 PROGRAM- FB0226
 TODAY'S DATE- 03/04/94 PAGE- 34

**** PRORATE 16 ****

LOOK-UP KEY VALUES: 6535

FCT NUM	ACCOUNT CODE	A ACC T MOD	FUNC CODE	GEOGRAPHIC LOCATION	RESPONSIBILITY CHARGD	CDE ORIGINATING	ENV CDE	OC BI EXTC	AUTH NUMB	SECONDARY AUTH	FACT PR L-CG TP	PRORATE FACTOR	PRORATED HR-QTY	PRORATED AMOUNT
001				81 A							0194	.0894000	576.00	152676.36
002				81 K							0194	.0559000	360.13	95465.61
003				81 L							0194	.0879000	566.27	150114.93
004				81 H							0194	.0545000	351.08	93074.67
005				81 T							0194	.0972000	626.19	165997.22
006				8H F							0194	.2787000	1795.34	475961.25
007				8H G							0194	.1573000	1013.40	268635.67
008				8H N							0194	.1076000	693.29	183758.33
009				8H S							0194	.0715000	460.34	122107.29
TOTAL												1.0000000	6442.04	1707791.33

**** PRORATE 16 ****

LOOK-UP KEY VALUES: 6611

FCT NUM	ACCOUNT CODE	A ACC T MOD	FUNC CODE	GEOGRAPHIC LOCATION	RESPONSIBILITY CHARGD	CDE ORIGINATING	ENV CDE	OC BI EXTC	AUTH NUMB	SECONDARY AUTH	FACT PR L-CG TP	PRORATE FACTOR	PRORATED HR-QTY	PRORATED AMOUNT
001				81 A							0194	.0940000	8479.66	472614.30
002				81 K							0194	.0488000	4403.79	245356.79
003				81 L							0194	.0992000	8947.95	498758.05
004				81 H							0194	.0515000	4645.62	258932.20
005				81 T							0194	.1064000	9598.82	534958.25
006				8H F ←							→ 0194	.2284000	20601.95	1148351.34
007				8H G							0194	.2136000	19264.83	1073940.37
008				8H N							0194	.0943000	8505.00	474121.70
009				8H S							0194	.0638000	5747.71	320774.55
TOTAL												1.0000000	90195.33	5027807.55

**** PRORATE 16 ****

LOOK-UP KEY VALUES: 6612

FCT NUM	ACCOUNT CODE	A ACC T MOD	FUNC CODE	GEOGRAPHIC LOCATION	RESPONSIBILITY CHARGD	CDE ORIGINATING	ENV CDE	OC BI EXTC	AUTH NUMB	SECONDARY AUTH	FACT PR L-CG TP	PRORATE FACTOR	PRORATED HR-QTY	PRORATED AMOUNT
001				81 A							0194	.0941000	9901.01	832175.84
002				81 K							0194	.0447000	4702.88	398155.78
003				81 L							0194	.0983000	10343.56	875586.38
004				81 H							0194	.0485000	5104.06	432004.18
005				81 T							0194	.1054000	11091.39	938828.14
006				8H F							0194	.2336000	24578.73	2080742.32
007				8H G							0194	.2192000	23064.77	1952478.35
008				8H N							0194	.0930000	9786.24	828378.04
009				8H S							0194	.0632000	6646.84	562941.27
TOTAL												1.0000000	105219.48	8907290.30

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Florida FPSC Audit of 1994 Surveillance Report

Request No. 56

Sampled Item Number: 308



Sampled: Account: 6611.0000
Amount: \$109,715.72

Supporting Documentation: Forms

Accrual Reversal	\$(227,925.23)
New Accrual	<u>708,291.77</u>
FL Sub Total	\$ 480,366.54
Prorate 16	
FL Rate	<u>.2284000</u>
FL Amount	\$ 109,715.72



January 4, 1995

To: Cathy Farquharson, Manager - BST
From: Gerald Adams, Manager - BBS
Copy to: Jim Schenk, VP-Controller and CFO - BBS
Subject: Standing Accrual

Attached is a revised estimate of the standing accrual for BBS billing to BST. This estimate should replace the standing accrual currently on your books which is \$32,179,128.40.

This increase of \$3,000,000.00 is primarily the result of unusually heavy spending for professional services and advertising. I anticipate that the level of expenditures will drop again after year end.

The new standing accrual of \$35,179,128.40, should be entered into December 1994, business. Should you need additional information, my number is 205/985-6758.



NELSON BUSINESS SYSTEMS

NO	AMOUNT	DESCRIPTION
8	581,272.00	SALES - 0016
1	1,000.00	1. National Accounts - Registered
2	28,681.16	2. Customer Subscriptions - Registered
3	2,000.00	3. Single-Contract-Only Sales - Registered
4	816.00	4. Other Subscriptions - Registered
5	1,174,887.78	5. Other Subscriptions - Registered
6	19,000.00	6. Other Subscriptions - Non-Registered
7	1,794.82	7. Other Subscriptions - Non-Registered
8	191,100.00	8. Other Subscriptions - Non-Registered
9	4,000.00	9. Other Subscriptions - Non-Registered
10	1,000.00	10. Other Subscriptions - Non-Registered
11	10,000.00	11. Other Subscriptions - Non-Registered
12	100,000.00	12. Other Subscriptions - Non-Registered
13	1,000,000.00	13. Other Subscriptions - Non-Registered
14	1,000,000.00	14. Other Subscriptions - Non-Registered
15	1,000,000.00	15. Other Subscriptions - Non-Registered
16	1,000,000.00	16. Other Subscriptions - Non-Registered
17	1,000,000.00	17. Other Subscriptions - Non-Registered
18	1,000,000.00	18. Other Subscriptions - Non-Registered
19	1,000,000.00	19. Other Subscriptions - Non-Registered
20	1,000,000.00	20. Other Subscriptions - Non-Registered
21	1,000,000.00	21. Other Subscriptions - Non-Registered
22	1,000,000.00	22. Other Subscriptions - Non-Registered
23	1,000,000.00	23. Other Subscriptions - Non-Registered
24	1,000,000.00	24. Other Subscriptions - Non-Registered
25	1,000,000.00	25. Other Subscriptions - Non-Registered
26	1,000,000.00	26. Other Subscriptions - Non-Registered
27	1,000,000.00	27. Other Subscriptions - Non-Registered
28	1,000,000.00	28. Other Subscriptions - Non-Registered
29	1,000,000.00	29. Other Subscriptions - Non-Registered
30	1,000,000.00	30. Other Subscriptions - Non-Registered
31	1,000,000.00	31. Other Subscriptions - Non-Registered
32	1,000,000.00	32. Other Subscriptions - Non-Registered
33	1,000,000.00	33. Other Subscriptions - Non-Registered
34	1,000,000.00	34. Other Subscriptions - Non-Registered
35	1,000,000.00	35. Other Subscriptions - Non-Registered
36	1,000,000.00	36. Other Subscriptions - Non-Registered
37	1,000,000.00	37. Other Subscriptions - Non-Registered
38	1,000,000.00	38. Other Subscriptions - Non-Registered
39	1,000,000.00	39. Other Subscriptions - Non-Registered
40	1,000,000.00	40. Other Subscriptions - Non-Registered
41	1,000,000.00	41. Other Subscriptions - Non-Registered
42	1,000,000.00	42. Other Subscriptions - Non-Registered
43	1,000,000.00	43. Other Subscriptions - Non-Registered
44	1,000,000.00	44. Other Subscriptions - Non-Registered
45	1,000,000.00	45. Other Subscriptions - Non-Registered
46	1,000,000.00	46. Other Subscriptions - Non-Registered
47	1,000,000.00	47. Other Subscriptions - Non-Registered
48	1,000,000.00	48. Other Subscriptions - Non-Registered
49	1,000,000.00	49. Other Subscriptions - Non-Registered
50	1,000,000.00	50. Other Subscriptions - Non-Registered
51	1,000,000.00	51. Other Subscriptions - Non-Registered
52	1,000,000.00	52. Other Subscriptions - Non-Registered
53	1,000,000.00	53. Other Subscriptions - Non-Registered
54	1,000,000.00	54. Other Subscriptions - Non-Registered
55	1,000,000.00	55. Other Subscriptions - Non-Registered
56	1,000,000.00	56. Other Subscriptions - Non-Registered
57	1,000,000.00	57. Other Subscriptions - Non-Registered
58	1,000,000.00	58. Other Subscriptions - Non-Registered
59	1,000,000.00	59. Other Subscriptions - Non-Registered
60	1,000,000.00	60. Other Subscriptions - Non-Registered
61	1,000,000.00	61. Other Subscriptions - Non-Registered
62	1,000,000.00	62. Other Subscriptions - Non-Registered
63	1,000,000.00	63. Other Subscriptions - Non-Registered
64	1,000,000.00	64. Other Subscriptions - Non-Registered
65	1,000,000.00	65. Other Subscriptions - Non-Registered
66	1,000,000.00	66. Other Subscriptions - Non-Registered
67	1,000,000.00	67. Other Subscriptions - Non-Registered
68	1,000,000.00	68. Other Subscriptions - Non-Registered
69	1,000,000.00	69. Other Subscriptions - Non-Registered
70	1,000,000.00	70. Other Subscriptions - Non-Registered
71	1,000,000.00	71. Other Subscriptions - Non-Registered
72	1,000,000.00	72. Other Subscriptions - Non-Registered
73	1,000,000.00	73. Other Subscriptions - Non-Registered
74	1,000,000.00	74. Other Subscriptions - Non-Registered
75	1,000,000.00	75. Other Subscriptions - Non-Registered
76	1,000,000.00	76. Other Subscriptions - Non-Registered
77	1,000,000.00	77. Other Subscriptions - Non-Registered
78	1,000,000.00	78. Other Subscriptions - Non-Registered
79	1,000,000.00	79. Other Subscriptions - Non-Registered
80	1,000,000.00	80. Other Subscriptions - Non-Registered
81	1,000,000.00	81. Other Subscriptions - Non-Registered
82	1,000,000.00	82. Other Subscriptions - Non-Registered
83	1,000,000.00	83. Other Subscriptions - Non-Registered
84	1,000,000.00	84. Other Subscriptions - Non-Registered
85	1,000,000.00	85. Other Subscriptions - Non-Registered
86	1,000,000.00	86. Other Subscriptions - Non-Registered
87	1,000,000.00	87. Other Subscriptions - Non-Registered
88	1,000,000.00	88. Other Subscriptions - Non-Registered
89	1,000,000.00	89. Other Subscriptions - Non-Registered
90	1,000,000.00	90. Other Subscriptions - Non-Registered
91	1,000,000.00	91. Other Subscriptions - Non-Registered
92	1,000,000.00	92. Other Subscriptions - Non-Registered
93	1,000,000.00	93. Other Subscriptions - Non-Registered
94	1,000,000.00	94. Other Subscriptions - Non-Registered
95	1,000,000.00	95. Other Subscriptions - Non-Registered
96	1,000,000.00	96. Other Subscriptions - Non-Registered
97	1,000,000.00	97. Other Subscriptions - Non-Registered
98	1,000,000.00	98. Other Subscriptions - Non-Registered
99	1,000,000.00	99. Other Subscriptions - Non-Registered
100	1,000,000.00	100. Other Subscriptions - Non-Registered

SMPP Part

(3)

BELL SOUTH BUSINESS SYSTEMS

BST STANDARDS ACCOUNT (BST PAYABLE TO BBS)

- 14. BSAC - Account Management/Collection
- 15. BSAC - General Sales
- 16. BSAC - RMC/MS
- 17. BSAC - ISMO Billing/Collection
- 18. BSAC - VSO Inquiries - Customer
- 19. Customer Services Overhead - Registered
- 20. Customer Services Overhead - NonRegistered

Sub-Total Customer Services - 6825

E. Research & Development - 6787

- 1. Research Common R&D
- 2. R & D Overhead - Registered
- 3. R & D Overhead - NonRegistered

Sub-Total Research & Development - 6787

F. Other General & Administrative - 6787

- 1. Other Common - Genl Comptech, MRP, etc
- 2. Genl Comptech Overhead - Registered
- 3. Genl Comptech Overhead - NonRegistered

Sub-Total Genl & Adm - 6787

G. Plant Operations Administration/Training Expenses - 6787

- 1. Plant Operations Administration Expenses - Comm
- 2. Training Expenses - Common
- 3. Plant Operations Overhead - Registered
- 4. Plant Operations Overhead - NonRegistered

Sub-Total Plant Adm - 6787 & 6825

H. Engineering Expenses - 6811

- 1. Engineering Expenses - Common
- 2. Engineering Overhead - Registered
- 3. Engineering Overhead - NonRegistered

Sub-Total Engineering - 6811

GRAND TOTAL

	AL	FL	GA	KY	LA	MS	NC	SC	TN	TOTAL
BS,178,183-00	445,200.78	1,249,225.23	981,168.49	225,427.20	649,553.28	225,734.08	462,808.42	278,015.24	517,258.51	7,998,234.29
14. BSAC - Account Management/Collection										182,080.85
15. BSAC - General Sales										18,927.18
16. BSAC - RMC/MS										205,087.89
17. BSAC - ISMO Billing/Collection										99,818.08
18. BSAC - VSO Inquiries - Customer										18,084.40
19. Customer Services Overhead - Registered										1,003,318.77
20. Customer Services Overhead - NonRegistered										87,587.80
Sub-Total Customer Services - 6825										7,998,234.29
E. Research & Development - 6787										
1. Research Common R&D										316,965.25
2. R & D Overhead - Registered										105,384.49
3. R & D Overhead - NonRegistered										4,488.26
Sub-Total Research & Development - 6787										426,778.00
F. Other General & Administrative - 6787										
1. Other Common - Genl Comptech, MRP, etc										56,973.01
2. Genl Comptech Overhead - Registered										261,285.76
3. Genl Comptech Overhead - NonRegistered										97,883.38
Sub-Total Genl & Adm - 6787										7,107.76
G. Plant Operations Administration/Training Expenses - 6787										
1. Plant Operations Administration Expenses - Comm										56,973.01
2. Training Expenses - Common										261,285.76
3. Plant Operations Overhead - Registered										97,883.38
4. Plant Operations Overhead - NonRegistered										7,107.76
Sub-Total Plant Adm - 6787 & 6825										428,458.87
H. Engineering Expenses - 6811										
1. Engineering Expenses - Common										241,788.00
2. Engineering Overhead - Registered										79,228.00
3. Engineering Overhead - NonRegistered										687.40
Sub-Total Engineering - 6811										327,803.40
GRAND TOTAL	1,822,854.18	5,338,488.34	4,888,288.48	1,106,872.44	2,234,237.05	819,263.84	2,489,218.88	1,101,245.02	2,236,418.10	35,179,129.43

BUSINESS MONTH/YEAR: DECEMBER, 1994
 DATE: 01/04/95 TIME: 17:16:40
 JOB CH05A35 PROGRAM CH050235

BELLSOUTH TELECOMMUNICATIONS, INC.
 INCOMING BILLING INTERFACE TRACKING SYSTEM
 DIRECT ENTRY TRANSACTIONS DETAIL REPORT
 COMPANY: BELLSOUTH BUSINESS SYSTEMS

PAGE: 1
 RETENTION: PERMANENT
 FORM: HP-2953

IN COMP	PROJECT PROJECT	MF CL	IND	RCD	RCC	FUNC CODE	EXTC	E C	OCBI	AREA NUMBER	AUTHORITY NUMBER	ACCOUNT	SOURCE	PERCENT	AMOUNT
BBS	SJAPMNP	01	N	A0303000	X0001000	060099	474		HQ		BPCNPLX	6611/0000/	BACCR	1.0000000	-4,601.71 ✓
BBS	SJAPMNH	01	N	A0303000	X0099000	060099	474		HQ		BPCNPLX	6611/0000/	BACCR	1.0000000	-14,168.98 ✓
BBS	SJAPMORH	01	N	A0303000	X0099000	0600	474		HQ		BPCNPLX	6611/0000/	BACCR	1.0000000	-227,925.23 ✓
BBS	SJAPMRPH	01	N	A0303000	X0001000	0600	474		HQ		BPCNPLX	6611/0000/	BACCR	1.0000000	-897,304.57 ✓
BBS	SJAPMSCH	01	N	A0303000	X0001000	0600	474		HQ		BPCNPLX	6611/0000/	BACCR	1.0000000	-198,333.47 ✓
BBS	SJBSASRRA	01	N	A0303000	X0000A01	55EL	474		AL		BPCNPLX	6612/0000/	BACCR	1.0000000	-194,193.47 ✓
BBS	SJBSASRRF	01	N	A0303000	X0000F01	55EL	474		FL		BPCNPLX	6612/0000/	BACCR	1.0000000	-427,006.54 ✓
BBS	SJBSASRRG	01	N	A0303000	X0000G01	55EL	474		GA		BPCNPLX	6612/0000/	BACCR	1.0000000	-257,490.92 ✓
BBS	SJBSASRRK	01	N	A0303000	X0000K01	55EL	474		KY		BPCNPLX	6612/0000/	BACCR	1.0000000	-59,414.10 ✓
BBS	SJBSASRRL	01	N	A0303000	X0000L01	55EL	474		LA		BPCNPLX	6612/0000/	BACCR	1.0000000	-200,166.54 ✓
BBS	SJBSASRRM	01	N	A0303000	X0000M01	55EL	474		MS		BPCNPLX	6612/0000/	BACCR	1.0000000	-65,299.77 ✓
BBS	SJBSASRRN	01	N	A0303000	X0000N01	55EL	474		NC		BPCNPLX	6612/0000/	BACCR	1.0000000	-305,039.41 ✓
BBS	SJBSASRRS	01	N	A0303000	X0000S01	55EL	474		SC		BPCNPLX	6612/0000/	BACCR	1.0000000	-219,711.72 ✓
BBS	SJBSASRRT	01	N	A0303000	X0000T01	55EL	474		TN		BPCNPLX	6612/0000/	BACCR	1.0000000	-126,118.08 ✓
BBS	SJBSCSNG	01	N	A0303000	X0000G01	55EP99	474		GA		BPCNPLX	6612/0000/	BACCR	1.0000000	-3,080.20 ✓
BBS	SJBSCSRF	01	N	A0303000	X0000F01	55EP	474		FL		BPCNPLX	6612/0000/	BACCR	1.0000000	-346,622.95 ✓
BBS	SJBSCSRG	01	N	A0303000	X0000G01	55EP	474		GA		BPCNPLX	6612/0000/	BACCR	1.0000000	-114,807.61 ✓
BBS	SJBSCSRN	01	N	A0303000	X0000N01	55EP	474		NC		BPCNPLX	6612/0000/	BACCR	1.0000000	-12,897.91 ✓
BBS	SJBSCSRS	01	N	A0303000	X0000S01	55EP	474		SC		BPCNPLX	6612/0000/	BACCR	1.0000000	-80,396.98 ✓
BBS	SJBSFGNK	01	N	A0303000	X0000K01	55ES99	474		KY		BPCNPLX	6612/0000/	BACCR	1.0000000	-488.23 ✓
BBS	SJBSFGRA	01	N	A0303000	X0000A01	55ES	474		AL		BPCNPLX	6612/0000/	BACCR	1.0000000	-66,087.51 ✓
BBS	SJBSFGRF	01	N	A0303000	X0000F01	55ES	474		FL		BPCNPLX	6612/0000/	BACCR	1.0000000	-70,587.85 ✓
BBS	SJBSFGRC	01	N	A0303000	X0000G01	55ES	474		GA		BPCNPLX	6612/0000/	BACCR	1.0000000	-10,941.36 ✓

NOTICE : NOT FOR USE/DISCLOSURE OUTSIDE BELLSOUTH EXCEPT UNDER WRITTEN AGREEMENT

Florida FPSC Audit of 1994 Surveillance Report

Request No. 56

Sampled Item Number: 281



Sampled: Account: 6611.0000
Amount: \$204,944.36

Supporting Documentation: Forms, Voucher

Amount Accrual	\$897,304.57
Prorate 16	
FL Rate	<u>.2284</u>
FL Amount	\$204,944.36

NOTE: This amount was the accrual equal to the January bill. There is no voucher for an accrual. See explanation sent with sample items on 9/15/95.

44-6

44-6
1-7

UNRECORDED MAR 2 A

FOR JANUARY, 1994

BILLING FROM BELL SOUTH BUSINESS SYSTEMS TO BELL SOUTH TELECOMMUNICATIONS

3/1/94 11:14 PM

SJEBSCRDH
SJERDORH
SJERDONH

SJFGAACH
SJFGCORH
SJFGCONH
SJFGBSCH
SJFGSBBH
SJFGSBOH

SJGPAACH
SJGPOTECH
SJGPOORH
SJGPOONH

SJHEECH
SJHEORH
SJHEONH

	NCI	AL	FL	GA	KY	LA	MS	NC	SC	TN	TOTAL
E. Research & Development - 6727											0.00
1. BellSouth Common R&D	0.00										0.00
2. R & D Overheads - Regulated	0.00										0.00
3. R & D Overheads - NonRegulated	0.00										0.00
Sub-Total Research & Development - 6727	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
F. Other General & Administrative - 6728.0000											60,699.67
1. Other Common - Govt Compliance, NCEP, EDI	00,699.67										20,677.67
2. Govt Compliance Overheads - Regulated	20,677.67										789.36
3. Govt Compliance Overheads - NonRegulated	789.36										0.00
4. Separations - Span of Control	0.00										0.00
5. Separations - Computer Business	0.00										0.00
6. Separations - Business Office Sales	0.00									0.00	112,276.99
Sub-Total Oth Gen & Adm - 6728.0000	112,276.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
G. Plant Operations Administration/Testing Expense - 6934.0000/6933.0000											124,869.89
1. Plant Operations Administration Expense - Common	124,869.89										123,558.64
2. Testing Expense - Common	123,558.64										48,154.39
3. Plant Operations Overheads - Regulated	48,154.39										4,057.82
4. Plant Operations Overheads - NonRegulated	4,057.82										309,829.88
Sub-Total Plant Adm - 6934 & 6933	300,640.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
H. Engineering Expense - 6535.0000											33,099.74
1. Engineering Expense - Common	33,099.74										6,899.89
2. Engineering Overheads - Regulated	6,899.89										62.11
3. Engineering Overheads - NonRegulated	62.11										40,008.54
Sub-Total Engineering - 6535	40,008.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
GRAND TOTAL	8,660,162.77	1,843,311.89	8,298,614.99	4,765,489.23	793,827.55	1,911,883.65	888,997.89	2,837,889.19	1,885,739.05	2,418,318.00	31,855,024.01

32,179,28.46

4529477 ACCTUAL

002

BBS-FIDRDC

2205 885 1832

1.3.15

1.3.84

(7)

BELLSOUTH TELECOMMUNICATIONS, INC.
 INCOMING BILLING INTERFACE TRACKING SYSTEM
 DETAIL OF INCOMING BILLING ACCRUALS

PAGE: 2
 RETENTION: PERMANENT
 FORM: WF-2951

SERIAL NUMBER SOURCE CL SEG REC ID EXT F/SUB AUTHORITY EC FC ACCOUNT RCC PEC PROJECT IN COMP

SERIAL	NUMBER	SOURCE	CL	SEG	REC ID	EXT	F/SUB	AUTHORITY	EC	FC	ACCOUNT	RCC	PEC	PROJECT	IN	COMP
94020596703	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0099000	50	SJAFMORH	6	BBS
94020522029	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0099000	6	SJAFMORH	6	BBS
94020451431	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0099000	7	SJAFMORH	7	BBS
940206653005	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0099000	7	SJAFMORH	7	BBS
940208866592	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0099000	7	SJAFMORH	7	BBS
94021104470	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0099000	70	SJAFMORH	70	BBS
94020857716	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0099000	0	SJAFMORH	0	BBS
94020621316	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0099000	0	SJAFMORH	0	BBS
94020812760	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0099000	1	SJAFMORH	1	BBS
94020626532	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	1	SJAFMORH	1	BBS
940213322072	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	20	SJAFMORH	20	BBS
94021019264	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	20	SJAFMORH	20	BBS
94020737660	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	40	SJAFMORH	40	BBS
94020546770	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	40	SJAFMORH	40	BBS
94020496390	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	5	SJAFMORH	5	BBS
94020352665	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	5	SJAFMORH	5	BBS
94020596699	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	50	SJAFMORH	50	BBS
94020435106	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	50	SJAFMORH	50	BBS
94020749950	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	6	SJAFMORH	6	BBS
94020522027	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	6	SJAFMORH	6	BBS
94020665001	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	7	SJAFMORH	7	BBS
94020451429	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	7	SJAFMORH	7	BBS
94021104474	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	70	SJAFMORH	70	BBS
94020866590	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	70	SJAFMORH	70	BBS
94020621314	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	0	SJAFMORH	0	BBS
94020857712	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	0	SJAFMORH	0	BBS
94020812750	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	1	SJAFMORH	1	BBS
94020626531	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	1	SJAFMORH	1	BBS
94021019263	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	20	SJAFMORH	20	BBS
940213322070	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	20	SJAFMORH	20	BBS
94020546769	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	40	SJAFMORH	40	BBS
94020737666	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	40	SJAFMORH	40	BBS
94020352664	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	5	SJAFMORH	5	BBS
94020496300	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	5	SJAFMORH	5	BBS
94020621315	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	50	SJAFMORH	50	BBS
94020451428	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	7	SJAFMORH	7	BBS
940206653799	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	70	SJAFMORH	70	BBS
94020866589	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	70	SJAFMORH	70	BBS
94021104472	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	0	SJAFMORH	0	BBS
94020857710	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	0	SJAFMORH	0	BBS
94020621313	01	HCI	M	19A0	ATH			BFCMPLX	0	0000	66110000	X0010000	0	SJAFMORH	0	BBS

41																	
42																	
43																	



Handwritten notes:
 2/11/94
 10/11/94

10/18/95
PM



FPSC Staff Audit
1994 Surveillance Report
Request No. 88
September 27, 1995
Page 1 of 6

REQUEST: Provide further back-up to the attached items (13 pages).

- Account 6611 280, 285, 286, 287 and 300
- Account 6623 203, 204, 206, 220, 208, 210, 214, 221, 212, 216 and 218
- Account 6411 270
- Account 6712 170, 173, 174, 175, 176, 178, 180, 182, 184, 186 and 189
- Account 6722 192, 195, 196 and 194
- Account 6723 223, 224, 225 and 226
- Account 6724 237
- Account 6725 262, 266, 264, 265 and 263

REQUEST (1): Item 280. It appears that BBS is assigning to regulated and billing to HQs for Product Management Regulated. How did BBS determine \$897,304.57 was directly assigned to regulated or Product Management.

RESPONSE (1): Item 280. Please refer to request 86 response regarding sample item 282.

REQUEST (2): Item 285. How was the \$304,726.08 allocated from the total invoice of \$33,720,904.44? Job Function Code 060G is allocated as CP02 SP01. CP02 SP01 is allocated based on Account 6611 CP01 SP01, direct regulated complex business product management. CP01 SP01 is allocated based on the prior month complex Business Customer Operation Unit Sales, Advertising and Customer Services (Account 6612, 6613 and 6623). Please provide the rates used to allocate this sample item.

RESPONSE (2): Item 285. According to the CSS/FPS Users Guide JFC 060G with an RC-C which begins with "X", is in CP02 SP01. The July nonreg rate which would have been applied to this transaction was .014316. Agree on 45-6

In order to calculate the 7% allocation based on above it would take much time + time limits preclude this.

44-6 / 1

REQUEST (3): Item 286. How was the total invoice \$33,720,904.44 allocated to Regulated (\$1,179,701.88)?

RESPONSE (3): Item 286. Please refer to request 86 response regarding sample item 282.

REQUEST (4): Item 287. How was the total invoice \$33,720,904.44 allocated to Product Management Overheads Regulated (\$693,191.28)?

RESPONSE (4): Item 286. Please refer to request 86 response regarding sample item 289.

REQUEST (5): Item 300. How did the Company allocate total invoice of \$29,952,926.27 to Product Management Overheads Regulated (\$453,120.54)?

44-6 / 1

RESPONSE (5): Item 300. Please refer to request 86 response regarding item sample 289.

42																			
43																			

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PBC

Florida FPSC Audit of 1994 Surveillance Report

Request No. 56

Sampled Item Number: 306

Sampled: Account: 6611.0000
Amount: \$158,278.67

Supporting Documentation: Forms

Accrual Reversal	\$ (897,304.57)
New Accrual	<u>1,590,293.49</u>
FL Sub Total	\$ 692,988.92
Prorate 16	
FL Rate	<u>.2284000</u>
FL Amount	\$ 158,278.67

①

44-6
1-9

January 4, 1995

To: Cathy Farquharson, Manager - BST
From: Gerald Adams, Manager - BBS
Copy to: Jim Schenk, VP-Controller and CFO - BBS
Subject: Standing Accrual

Attached is a revised estimate of the standing accrual for BBS billing to BST. This estimate should replace the standing accrual currently on your books which is \$32,179,128.40.

This increase of \$3,000,000.00 is primarily the result of unusually heavy spending for professional services and advertising. I anticipate that the level of expenditures will drop again after year end.

The new standing accrual of \$35,179,128.40, should be entered into December 1994, business. Should you need additional information, my number is 205/985-6758.



BOLTON BUSINESS SYSTEMS

BSI STANDING ACCOUNT (NET PAYABLE TO BSI)

48,779,128.48

A. Product Management - 0011

- 1. Product Management - Registered Products (RM) 1,280,222.48
- 2. Product Mkt Support - Common 686,107.71
- 3. Product Management Courses - Registered 788,951.77
- 4. Product Management Courses - Registered 4,722.22
- 5. Product Management Courses - Registered 2,048,332.85

B. Sales - 0012

- 1. Product Accounts - Registered 6,696.22
- 2. Product Accounts - Non-Registered 64.87
- 3. Customer Orders - Non-Registered 22,481.18
- 4. Customer Orders - Non-Registered 8,381.18
- 5. Order-credit-etc Sales - Registered 816,304.08
- 6. Order-credit-etc Sales - Non-Registered 1,101,890.07
- 7. Sales Inquiries - Registered 8,118.68
- 8. Sales Inquiries - Non-Registered 11,882.07
- 9. Sales Inquiries - Registered 1,914,882.80
- 10. Sales Inquiries - Non-Registered 1,790,271.37
- 11. Sales Inquiries - Registered 14,992.27
- 12. Sales Inquiries - Non-Registered 1,204,411.11

- 13. Sales Orders - Registered 1,200,000.00
- 14. Sales Orders - Registered 4,141,897.28
- 15. Sales Orders - Non-Registered 8,886,784.96

5,581,872.00

- 16. Sales Orders - Registered 1,108,000.00
- 17. Sales Orders - Registered 4,141,897.28
- 18. Sales Orders - Non-Registered 8,886,784.96

166,857.42

- 19. Total Sales - 0012 1,108,000.00
- 20. Total Sales - 0012 4,141,897.28
- 21. Total Sales - 0012 8,886,784.96

6,809,564.57

- 1. Product Advertising - Registered Products (RM) 100,743.20
- 2. Product Advertising - Registered Products (RM) (23.89)
- 3. Mktg Advertising - Non-Common 14,704.7
- 4. Mktg Advertising - Non-Common 2,892.7
- 5. General Advertising - Product Orders 18,683.00
- 6. General Advertising - Not Orders 14,698.87
- 7. Advertising Orders - Registered 2,800.00
- 8. Advertising Orders - Registered 2,280.00
- 9. Advertising Orders - Registered 114,099.87
- 10. Advertising Orders - Registered 10,556.90
- 11. Advertising Orders - Registered 2,280.00
- 12. Advertising Orders - Registered 4,129,911.08

4,207,289.20

- 13. Total Product Advertising - 0019 4,207,289.20

180,743.20

- 1. Customer Services - RM 102,114.18
- 2. Vendor Services Center (VSC) - Registered Products 6,018.06
- 3. Vendor Services Center (VSC) - Non-Registered 77,985.90
- 4. Vendor Services Center (VSC) - Common 108,784.08
- 5. Vendor Center Entry - Common 4,867.18
- 6. Account Reopening/Closures - Common 42,853.28
- 7. Account Reopening/Closures - Common 288,202.88
- 8. Customer Order Processing - Common 82,442.78
- 9. Customer Order Processing - Common 1,124.38
- 10. Customer Order Processing - Common 398.88

294,414.00

- 11. Information Advertising - Registered Products (RM) 39,887.74
- 12. Information Advertising - Registered Products (RM) 208,202.88
- 13. Information Advertising - Registered Products (RM) 42,853.28
- 14. Information Advertising - Registered Products (RM) 180,714.12
- 15. Information Advertising - Registered Products (RM) 584,810.74
- 16. Information Advertising - Registered Products (RM) 24,189.28
- 17. Information Advertising - Registered Products (RM) 218,258.88
- 18. Information Advertising - Registered Products (RM) 159,811.10
- 19. Information Advertising - Registered Products (RM) 48,449.28
- 20. Information Advertising - Registered Products (RM) 288,202.88
- 21. Information Advertising - Registered Products (RM) 154,758.06
- 22. Information Advertising - Registered Products (RM) 282,041.13
- 23. Information Advertising - Registered Products (RM) 140,507.14
- 24. Information Advertising - Registered Products (RM) 2,992,623.18
- 25. Information Advertising - Registered Products (RM) 7,107,782.00
- 26. Information Advertising - Registered Products (RM) 3,691,222.78
- 27. Information Advertising - Registered Products (RM) 1,721,099.00
- 28. Information Advertising - Registered Products (RM) 1,271,000.00
- 29. Information Advertising - Registered Products (RM) 5,202.88

204,888.88

- 30. Information Advertising - Registered Products (RM) 1,271,000.00
- 31. Information Advertising - Registered Products (RM) 1,721,099.00
- 32. Information Advertising - Registered Products (RM) 3,691,222.78

6,809,564.57

48,779,128.48

Page 1

BELL SOUTH BUSINESS SYSTEMS

BEST STATIONS ACCOUNT (BEST PAYABLE TO BBS)

NO	AL	FL	GA	KY	LA	MS	NC	SC	TN	TOTAL
05,176,158.49										182,240.25
142,280.25										18,827.18
14,857.18										305,067.30
281,837.20										86,916.84
50,914.00										16,064.48
18,827.18										1,003,318.77
1,003,318.77										87,587.80
87,587.80										7,898,294.59
3,287,793.00	446,200.79	1,349,226.25	881,189.49	245,427.26	649,563.26	228,734.08	482,808.42	276,018.24	977,250.51	

Sub-Total Customer Services - 0025

5. Research & Development - 072F

1. Research Common R&D

2. R & D Overhead - Regulated

3. R & D Overhead - Nonregulated

Sub-Total Research & Development - 0027

F. Other General & Administrative - 0028.0000

1. Other Common - Reg. Overhead, 100%, 000

2. Best Customers Overhead - Regulated

3. Best Customers Overhead - Nonregulated

Sub-Total Gen. Serv. & Adm. - 0028.0000

G. Plant Operations Administration/Testing Expenses - 0029.0000

1. Plant Operations Administration Expenses - Common

2. Testing Expenses - Common

3. Plant Operations Overhead - Regulated

4. Plant Operations Overhead - Nonregulated

Sub-Total Plant Admin - 0029 & 0028

H. Engineering Expenses - 0029.0000

1. Engineering Expenses - Common

2. Engineering Overhead - Regulated

3. Engineering Overhead - Nonregulated

Sub-Total Engineering - 0028

GRAND TOTAL

316,965.26										54,975.01
106,394.46										260,284.79
4,448.24										87,093.38
428,778.80										7,107.76
										428,480.97
										241,768.00
										79,226.00
										687.40
										327,881.48
										85,170,128.43
	1,882,804.49	6,828,428.24	4,882,888.48	1,188,872.24	2,284,237.03	819,203.84	2,489,215.88	1,101,865.02	2,426,114.16	

BUSINESS MONTH/YEAR: DECEMBER, 1994
 DATE: 01/04/95 TIME: 17:16:40
 JOB CH05A35 PROGRAM CH050235

BELLSOUTH TELECOMMUNICATIONS, INC.
 INCOMING BILLING INTERFACE TRACKING SYSTEM
 DIRECT ENTRY TRANSACTIONS DETAIL REPORT
 COMPANY: BELLSOUTH BUSINESS SYSTEMS

PAGE: 1
 RETENTION: PERMANENT
 FORM: MP-2953

IN COMP	PROJECT PROJECT	MF CL	IND	RCD	RCC	FUNC CODE	EXTC	E C	OCBI	AREA NUMBER	AUTHORITY NUMBER	ACCOUNT	SOURCE	PERCENT	AMOUNT
BBS	SJAPHMPH	01	N	A0303000	X0001000	060099	474		HQ		BPCNPLX	6611/0000/	BACCR	1.0000000	-4,601.71 ✓
BBS	SJAPHONH	01	N	A0303000	X0099000	060099	474		HQ		BPCNPLX	6611/0000/	BACCR	1.0000000	-14,168.98 ✓
BBS	SJAPHORH	01	N	A0303000	X0099000	0600	474		HQ		BPCNPLX	6611/0000/	BACCR	1.0000000	-227,925.23 ✓
BBS	SJAPHRPH	01	N	A0303000	X0001000	0600	474		HQ		BPCNPLX	6611/0000/	BACCR	1.0000000	-897,304.57 ✓
BBS	SJAPHSCH	01	N	A0303000	X0001000	0600	474		HQ		BPCNPLX	6611/0000/	BACCR	1.0000000	-198,333.47 ✓
BBS	SJBSASRA	01	N	A0303000	X0000A01	55EL	474		AL		BPCNPLX	6612/0000/	BACCR	1.0000000	-194,193.47 ✓
BBS	SJBSASRF	01	N	A0303000	X0000F01	55EL	474		FL		BPCNPLX	6612/0000/	BACCR	1.0000000	-427,006.54 ✓
BBS	SJBSASRG	01	N	A0303000	X0000G01	55EL	474		GA		BPCNPLX	6612/0000/	BACCR	1.0000000	-257,490.92 ✓
BBS	SJBSASRK	01	N	A0303000	X0000K01	55EL	474		KY		BPCNPLX	6612/0000/	BACCR	1.0000000	-59,414.10 ✓
BBS	SJBSASRL	01	N	A0303000	X0000L01	55EL	474		LA		BPCNPLX	6612/0000/	BACCR	1.0000000	-200,166.54 ✓
BBS	SJBSASRM	01	N	A0303000	X0000M01	55EL	474		MS		BPCNPLX	6612/0000/	BACCR	1.0000000	-65,299.77 ✓
BBS	SJBSASRN	01	N	A0303000	X0000N01	55EL	474		NC		BPCNPLX	6612/0000/	BACCR	1.0000000	-305,839.41 ✓
BBS	SJBSASRS	01	N	A0303000	X0000S01	55EL	474		SC		BPCNPLX	6612/0000/	BACCR	1.0000000	-219,711.72 ✓
BBS	SJBSASRT	01	N	A0303000	X0000T01	55EL	474		TN		BPCNPLX	6612/0000/	BACCR	1.0000000	-124,118.08 ✓
BBS	SJBSCSMG	01	N	A0303000	X0000G01	55EP99	474		GA		BPCNPLX	6612/0000/	BACCR	1.0000000	-3,000.20 ✓
BBS	SJBSCSRFB	01	N	A0303000	X0000F01	55EP	474		FL		BPCNPLX	6612/0000/	BACCR	1.0000000	-344,622.95 ✓
BBS	SJBSCSRG	01	N	A0303000	X0000G01	55EP	474		GA		BPCNPLX	6612/0000/	BACCR	1.0000000	-114,007.61 ✓
BBS	SJBSCSRM	01	N	A0303000	X0000M01	55EP	474		NC		BPCNPLX	6612/0000/	BACCR	1.0000000	-12,897.91 ✓
BBS	SJBSCSRS	01	N	A0303000	X0000S01	55EP	474		SC		BPCNPLX	6612/0000/	BACCR	1.0000000	-80,396.98 ✓
BBS	SJBSFGNK	01	N	A0303000	X0000K01	55ES99	474		KY		BPCNPLX	6612/0000/	BACCR	1.0000000	-488.23 ✓
BBS	SJBSFGRA	01	N	A0303000	X0000A01	55ES	474		AL		BPCNPLX	6612/0000/	BACCR	1.0000000	-66,887.51 ✓
BBS	SJBSFGRF	01	N	A0303000	X0000F01	55ES	474		FL		BPCNPLX	6612/0000/	BACCR	1.0000000	-70,507.85 ✓
BBS	SJBSFGRG	01	N	A0303000	X0000G01	55ES	474		GA		BPCNPLX	6612/0000/	BACCR	1.0000000	-10,941.36 ✓

WALTER LATHAM COMPANY (708) 45-8787

13
12
11
9

MONTHLY STATEMENT BILLING ACCRUALS

FORM WP-2951

IN COMP	IN PROJECT	PEC	RCC	ACCOUNT	FC	EC	AUTHORITY	EXTC	FSUB	REC ID	SOURCE CL SEG	SERIAL NUMBER	AMOUNT	
BBS	SJAPMNP	1	X0Q01000	66110000	060099	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120833174	\$4,088.60
BBS	SJAPMNP	20	X0Q01000	66110000	060099	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94121640460	\$9,934.43
BBS	SJAPMNP	40	X0Q01000	66110000	060099	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120787183	\$4,101.65
BBS	SJAPMNP	5	X0Q01000	66110000	060099	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120540159	\$2,122.59
BBS	SJAPMNP	50	X0Q01000	66110000	060099	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120666581	\$2,775.03
BBS	SJAPMNP	6	X0Q01000	66110000	060099	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120816089	\$4,314.70
BBS	SJAPMNP	7	X0Q01000	66110000	060099	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120613116	\$2,240.03
BBS	SJAPMNP	70	X0Q01000	66110000	060099	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94121343521	\$9,290.69
BBS	SJAPMNP	8	X0Q01000	66110000	060099	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120852035	\$4,627.95
BBS	SJAPMNH	1	X0Q99000	66110000	060099	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120833181	\$416.12
BBS	SJAPMNH	20	X0Q99000	66110000	060099	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94121640475	\$1,011.07
BBS	SJAPMNH	40	X0Q99000	66110000	060099	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120787190	\$417.44
BBS	SJAPMNH	5	X0Q99000	66110000	060099	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120540166	\$216.03
BBS	SJAPMNH	50	X0Q99000	66110000	060099	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120666588	\$282.42
BBS	SJAPMNH	6	X0Q99000	66110000	060099	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120816096	\$439.13
BBS	SJAPMNH	7	X0Q99000	66110000	060099	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120613123	\$227.98
BBS	SJAPMNH	70	X0Q99000	66110000	060099	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94121343528	\$945.56
BBS	SJAPMNH	8	X0Q99000	66110000	060099	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120852042	\$471.01
BBS	SJAPMNH	1	X0Q99000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120833179	\$45,154.45
BBS	SJAPMNH	20	X0Q99000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94121640473	\$109,715.72
BBS	SJAPMNH	40	X0Q99000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120787188	\$45,298.56
BBS	SJAPMNH	5	X0Q99000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120540164	\$23,461.09
BBS	SJAPMNH	50	X0Q99000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120666586	\$30,647.39
BBS	SJAPMNH	6	X0Q99000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120816094	\$47,652.36
BBS	SJAPMNH	7	X0Q99000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120613121	\$24,738.88
BBS	SJAPMNH	70	X0Q99000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94121343526	\$102,606.29
BBS	SJAPMNH	8	X0Q99000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120852040	\$51,111.00
BBS	SJAPMNH	1	X0Q01000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120833172	\$65,140.96
BBS	SJAPMNH	20	X0Q01000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94121640466	\$150,270.67
BBS	SJAPMNH	40	X0Q01000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120787181	\$65,348.86
BBS	SJAPMNH	5	X0Q01000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120540157	\$33,017.06
BBS	SJAPMNH	50	X0Q01000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120666579	\$44,212.69
BBS	SJAPMNH	6	X0Q01000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120816087	\$60,744.50
BBS	SJAPMNH	7	X0Q01000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120613114	\$35,608.93
BBS	SJAPMNH	70	X0Q01000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94121343519	\$148,022.43
BBS	SJAPMNH	8	X0Q01000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120852033	\$73,734.02
BBS	SJAPMNH	1	X0Q01000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120833170	\$37,014.78
BBS	SJAPMNH	20	X0Q01000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94121640464	\$89,938.04
BBS	SJAPMNH	40	X0Q01000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120787179	\$37,132.91
BBS	SJAPMNH	5	X0Q01000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120540155	\$19,216.18
BBS	SJAPMNH	50	X0Q01000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120666577	\$25,122.00
BBS	SJAPMNH	6	X0Q01000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120816085	\$39,062.40
BBS	SJAPMNH	7	X0Q01000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120613112	\$20,279.37
BBS	SJAPMNH	70	X0Q01000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94121343517	\$84,110.18
BBS	SJAPMNH	8	X0Q01000	66110000	0600	0	BPCNPLX	HC1	M	19A0	ATH	BACCR 01	94120852031	\$41,097.58

NOTICE: NOT FOR USE/DISCLOSURE OUTSIDE BELLSOUTH EXCEPT UNDER WRITTEN AGREEMENT

8/10/1995

888
Acct 6611
Item 285

R6 10/15/95

Item 285

Part of the documentation is a payable to BCI,
the other part of the documentation is a Sap payable
to BBS. See Tommy Messier's BET
became BBS. They are one and the same.

The BBS documentation showed it is for
Product Mgmt Support - Common. Item 291
is for Product Mgmt Support - Common. See
that item for explanation.

Item 285 is on $\frac{44-6}{1-10}$
1

~~44-6~~
 $\frac{44-6}{1-10}$

ABC

Florida FPSC Audit of 1994 Surveillance Report

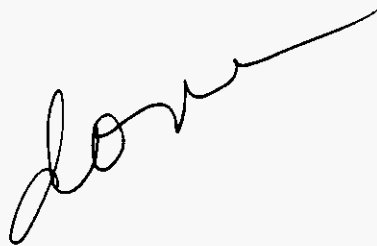
Request No. 56

Sampled Item Number: 285

Sampled: Account: 6611.0000
Amount: \$183,799.44

Supporting Documentation: Forms

Amount	\$804,726.08
Prorate 16	
FL Rate	<u>.2284000</u>
FL Amount	\$183,799.44



YR MO SERIAL PT CLASS SPI MBE STAT SI SE EDIT CERT.
 4 L8873

 A. PAEE'S NAME AND ADDRESS B. CONTRACT AND LEASE DATA
 NUMBER: 011040087 MBE: N
 SELL SOUTH COMMUNICATIONS INC TRANSACTION COVERED BY CONTRACT: NO
 SPENDA DONALD ASST TREASURER CONTRACT NUMBER:
 RM 151
 0700 COLONNADE SWY TRANSACTION COVERED BY LEASE: NO
 BIRMINGHAM AL 35243 LEASE IDENTIFICATION:

C. SPECIAL HANDLING INSTRUCTIONS: PLEASE ACH ON 07/28/94.
 SOUTHTRUST BANK OF BIRMINGHAM ACCT. # 83988542

DRAFT TO BE PICKED UP BY: APPROVED:

I HEREBY CERTIFY THAT ITEMS, AMOUNTS, AND EXPLANATIONS HEREIN LISTED OR ATTACHED ARE CORRECT AND DUE FROM THE COMPANY

D. CERTIFICATION: E. APPROVAL: AMOUNT -> 33721,156.4
 DATE 7-8-94 DATE 7-14-94
 TITLE: MANAGER TITLE: PRESIDENT
 NAME: JONES, NATHANIEL NAME: DRUMMOND, J A
 SSN: TN: 205-977-1567 SSN:
 DEPT: DEPARTMENT CODE YC LEVEL:
 RC-Q: YOB21100 GLC: 10046 DELEGATED APPROVER'S SSN:

F. LIST ALL INVOICES

INV DATE	DUE DATE	EXTC	AMOUNT	INVOICE NUMBER
06/28/94	07/28/94		33720904.44	054001 001698
		VC:	TA:	TB:
06/28/94	07/28/94		252.00	054002 001699
		VC:	TA:	TB:

G. CLASSIFICATION DATA

EXTC	AMOUNT	FRC	FC/EC	RC-C	GLC	AUTH.	BIL
001 CY1	33721156.44		5D35 /	OXX00000			H
SL:	S2:		VC:	TA:	TB:		0.0

(2)

H. EXPLANATION OF EXPENSES

DATE	AMOUNT	EXPLANATION
07 05 94	33729904.44	FOR SERVICES RENDERED FOR THE MONTH OF MAY, 94.
07 06 94	252.00	GOODWILL CUSTOMER ADJUSTMENT RELATED TO NETWORK PROBLEMS.

I. CONCURRED (BY DEPT CHARGED IF DIFFERENT FROM DEPT INCURRING EXPENSE)

RC-C	AMOUNT	RC-C	AMOUNT	RC-C	AMOUNT
SIGNATURE	DATE	SIGNATURE	DATE	SIGNATURE	DATE
RC-C	AMOUNT	RC-C	AMOUNT	RC-C	AMOUNT
GNATURE	DATE	SIGNATURE	DATE	SIGNATURE	DATE

3

2

INVOICE

BELLSOUTH TELECOMMUNICATIONS Date: 6/28/94 ATTN: Rosemary Parker Room 682 3700 Colonnade Parkway Birmingham, AL 35243	
Make Payable To: BellSouth Business Systems, Inc	
Remit To Address: Brenda Donald/Asst Treasurer 1G1 3700 Colonnade Pkwy Birmingham, AL 35243	
IF any inquiries, please contact Sandra Haran (205) 985-8884 Associate Mgr-Accounting Services BellSouth Business Systems, Inc 3000 Riverchase Galleria, Suite 1250 Birmingham, AL 35244	
BILL NO: 054 001	
TO BILL YOU FOR THE FOLLOWING:	
FOR SERVICES RENDERED FOR THE MONTH MAY 1994 SEE ATTACHED DETAILS	\$39,720,904.44
PLEASE REMIT BY WIRE TRANSFER	
NET AMOUNT DUE IN 30 DAYS	
TOTAL AMOUNT DUE	\$39,720,904.44

4

STAPMSCH

	ND	AL	FL	GA	KY	LA	MS	NC	SC	TN	TOTAL
A. Product Management - 001											
1. Product Management - Regulated Products (M)	1,170,701.00										1,170,701.00
2. Product Management - Non-Regulated Products (M)	17,135.00										17,135.00
3. Product Mgt. Support - Common	804,728.00										804,728.00
4. Product Management Overhead - Regulated	893,101.30										893,101.30
5. Product Management Overhead - Non-Regulated	2,908.14										2,908.14
6. Separations - Span of Control	0.00										0.00
7. Separations - Complete Business	0.00										0.00
8. Separations - Business Office Sales	0.00										0.00
Sub-Total Product Management - 001	2,867,734.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,867,734.00
B. Sales - 012											
1. National Accounts - Regulated		43,339.67	287,210.10	486,888.77	61,651.31	65,127.83	22,111.30	476,481.18	22,772.72	150,387.30	1,554,328.44
2. National Accounts - Non-Regulated		0.00	0.00	4,889.71	1,288.91	0.00	0.00	0.00	0.00	0.00	6,178.72
3. Customer Relations - Regulated		0.00	294,189.87	118,874.77	0.00	0.00	0.00	0.00	0.00	0.00	348,744.84
4. Customer Relations - Non-Regulated		0.00	1,284.10	2,289.27	0.00	0.00	0.00	0.00	0.00	0.00	3,493.48
5. Single-vendor/State Sales - Regulated		887,118.00	2,834,008.00	1,789,888.70	618,710.00	1,882,984.87	388,688.00	784,787.80	267,121.77	1,273,881.00	8,677,313.47
6. Single-vendor/State Sales - Non-Regulated		14,882.21	12,889.89	8,887.87	3,788.87	7,245.88	12,284.88	2,885.10	2,887.70	6,882.88	80,882.10
7. Sales Implementation - Regulated		188,788.70	648,710.00	658,881.14	78,889.89	287,288.89	88,878.88	617,889.88	188,847.88	354,511.31	2,884,888.88
8. Sales Implementation - Non-Regulated		7,888.49	1,489.71	6,874.94	888.88	1,888.48	4,848.21	8,889.78	5,211.21	14,225.00	33,741.28
9. Federal Government - Regulated		188,885.84	188,178.78	128,178.78	12,888.72	84,288.88	84,287.75	8,888.88	188,888.88	178,529.50	884,888.49
10. Federal Government - Non-Regulated		1,878.41	0.00	2,888.88	0.00	0.00	0.00	0.00	0.00	1,840.42	6,246.46
11. ADP Sales/Commissions - Regulated		28,711.88	77,798.88	88,888.88	18,788.10	38,888.11	17,284.42	28,188.84	23,788.88	32,831.84	317,888.72
12. ADP Sales/Commissions - Non-Regulated		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13. Sales Overhead - Regulated	6,848,888.88										6,848,888.88
14. Sales Overhead - Non-Regulated	81,287.42										81,287.42
15. Separations - Span of Control	0.00										0.00
16. Separations - Complete Business	0.00										0.00
17. Separations - Business Office Sales	0.00										0.00
Sub-Total Sales - 012	6,848,888.88	1,384,881.88	8,710,788.88	8,144,881.88	878,888.88	1,844,888.88	688,188.18	1,888,881.14	887,287.18	2,088,888.31	22,084,888.88

2025 RELEASE UNDER E.O. 14176

FOR MAY, 1984

BILLING FROM BELLBOUR BUSINESS SYSTEMS TO BELLBOUR TELECOMMUNICATIONS

	NO	A	FL	GA	RY	LA	MS	MC	SC	TN	TOTAL
2. Product Advertising - BNA	20,000.70	27,274.10	129,074.07	65,140.42	31,200.91	19,700.30	54,000.00	54,000.00	54,000.00	48,000.00	754,100.40
1. Product Advertising - Regulated Products (A)	10,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,000.00
2. Product Advertising - Non-Regulated Products (B)	10,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,000.00
3. Media Advertising - Other - Common	10,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,000.00
4. Media Advertising - Informa-Common	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. General Advertising (Regulated) - Credit	20,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,000.00
6. General Advertising - Self Checks	20,110.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,110.00
7. Advertising Circuits - Regulated	20,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,000.00
8. Advertising Circuits - Non-Regulated	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9. Signatures - Spots of Content	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10. Signatures - Complete Stations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11. Signatures - Business Office Rates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-Total Product Advertising - BNA	60,000.70	27,274.10	129,074.07	65,140.42	31,200.91	19,700.30	54,000.00	54,000.00	54,000.00	48,000.00	1,125,200.00
3. Customer Services - BNA											
1. Vendor Service Center (VSC) - Regulated Products (A)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Vendor Service Center (VSC) - Non-Regulated Products (B)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Vendor Service Center (VSC) - Common	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Vendor Order Entry - Common	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Account Inquiries - Subscribers - Common	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. Demand Reply Operations - Common	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7. Personnel for Phone Use	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8. Personnel for Phone Use	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9. Personnel for Phone Use	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10. Information Advertising - Regulated Products (A)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11. Information Advertising - Non-Regulated Products (B)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12. Information Advertising - Common	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13. BNA - Service Order Entry	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14. BNA - Account Inquiries - Common	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15. BNA - Account Inquiries - Common	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
16. BNA - Account Inquiries	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17. BNA - CSE/EC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18. BNA - CSE/EC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19. BNA - VSC Inquiries - Common	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
20. Customer Service Circuits - Regulated	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
21. Customer Service Circuits - Non-Regulated	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
22. Signatures - Spots of Content	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23. Signatures - Complete Stations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
24. Signatures - Business Office Rates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-Total Customer Services - BNA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	60,000.70	27,274.10	129,074.07	65,140.42	31,200.91	19,700.30	54,000.00	54,000.00	54,000.00	48,000.00	1,125,200.00

* Product for General Customer Adjustment Related to Accounts which were billed on separate bills to BellSouth Telecommunications in May, 1984. The amount of \$1,125,200.00 is the amount of the adjustment. Also increased MC by \$1,125,200.00 and increased SC by \$1,125,200.00 to correct adjustment from April 1984 which was changed to MC instead of SC previously.

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BILLS FROM BELLOUTH MEMBERS AREAS TO BELLOUTH TELECOMMUNICATIONS

6209411 26 MAY

MEM	AL	FL	GA	TX	LA	MS	NC	SC	TN	TOTAL
E. Research & Development - 077										
1. Research Center (RC)	0.00									0.00
2. R&D Overhead - Rutherford	0.00									0.00
3. R&D Overhead - Rutherford	0.00									0.00
Sub Total Research & Development - 077	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
F. Other General & Administrative - 078000										
1. Other General - Other Countries, MSP, ESI	24,700.20									24,700.20
2. Other Countries Overhead - Rutherford	24,000.00									24,000.00
3. Other Countries Overhead - Rutherford	1,400.00									1,400.00
4. Supplies - Other of Other	0.00									0.00
5. Supplies - Capital Expend	0.00									0.00
6. Supplies - Business Office Equip	0.00									0.00
Sub Total Other General & Administrative - 078000	49,700.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	49,700.20
G. Plant Overhead - Rutherford Total Expense										
1. Plant Overhead - Administrative Expense - Other	20,400.00									20,400.00
2. Facility Expense - Other	18,400.00									18,400.00
3. Facility Expense - Rutherford	2,000.00									2,000.00
4. Plant Overhead - Rutherford	6,000.00									6,000.00
Sub Total Plant Overhead - Rutherford Total Expense	46,800.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	46,800.00
H. Plant Overhead - Administrative Expense - Other										
1. Plant Overhead - Administrative Expense - Other	20,400.00									20,400.00
2. Facility Expense - Other	18,400.00									18,400.00
3. Facility Expense - Rutherford	2,000.00									2,000.00
4. Plant Overhead - Rutherford	6,000.00									6,000.00
Sub Total Plant Overhead - Administrative Expense - Other	46,800.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	46,800.00
I. Engineering Expense - 079000										
1. Engineering Expense - Other	10,000.00									10,000.00
2. Engineering Overhead - Rutherford	21,000.00									21,000.00
3. Engineering Overhead - Rutherford	10,000.00									10,000.00
4. Plant Overhead - Rutherford	6,000.00									6,000.00
Sub Total Engineering Expense - 079000	47,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	47,000.00
J. Grand Total	120,700.20	120,700.20	120,700.20	120,700.20	120,700.20	120,700.20	120,700.20	120,700.20	120,700.20	120,700.20

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06-26-84 01:15PM F004 B13

1 3534

6/20/77 11:28 AM

BILLING FROM BELLSOUTH BUSINESS SYSTEMS TO BELLSOUTH TELECOMMUNICATIONS

FOR MAY, 1977

	MO	AL	FL	GA	RT	LA	MS	SC	TN	TOTAL
BILLING BEFORE TAX					100.00					100.00
FOR RETURN										
TAXES										
TOTAL TAXES										
TOTAL (0)										
TOTAL BILLING					100.00					100.00

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IN COMP	IN PROJECT	PEC	RCC	ACCOUNT	FC	EC	AUTH	ENTC	FSUB	FINAL REC ID	ORIGINAL SOURCE CL	SERIAL SEG	NUMBER	AMOUNT
BBS	SJAPNRP	0	X0001000	66110000	0600	0	BPCNPLX	NC1 N	19A0	ATH	AFFBL	01	94060022033	125,520.28
TOTAL FOR IN PROJECT													01,179,701.06	
BBS	SJAPMSCH	1	X0001000	66110000	0600	0	BPCNPLX	NC1 N	19A0	ATH	AFFBL	01	94060060240	75,644.25
		20	X0001000	66110000	0600	0	BPCNPLX	NC1 N	19A0	ATH	AFFBL	01	94061306741	103,799.44
		40	X0001000	66110000	0600	0	BPCNPLX	NC1 N	19A0	ATH	AFFBL	01	94060770150	75,805.67
		5	X0001000	66110000	0600	0	BPCNPLX	NC1 N	19A0	ATH	AFFBL	01	94060400109	39,270.63
		50	X0001000	66110000	0600	0	BPCNPLX	NC1 N	19A0	ATH	AFFBL	01	94060611201	51,341.53
		6	X0001000	66110000	0600	0	BPCNPLX	NC1 N	19A0	ATH	AFFBL	01	94060704631	79,020.03
		7	X0001000	66110000	0600	0	BPCNPLX	NC1 N	19A0	ATH	AFFBL	01	94060611601	41,443.39
		70	X0001000	66110000	0600	0	BPCNPLX	NC1 N	19A0	ATH	AFFBL	01	94061255102	171,009.49
		8	X0001000	66110000	0600	0	BPCNPLX	NC1 N	19A0	ATH	AFFBL	01	94060022032	05,622.05
TOTAL FOR IN PROJECT													0004,726.00	
BBS	SJBSASRA	1	X0000A01	66120000	55EL	0	BPCNPLX	474 N	1900	ATH	AFFBL	01	94060067027	20,711.50
TOTAL FOR IN PROJECT													020,711.50	
BBS	SJBSASRF	20	X0000F01	66120000	55EL	0	BPCNPLX	474 N	1900	ATH	AFFBL	01	94061393524	77,700.06
TOTAL FOR IN PROJECT													077,700.06	
BBS	SJBSASRG	70	X0000G01	66120000	55EL	0	BPCNPLX	474 N	1900	ATH	AFFBL	01	94061261903	59,392.92
TOTAL FOR IN PROJECT													059,392.92	
BBS	SJBSASRK	5	X0000K01	66120000	55EL	0	BPCNPLX	474 N	1900	ATH	AFFBL	01	94060404969	10,720.10
TOTAL FOR IN PROJECT													010,720.10	
BBS	SJBSASRL	6	X0000L01	66120000	55EL	0	BPCNPLX	474 N	1900	ATH	AFFBL	01	94060791410	39,066.11
TOTAL FOR IN PROJECT													039,066.11	
BBS	SJBSASRN	7	X0000N01	66120000	55EL	0	BPCNPLX	474 N	1900	ATH	AFFBL	01	94060610514	17,354.42

NOTICE: NOT FOR USE/DISCLOSURE OUTSIDE BELLSOUTH EXCEPT UNDER WRITTEN AGREEMENT

WALTER LATHAM COMPANY
 (701) 255-9375

44-5
 1-11

ACCT 6611

10/18/95

SOUTHERN BELL SAMPLE SELECTION, 1994 DETAIL*
ACCT 6612-0000 ALL ITEMS GT \$900.000

REPORT SECTION 1 OF 2 (PROGRAM PYCO) EDP-AFAD
SERIAL # | REC ID | SOR | GEO-CODE | RSPORG | RSPORG | AUTHORIZA | AUTH #2 | PK-CTL-D | REF # | OPT | JOURNAL ACCOUNT # | 100 CHARACTERS
T Y R
H T P M

SERIAL #	REC ID	SOR	GEO-CODE	RSPORG	RSPORG	AUTHORIZA	AUTH #2	PK-CTL-D	REF #	OPT	JOURNAL ACCOUNT #	100 CHARACTERS	
9401789639	ATH	ATSD	3 A	A0308000	FF000000					0 0	66120000	AFFBL	BBS SJROOFL 01
9401789659	ATH	ATSD	3 A	A0308000	X0000F01	BPCNPLX				0 0	66120000	BACCR	BBS SJBSSTRF 01
94021327264	ATH	ATHA	3 A 30000	A0308000	X0099000	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
94021327265	ATH	ATHA	3 A 30000	A0308000	X0099000	BPCNPLX				0 0	66120000	BACCR	BBS SJBSSTRF 01
94021329412	ATH	ATSD	3 A	A0308000	X0000F01	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
94021329414	ATH	ATSD	3 A	A0308000	X0000F01	BPCNPLX				0 0	66120000	BACCR	BBS SJBSSTRF 01
94031063378	ATH	ATHA	3 A 30000	A0308000	X0099000	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
94031064535	ATH	ATSD	3 A	A0308000	X0000F01	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
94041337472	ATH	ATHA	3 A 30000	A0308000	X0099000	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
94041339846	ATH	ATSD	3 A	A0308000	X0000F01	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
94051359703	ATH	ATHA	3 A 30000	A0308000	X0099000	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
94051360824	ATH	ATSD	3 A	A0308000	X0000F01	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
94061392151	ATH	ATHA	3 A 30000	A0308000	X0099000	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
94061393530	ATH	ATSD	3 A	A0308000	X0000F01	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
94071036710	ATH	ATHA	3 A 30000	A0308000	X0099000	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
94071036949	ATH	ATSD	3 A	A0308000	X0000F01	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
94081489739	ATH	ATHA	3 A 30000	A0308000	X0099000	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
94081489763	ATH	ATSD	3 A	A0308000	X0000F01	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
94081489767	ATH	ATSD	3 A	A0308000	X0000F01	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
94091519209	ATH	ATHA	3 A 30000	A0308000	X0099000	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
94091520926	ATH	ATSD	3 A	A0308000	X0000F01	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
94091520930	ATH	ATSD	3 A	A0308000	X0000F01	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
9410 953208	ATH	ATHA	3 A 30000	A0303000	X0099000	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
9410 954372	ATH	ATSD	3 A	A0303000	X0000F01	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
9410 954376	ATH	ATSD	3 A	A0303000	X0000F01	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
94111687889	ATH	ATHA	3 A 30000	A0303000	X0099000	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
94111689480	ATH	ATSD	3 A	A0303000	X0000F01	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
94111689484	ATH	ATSD	3 A	A0303000	X0000F01	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
94121652086	ATH	ATSD	3 A	A0303000	X0000F01	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
94121652094	ATH	ATSD	3 A	A0303000	X0000F01	BPCNPLX				0 0	66120000	AFFBL	BBS SJBSSTRF 01
COUNT			30										

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SOUTHERN BELL SAMPLE SELECTION, 1994 DETAIL*
 ACCT 6612-0000 ALL ITEMS GT \$900.000
 REPORT SECTION 2 OF 2 (PROGRAM PWC01 EDP-AFAD)

SERIAL #	PROD-ID	BIL	PR	MAT-CODE	SOCIAL #	REQ NUMB	FUNC	JOB	IN EXP	AMOUNT	GENERAL
		ORG						FUNC	DX TYPE	OCCURS 01	LEDGER
		SOR	TY								AMOUNT
9401 789839							55EH		1 474 M	4,936,747.28	4,936,747.28 139
9401 789859							55EQ		1 474 M	9,581,000.00	9,581,000.00
94021327264							55ET		1 NC1 M	1,150,103.57	1,150,103.57 140
94021327265							55ET		1 NC1 M	1,150,103.57	1,150,103.57 141
94021329412							55EQ		1 474 M	3,234,925.68	3,234,925.68 142
94021329414							55EQ		1 474 M	3,234,925.68	3,234,925.68 143
94031063378							55ET		1 NC1 M	978,984.40	978,984.40 144
94031064535							55EQ		1 474 M	2,282,101.13	2,282,101.13 145
94041337472							55ET		1 NC1 M	1,021,184.39	1,021,184.39 146
94041339846							55EQ		1 474 M	2,611,440.14	2,611,440.14 147
94051359703							55ET		1 NC1 M	1,092,670.07	1,092,670.07 148
94051360824							55EQ		1 474 M	2,697,474.54	2,697,474.54 149
94061392151							55ET		1 NC1 M	1,483,338.16	1,483,338.16 150
94061393530							55EQ		1 474 M	2,516,990.12	2,516,990.12 151
94071036710							55ET		1 NC1 M	1,104,121.95	1,104,121.95 152
94071036949							55EQ		1 474 M	2,703,099.02	2,703,099.02 153
94081489739							55ET		1 NC1 M	1,243,607.18	1,243,607.18 154
94081489763							55EQ		1 474 M	2,116,437.38	2,116,437.38 155
94081489767							55ER		1 474 M	987,107.45	987,107.45 156
94091519209							55ET		1 NC1 M	1,135,182.55	1,135,182.55 157
94091520926							55EQ		1 474 M	2,395,892.61	2,395,892.61 158
94091520930							55ER		1 474 M	1,009,438.13	1,009,438.13 159
9410 953208							55ET		1 NC1 M	1,192,284.36	1,192,284.36 160
9410 954372							55EQ		1 474 M	1,940,264.42	1,940,264.42 161
9410 954376							55ER		1 474 M	902,676.55	902,676.55 162
94111687809							55ET		1 NC1 M	918,862.78	918,862.78 163
94111689480							55EQ		1 474 M	2,079,917.43	2,079,917.43 164
94111689484							55ER		1 474 M	924,448.32	924,448.32 165
94121652086							55EQ		1 474 M	2,377,604.84	2,377,604.84 166
94121652094							55ER		1 474 M	1,047,373.28	1,047,373.28 167

* Accrual

08/22/95 PAGE 1

SOUTHERN BELL SAMPLE SELECTION, 1994 DETAIL*
 ACCT 6612-0000 ALL ITEMS LT <\$-900,000>
 REPORT SECTION 1 OF 2 (PROGRAM PVCO1 EDP-AFAD)

SERIAL #	REC ID	SOR	GEO-CODE	RSPORG	RSPCHG	AUTHORZA	AUTH #2	PK-CTL-D	REF #	O P T T	JOURNAL ACCOUNT #	100 CHARACTERS		SOURCE DATA
										T R Y R				
										H T P N				
9401 789841	ATH	ATSD	3 A	A0308000	FF000000						66120000	BACCR	BBS S.JROOFL 01	0
94021023239	ATH	ATSD	3 A	A0308000	X0000F01	BPCNPLX					66120000	BACCR	BBS S.JBSSHPF 01	0
94121652088	ATH	ATSD	3 A	A0303000	X0000F01	BPCNPLX					66120000	BACCR	BBS S.JBSSHPF 01	0
COUNT			3											

PAGE 1

SOUTHERN BELL SAMPLE SELECTION, 1994 DETAIL*
 ACCT 6612-0000 ALL ITEMS LT <\$-900,000>
 REPORT SECTION 2 OF 2 (PROGRAM PVCO1 EDP-AFAD)

SERIAL #	PROD-ID	BIL ORG	PR TY	MAT-CODE	SOCIAL #	REQ NUMB	FUNC	JOB FUNC	IN EXP OR TYPE	AMOUNT OCCURS 01	EXP TYPE	AMOUNT OCCURS 02	EXP TYPE	AMOUNT OCCURS 03	EXP TYPE	AMOUNT OCCURS 04	GENERAL LEDGER AMOUNT
9401 789841									55EN	1 474 M	5,674,000.00- n^T?	.00	T19	.00		.00	5,674,000.00- 168
94021023239									55EQ	1 474 M	3,581,000.00- CQ7 1	.12	CQ8 2	.03		.16	3,581,000.00-
94121652088									55EQ	1 474 M	1,053,325.01- CQ7 1	.09	CQ8 2	.03		.08	1,053,325.01- 169

8282

SBP

W 10/20/95
R 10/19/95

Qu #6612

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Note: According to SBP answer to our request
 $\frac{7-2}{5-3}$ the increase in tag quantities
 due to increased sales + it will increase
 in tag count + pay increases. See if there
 is evidence of this in sample
 could not tell from sample the increased sales

NY-7

COMPANY: BST
 TITLE: SAMPLE 6612
 TEST YEAR: TYE 12/31/94
 DATE: SEPT 13, 1995
 AUDITOR: RKY/GL/RG
 WP NO: 44-7/1

10/21/95

ITEM NO.	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Vendor	DESCRIPTION OF SAMPLED ITEMS
139	6612 55eh		4,936,747.28 X	x	x	x	x	x	?	N/A	Bellsouth Communications inc.	December Charges, Sales, Gov't Compliance Inforum and NSEP Marketing Services
												<p>139 Total invoice \$24,245,506.61. How did you determine that \$23,971,544.75 went to regulated all other and then how did you determine that \$5,413,897 went to Florida? Per Company: wp no 44-7/4, p1 All other was \$19,558,414 not \$23,971,544.75. BBS billing to BST is on a fully distributed cost (FDC) basis. For sales services rendered prior to 1994, BBS billed BST for regulated sales in four areas: Reg-National Accounts, Reg-ASR Staff, Reg-ASR Commissions and Reg-All Other. These four line items included both direct cost and overhead cost, as the need to segregate cost between direct and overhead to facilitate comparison of customer Operation Units (COUs) in downstream BSt systems did not exist prior to 1994. The amounts on the sales bill Reg-All other line were derived by aggregating costs in Sales Vice President (SVP) cost pools and using customer productive hours of the sales force from that SVP to allocate costs to affiliates, states and between regulated and nonregulated operations. Customer productive hours were derived from a statistically valid sampling/interviewing process. Scope limitation: BBS is doing the allocation to affiliates, states and between regulated and nonregulated based on their own process of allocation. Staff is not auditing this allocation because it's outside of the scope of this audit.</p>
140	6612 55Et CP5SP11		1,150,103.57 x	x	x	x	x	x	?	x	BellSouth Business Systems	Services rendered January 94 Sales OH regulated.
												<p>140 Total invoice \$32,179,128.40. How did they determine that \$4,923,388.56 was allocated to Overhead regulated and and What are the overheads from BellSouth Business Systems.</p>

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COMPANY
TITLE
TEST YEAR
DATE
AUDITOR
WP NO:

BST
SAMPLE 6612
TVE 12/31/94
SEPT 13, 1995
RKY/GL/RG
44-7/1

ITEM NO	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Vendor	DESCRIPTION OF SAMPLED ITEMS
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Sales Overheads are split between reg and non reg based on complex business prior months percentage of reg/nonreg total costs for account 6612 - sales - in BST CSS/PPS. PerAB01 55ei goes to costpool 5, sp11. WP 44-7/4p1

Scope Limit:

We were able to determine the types of items in overhead charges (below), but we did not audit individual charges that comprise overhead at BBS. At the time we got this information, time limits precluded us from getting the back up of how the company calculated the % to go into this Cost pool. So we did not trace to reg nonreg % report.

The following items are considered indirect overhead and may be included on the various Part 32 overhead lines;

- Costs incurred by overhead Line Organizations:
- Rent
- Utilities
- Other Occupancy costs
- Official Communications
- Printing, postage
- Legal
- Supplies
- Courier services
- General Management
- Training Education
- Loading for costs from other organizations:
- BST, BBS, BellSouth Corporation corporate services
- Insurance (other than employee benefits)
- Ad Valorem, Franchise, Business Taxes
- Return on Investment
- Auditing, Voucher/Payroll processing
- Accounting/Finance/Treasury functions
- Human resources/Planning/Procurement functions
- Executive functions

WP 44-7/4p1

6612 55E1 1,150,103.57 x x x x x x x ? x BellSouth Business Systems
 Services rendered January 94
 Sales O'H regulated
 Accrual

COMPANY: BST
 TITLE: SAMPLE 6612
 TEST YEAR: TYE 12/31/94
 DATE: SEPT 13, 1995
 AUDITOR: RKY/GL/RG
 WP NO: 44-7/1

ITEM NO	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Vendor	DESCRIPTION OF SAMPLED ITEMS
<p>This is the accrual in Feb. for Jan and stays on the books for the whole year until Dec 94 when it is trued up. See WP no. 44-7/3 for Company Explanation. Item 169 below is the reversal of the accrual. See WP No. 44-7/3 for documentation of reversal.</p>												
142	6612 55EQ		3,234,925.68	x	x	x	x	x	?	x	BellSouth Business Systems	Services rendered January 94 SingleState/MultiState Sales Regulated
<p>See item 139 for the scope limitation. The Single-state Multi-state sales force serve customers who have a presence in one or a few of the BellSouth nine states, but do not have a presence in all nine states or a national presence. See 44-7/4p2</p>												
143	6612 55EQ		3,234,925.68	x	x	x	x	x	?	x	BellSouth Business Systems	Services rendered January 94 SingleState/MultiState Sales Regulated Accrual
<p>This is the accrual in Feb. for Jan and stays on the books for the whole year until Dec 94 when it is trued up. See WP 44-7/3 for Company Explanation. As staff did not requests Dec 94 in our sample, we did not follow up.</p>												
144	6612 55et		978,984.40	x	x	x	x	x	?	x	BellSouth Business Systems	feb 94 Sales O'H regulated.
<p>Refer to Item 140 and wp 44-7/4p2.</p>												
145	6612 55eq		2,282,101.13	x	x	x	x	x	?	n/a	BellSouth Business Systems	Feb 94 SingleState/MultiState Sales Regulated
<p>See item 142 and wp 44-7/4p3.</p>												

COMPANY: BST
 TITLE: SAMPLE 6612
 TEST YEAR: TYE 12/31/94
 DATE: SEPT 13 1995
 AUDITOR: RKY/GL/RG
 WP NO: 44-7/1

ITEM NO. ACCOUNT FRC AMOUNT (1) (2) (3) (4) (5) (6) (7) Vendor DESCRIPTION OF SAMPLED ITEMS

146 6612 55et 1,021,184.39 x x x x x x x
 Refer to item 140 and wp 44-7/4p3
 BellSouth Business Systems
 March 94 Sales O/H regulated

147 6612 55eq 2,611,440.14 x x x x x x x
 Refer to item 42 and wp 44-7/4 p3.
 BellSouth Business Systems
 March 94 SingleState/MultiState Sales Regulated

148 6612 55et 1,092,670.07 x x x x x x x
 Refer to item 140 and wp 44-7/4p3
 BellSouth Business Systems
 April 94 Sales O/H Regulated

149 6612 55eq 2,697,474.54 x x x x x x x
 Refer to item 142 and 44-7/4p3.
 BellSouth Business Systems
 April 94 SingleState/MultiState Sales Regulated

150 6612 55et 1,483,338.16 x x x x x x x
 Refer to item 140 and wp 44-7/4p3
 BellSouth Business Systems
 May 94 Sales O/H regulated

151 6612 55eq 2,516,990.12 x x x x x x x
 Refer to item 142 and wp 44/7/4p4
 BellSouth Business Systems
 May 94 SingleState/MultiState Sales Regulated

152 6612 55et 1,104,121.95 x x x x x x x
 BellSouth Business Systems
 June 94 Sales O/H regulated

152
 Total invoice \$33,373,353.36. How did they determine that \$4,726,549.43 was allocated to Overhead regulated and What are the overheads from BellSouth Business Systems. Please refer to above response regarding item 140. and wp 44-7/4p4

DESCRIPTION OF SAMPLED ITEMS

COMPANY: BST
 TITLE: SAMPLE 6612
 TEST YEAR: TYE 12/31/94
 DATE: SEPT 13, 1995
 AUDITOR: RKY/GL/RG
 WP NO: 44-7/1

ITEM NO.	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Vendor	DESCRIPTION OF SAMPLED ITEMS
153	6612 55eq		2,603,099.02	x	x	x	x	x	?	n/a	Bellsouth Business Systems	June 94 SingleState/MultiState Sales Regulated
												153 Total invoice \$33,373,353.36. How did they determine that \$2,603,099.02 was allocated to Florida for SingleState/Multi State Sales Regulated from BellSouth Business Systems. What are SingleState/Multi State Sales? Explain. Please refer to above response regarding item 142. and wp 44-7/4p4
154	6612 55et		1,243,607.18	x	x	x	?	x	?	x	Bellsouth Business Systems	July 94 Sales O/H regulated
												154 Total invoice \$33,068,362.40. How did they determine that \$5,368,936 was allocated to Overhead regulated and and What are the overheads from BellSouth Business Systems. Please refer to above response to item 140. and wp 44-7/4p4
155	6612 55eq		2,116,437.38	x	x	x	x	x	?	n/a	Bellsouth Business Systems	July 94 SingleState/MultiState Sales Regulated
												155 Total invoice \$33,068,362.40. How did they determine that \$5,368,936 was allocated to Overhead regulated and and What are the overheads from BellSouth Business Systems. Please refer to above response regarding item 142. and wp 44-7/4p4
156	6612 55er		987,107.45	x	x	x	x	x	?	n/a	Bellsouth Business Systems	July 94 Sales Implementation Regulated
												156 Total invoice is \$33,068,362.40. How did they determine that 997,107.45 is Florida regulated? What types of charges constitute sales implementation? Per Company: The amount that is Florida regulated is \$987,107.45 not \$997,107.45. The implementation sales force is involved after an Account Executive generates a sale to follow up and make

5

COMPANY:
 TITLE:
 TEST YEAR:
 DATE:
 AUDITOR:
 WP NO:

BST
 SAMPLE 6612
 TYE 12/31/94
 SEPT 13, 1995
 RKY/GL/RG
 44-7/1

ITEM NO	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Vendor	DESCRIPTION OF SAMPLED ITEMS
				<p>sure that the service is delivered to the specification of and on the schedule of the customer. The implementation sales force works with customers to coordinate delivery of the purchased product or service. The implementation staff is only necessary for some of the more complex service offerings and is not involved in the sale of all services. See scope limitation for item 139. wp 44-7/4 p4.</p>								
157	6612 55et		1,135,182.55	x	x	x	x	x	?	x	Bellsouth Business Systems	August 94 Ssales O/H regulated
				<p>157 Total invoice \$31,522,322.40. How did they determine that \$4,859,514.32 was allocated to Overhead regulated and and What are the overheads from BellSouth Business Systems. Please see response to item 140. and wp 44-7/4p5</p>								
158	6612 55eq		2,395,892.61	x	x	x	x	x	?	n/a	BBS	August 94 SingleState/MultiState Sales Regulated
				<p>158 Total invoice \$31,522,322.40. How did they determine that 2,395,892.61 was allocated to Overhead regulated and and What are the overheads from BellSouth Business Systems. Please see response to item 142. and wp 44-7/4p5</p>								
159	6612 55er		1,009,438.13	x	x	x	x	x	?	n/a	BBS	August 94 Sales Implementation Regulated
				<p>159 Total invoice is \$31,522,322.40. How did they determine that 1,009,438 is Florida regulated? What types of charges constitute sales implementation? See item 156 and wp 44-7/4p5</p>								
160	6612 55et		1,192,284.36	x	x	x	x	x	?	x	BBs	Sept 94 Sales Overheads Regulated
				<p>160 Total invoice \$31,257,907.46. How did they determine that \$5,103,957.01 was allocated to</p>								

6

COMPANY: BST
 TITLE: SAMPLE 6612
 TEST YEAR: TYE 12/31/94
 DATE: SEPT 13, 1995
 AUDITOR: RKY/GL/RG
 WP NO.: 44-7/1

ITEM NO	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Vendor	DESCRIPTION OF SAMPLED ITEMS
				Overhead regulated and and What are the overheads from BellSouth Business Systems. See response to item 140 and 44-7/4p5								
161	6612 55eq		1,940,264.42	x	x	x	x	x	?	n/a	bbs	Sept 94 SingleState/MultiState Sales Regulated
				161 Total invoice \$31,257,907.46. How did they determine that 1,940,264.42 was allocated to Overhead regulated and and What are the overheads from BellSouth Business Systems. See response to item 142. and wp 44-7/4p6								
162	6612 55er		902,676.55	x	x	x	x	x	?	n/a	BBS	Sept 94 Sales Implementation Reg
				162 Total invoice is \$31,257,907.46. How did they determine that 902,676.55 is Florida regulated? What types of charges constitute sales implementation? See item 156. and wp 44-7/4p6								
163	6612 55et		918,862.78	x	x	x	x	x	?	x	BBs	Oct 94 Sales OH Regulated
				Refer to 140 and wp 44-7/4 p6.								
164	6612 55eq		2,079,917.43	x	x	x	x	x	?	x	BBS	October 1994 Single state multi state sales regulated
				Refer to item 142 and wp 44-7/4p6								
165	6612 55er		924,448.32	x	x	x	x	x	?	x	BBS	October 1994 Sales implementation regulated
				Refer to item 156 and wp 44-7/4p6								
166	6612 55eq		2,377,604.84	x	x	x	x	x	?	x	BBS	November 1994 Single state multi state sales regulated
				Refer to itme 44-7/4p6 and item 142								

NATIONAL FIDELITY COMPANY
 (708) 464-897

COMPANY: BST
 TITLE: SAMPLE 6612
 TEST YEAR: TYE 12/31/94
 DATE: SEPT 13, 1995
 AUDITOR: RKY/GL/RG
 WP NO: 44-7/1

ITEM NO	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Vendor	DESCRIPTION OF SAMPLED ITEMS
167	6612 55er		1,047,373.28	x	x	x	?	x	?	x	BBS	November 1994 Sales implementation regulated
				167 Total invoice \$31,952,176.45. How did they know that \$1,047,373.28 is directly allocated to Florida. Refer to item 156 and wp 44-7/4p7.								
168	6612 55eh		(5,674,000)	Reversal of the 1993 standing accrual for BCI in January's business. The sample did not include the accrual so cannot determine. Time too limited so did not request.								
169	6612 55eq		(1,053,325)	Revised estimate of the standing accrual for BBS billing to BST. This estimate replaces the standing accrual currently on the books which is \$32,179,128.40. Item 141 above. This increase of \$3,000,000 is primarily the result of unusually heavy spending for professional services and advertising. The new standing accrual of \$35,179,128.40 should be entered into December 1994 business. The new standing accrual was not part of our sample. We did not audit this.								

44-7/1

Southern Bell Telephone & Telegraph
 Sample
 NE 12/31/94
 WJ 12/20/95
 YL
 9/20/95

JOB FUNCTION CODE - SSEQ per CSS user guide
 up 45-7 goes to 6612 CPOI SPO4
 3

CPOI SPO4 - per CSS user guide part 10 is allocated based on hours reported by product at BBS. Staff requested the ratio % but an audit of how BBS calculated their ratios is not in our scope.

JOB FUNCTION CODE - SSEET per CSS user guide Part 9
 in 6612 CPOS SPO11

CPOS SPO11 - is directly assigned to regulated - non-regulated auditing. How BBS assigns it to reg/non-reg is not in the scope of this audit.

JOB FUNCTION CODE - SSEA per CSS user guide - allocated in the same way as JEC SSEQ. An audit of how BBS calculates their ratio is not in our scope.

44-1
 2

PBC

REQUEST: Sample Items from Accounts 6612 and 6613.

Items from the attached list are being provided.

Item No. 140 and No. 141 are the same amounts; one is recording the actual bill from BBS for January activity. The other (No. 141) is an accrual for the same amount. Because billing is one month in arrears, there was no billing (or expense) recorded in January. Therefore, in February, BST recorded the bill received from BBS once as payment of the actual bill, and the same amount was booked as an accrual so that we would have 12 months' worth of activity on BST's books in 1994. Rather than make an accrual each month and reverse it for actual activity, the "standing accrual" booked in February stayed on the books until December, when it was trued up to the expected billing for December.

The explanation above also applies to Item No. 142 and No. 143. No. 142 is actuals and No. 143 is the accrual, both booked in February.

In December, 1994, BST booked an accrual true-up for \$3,000,000 additional billing expected from BBS in January, 1995, related to December activity. Although the total true-up was additional expense of \$3 million, Item No. 169 (regulated, state direct sales expense, Account 6612) reflects a credit of \$1,150,103.57. For this particular category of expense, the expected billing from BBS for December activity was less than the "standing accrual" (See Item No. 141 for the detail of the "standing accrual".)

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SOT
acc 76612

WJ
10/20/95
10/11/95

BBS - 1994

	ACTUAL	ACCRUAL
January	\$24,245,506.91	Reversed Accrual \$24,291,126.32
February	\$32,179,128.40	\$32,179,128.40
March	\$30,778,575.85	
April	\$34,692,141.41	
May	\$33,166,009.53	
June	\$33,721,156.44	
July	\$34,982,160.90	
August	\$36,574,465.95	
September	\$32,436,148.17	
October	\$32,814,866.27	
November	\$30,122,972.19	
December	\$32,610,762.53	Reversed Accrual \$32,179,128.40
		New Accrual \$35,179,128.40

(5)

41										
42							44-1			
43							3			

fbc

REQUEST: RE: Account 6612. Provide answers to the attached questions re: items 139, 140, 142, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167.

REQUEST: Item 139. Total invoice \$24,245,506.61. How did you determine that \$23,971,544.75 went to regulated all other, and then how did you determine that \$5,413,897 went to Florida?

RESPONSE: Item 139. Regulated - All Other was \$19,558,414, not \$23,971,544.75. BBS billing to BST is on a fully-distributed cost (FDC) basis. For sales services rendered prior to 1994, BBS billed BST for regulated sales in four areas: Reg-National Accounts, Reg-ASR Staff, Reg-ASR Commissions and Reg-All Other. These four line items included both direct cost and overhead cost, as the need to segregate cost between direct and overhead to facilitate comparison of Customer Operations Units (COUs) in downstream BST systems did not exist prior to 1994. The amounts on the sales bill Reg-All Other line were derived by aggregating costs in Sales Vice President (SVP) cost pools and using customer productive hours of the sales force from that SVP to allocate costs to affiliates, states and between regulated and non-regulated operations. Customer productive hours were derived from a statistically valid sampling/interviewing process.

REQUEST: Item 140. Total invoice \$32,179,128.40. How did they determine that \$4,923,388.56 was allocated to Overhead-regulated, and what are the overheads from BellSouth Business Systems?

RESPONSE: Item 140. BBS billing to BST is on a fully-distributed cost (FDC) basis. Costs are aggregated in cost pools at BBS and BBS employee JFCs of employees within that cost pool are used to allocate costs to various functions (i.e., Part 32 accounts) billed to BST. For Sales functions, customer productive hours of the sales force derived from a statistically valid sampling/interviewing process are used to further allocate sales costs to affiliates. All direct Sales costs are allocated to entities and specific states and split between regulated and non-regulated by customer productive hours. Sales-Overheads are allocated to entities by customer productive hours and billed at the HQ level. The customer productive hours are not used to split overheads between regulated and non-regulated. Instead, Sales Overheads are split between regulated and non-regulated based on the Complex Business prior month's percentage of regulated/non-regulated total costs for Sales (Account 6612) in BST's CSS/PPS.

The following items are considered indirect overheads and may be included on the various Part 32 overhead lines:

Costs Incurred by Line Organizations:

- Rent
- Utilities
- Official Communications
- Other Occupancy Costs
- Depreciation/Repair of Furniture/Equipment other than computers
- Printing, Postage, Supplies, Courier Services
- Legal
- General Management Training/Education

Loading for Costs from Other Organizations:
BST, BBS, BellSouth Corporation corporate services
Insurance (other than employee benefits)
Ad Valorem, Franchise, Business Taxes
Return on Investment (ROI)
Auditing
Voucher/Payroll processing
Accounting/Finance/Treasury functions
Human Resources/Planning/Procurement functions
Executive functions

REQUEST: Item 142. Total invoice \$32,179,128.40. How did they determine that \$3,234,925.68 was allocated to Florida for Single State/Multi State Sales Regulated from BellSouth Business Systems?

RESPONSE: Item 142. The Single-state/Multi-state sales force serve customers who have a presence in one or a few of the BellSouth nine states, but do not have a presence in all nine states or a national presence.

As stated above BBS billing to BST is on a FDC basis. Costs are aggregated in cost pools at BBS and BBS employee JFCs are used to allocate costs to various functions (i.e., Part 32 accounts) billed to BST. The Single-state/Multi-state Sales - Regulated line of the bill contains only direct costs associated with sales of regulated products and services originated by a salesperson in the Single-State/Multi-State sales organization or "channel". Overhead costs billed to BST that are associated with Sales are included in the Sales-Overheads-Regulated and Sales Overheads-Nonregulated lines of the bill. Direct costs include salaries and wages, benefits, travel, advertising, externally acquired professional services, third-party sales commissions, and all expenses associated with maintenance, operations, or depreciation of data processing equipment. Costs are allocated to BST based on customer productive hours of the sales force reported in the statistically valid sampling/interviewing process. The customer productive hours determine which state should be billed, as well as if the costs are regulated or non-regulated. Direct Sales costs are allocated to specific states and split between regulated and non-regulated while Sales-Overheads are billed at the HQ level.

REQUEST: Item 144. Total invoice \$30,778,575.85. How did they determine that \$4,190,857.88 was allocated to Overhead regulated, and what are the overheads from BellSouth Business Systems?

RESPONSE: Item 144. Please refer to above response regarding Item 140.

REQUEST: Item 145. Total invoice \$30,778,575.85. How did they determine that \$2,282,101.13 was allocated to Florida for Single State/ Multi State Sales Regulated from BellSouth Business Systems? What are Single State/Multi State Sales? Explain.

RESPONSE: Item 145. Please refer to above response regarding Item 142.

REQUEST: Item 146. Total invoice \$34,692,081.41. How did they determine that \$4,371,508.54 was allocated to Overhead regulated, and what are the overheads from BellSouth Business Systems?

RESPONSE: Item 146. Please refer to above response regarding Item 140.

REQUEST: Item 147. Total invoice \$34,692,081.41. How did they determine that \$2,611,440.14 was allocated to Florida for Single State/Multi State Sales? Explain.

RESPONSE: Item 147. Please refer to above response regarding Item 142.

REQUEST: Item 148. Total invoice \$33,165,785.08. How did they determine that \$4,677,525.99 was allocated to Overhead regulated, and what are the overheads from BellSouth Business Systems?

RESPONSE: Item 148. Please refer to above response regarding Item 140.

REQUEST: Item 149. Total invoice \$33,165,785.08. How did they determine that \$2,697,474.54 was allocated to Florida for Single State/Multi State Sales Regulated from BellSouth Business Systems? What are the Single State/Multi State Sales? Explain.

RESPONSE: Item 149. Please refer to above response regarding Item 142.

REQUEST: Item 150. Total invoice \$33,720,904.44. How did they determine that \$6,349,906.52 was allocated to Overhead regulated, and what are the overheads from BellSouth Business Systems? What are Single State/Multi State Sales? Explain.

RESPONSE: Item 150. Please refer to above response regarding Item 140.

✓ REQUEST: Item 151. Total invoice \$33,720,904.44. How did they determine that \$2,516,990.12 was allocated to Florida Single State/Multi State Sales Regulated from BellSouth Business Systems? What are Single State/Multi State Sales? Explain.

RESPONSE: Item 151. Please refer to above response regarding Item 142.

✓ REQUEST: Item 152. Total invoice \$33,373,353.36. How did they determine that \$4,726,549.43 was allocated to Overhead regulated, and what are the overheads from BellSouth Business Systems?

RESPONSE: Item 152. Please refer to above response regarding Item 140.

✓ REQUEST: Item 153. Total invoice \$33,373,353.36. How did they determine that \$2,603,099.02 was allocated to Florida Single State/Multi State Sales Regulated from BellSouth Business Systems? What are Single State/Multi State Sales? Explain.

RESPONSE: Item 153. The amount allocated to Florida Single State/Multi State Sales Regulated was \$2,703,099.02 not \$2,603,099.02. Please refer to above response regarding Item 142.

✓ REQUEST: Item 154. Total invoice \$33,068,362.40. How did they determine that \$5,368,936 was allocated to Overhead regulated, and what are the overheads from BellSouth Business Systems?

RESPONSE: Item 154. Please refer to above response regarding Item 140.

REQUEST: Item 155. Total invoice \$33,068,362.40. How did they determine that \$2,116,273.60 was allocated to Florida Single State/Multi State Sales Regulated from BellSouth Business Systems? What are Single State/Multi State Sales?

RESPONSE: Item 155. Please refer to above response regarding Item 142.

REQUEST: Item 156. Total invoice is \$33,068,362.40. How did they determine that \$977,107.45 is Florida regulated? What types of charges constitute sales implementation?

RESPONSE: Item 156. The amount that is Florida regulated is \$987,107.45, not \$977,107.45. The implementation sales force is involved after an Account Executive generates a sale to follow-up and make sure that the service is delivered to the specification of and on the schedule of the customer. The

implementation sales force works with customers to coordinate delivery of the purchased product or service. The implementation staff is only necessary for some of the more complex service offerings and is not involved in the sale of all services.

As stated above, BBS billing to BST is on a FDC basis. Costs are aggregated in cost pools at BBS and BBS employee JFCs are used to allocated costs to various function (i.e., Part 32 accounts) billed to BST. The Sales Implementation-Regulated line of the BBS bill to BST contains direct costs associated with sales of regulated products and services originated by a salesperson in the Implementation sales organization or "channel". Overhead costs billed to BST associated with Sales are included in the Sales-Overheads-Regulated and Sales-Overheads-Nonregulated lines of the bill. Direct costs include salaries and wages, benefits, travel, advertising, externally acquired professional services, third-party sales commissions, and expenses associated with maintenance, operations and depreciation of data processing equipment. Costs are allocated to BST based on customer productive hours of the sales force derived from a statistically valid sampling/interviewing process. The customer productive hours determine which state should be billed, as well as if the costs are regulated or non-regulated. Direct Sales costs are allocated to specific states and split between regulated and non-regulated while Sales-Overheads are billed at the HQ level.

✓ REQUEST: Item 157. Total invoice \$31,522,322.40. How did they determine that \$4,859,514.32 was allocated to Overhead regulated, and what are the overheads from BellSouth Business Systems?

RESPONSE: Item 157. Please refer to above response regarding Item 140.

✓ REQUEST: Item 158. Total invoice \$31,522,322.40. How did they determine that \$2,395,892.61 was allocated to Florida Single State/Multi State Sales Regulated from BellSouth Business Systems?

RESPONSE: Item 158. Please refer to above response regarding Item 142.

✓ REQUEST: Item 159. Total invoice is \$31,522,322.40. How did they determine that \$1,009,438 is Florida regulated? What types of charges constitute sales implementation?

RESPONSE: Item 159. Please refer to above response regarding Item 156.

✓ REQUEST: Item 160. Total invoice \$31,257,907.46. How did they determine that \$5,103,957.01 was allocated to Overhead regulated, and what are the overheads from BellSouth Business Systems?

RESPONSE: Item 160. Please refer to above response regarding Item 140.

REQUEST: Item 161. Total invoice \$31,257,907.46. How did they determine that \$1,940,264.42 was allocated to Florida Single State/Multi State Sales Regulated from BellSouth Business Systems?

RESPONSE: Item 161. Please refer to above response regarding Item 142.

REQUEST: Item 162. Total invoice is \$31,257,907.46. How did they determine that \$902,675.55 is Florida regulated? What types of charges constitute sales implementation?

RESPONSE: Item 162. Please refer to above response regarding Item 156.

REQUEST: Item 163. Total invoice \$29,952,926.27. How did they determine that \$3,933,487.93 was allocated to overhead regulated, and what are the overheads from BellSouth Business Systems?

RESPONSE: Item 163. Please refer to above response regarding Item 140.

REQUEST: Item 164. Total invoice \$29,952,926.27. How did they determine that \$2,079,917.43 was allocated to Single State/Multi State Sales Regulated from the state of Florida?

RESPONSE: Item 164. Please refer to above response regarding Item 142.

REQUEST: Item 165. Total invoice \$29,952,926.27. How did they know that \$924,448.32 is directly allocated to Florida?

RESPONSE: Item 165. Please refer to above response regarding Item 156.

REQUEST: Item 166. Total invoice \$31,952,176.45. How did they know that \$2,377,604.84 is directly allocated to Florida?

RESPONSE: Item 166. Please refer to above response regarding Item 142.

08/22/95

PAGE 1

SOUTHERN BELL SAMPLE SELECTION, 1994 DETAIL*
ACCT 6613-0000 ALL ITEMS GT \$180,000
REPORT SECTION 1 OF 2 (PROGRAM PVCOI EOP-AFAD)
SERIAL # | REC ID | SOR | GEO-CODE | RSPORG | RSPCHG | AUTHORIZA | AUTH #2 | PK-CTL-D | REF # | OPT | T | JOURNAL ACCOUNT # | <----- 100 CHARACTERS -----> | SOURCE DATA

SERIAL #	REC ID	SOR	GEO-CODE	RSPORG	RSPCHG	AUTHORIZA	AUTH #2	PK-CTL-D	REF #	OPT	T	JOURNAL ACCOUNT #	100 CHARACTERS	SOURCE DATA	
94011155676	VOIP	VOIP	M Y MD000	C010000	C0102000					VOICDO	007	0163638	0 0 66130000	99 ^P^AP S	TUCKER WAYNE LUCKIE
94011155677	VOIP	VOIP	M Y MD000	C010000	C0102000					VOICDO	007	0163638	0 0 66130000	99 ^P^AT S	TUCKER WAYNE LUCKIE
94011155678	VOIP	VOIP	M Y MD000	C010000	C0102000					VOICDO	007	0163638	0 0 66130000	99 ^P^AG S	TUCKER WAYNE LUCKIE
94021162128	VOIP	VOIP	M Y MD000	C0102000	C0102000	BPMWORK				VOICDO	008	0217127	0 0 66130000	99 ^P^A C	TUCKER WAYNE LUCKIE
9403 136994	VOIP	VOIP	M Y MD000	C0102000	C0102000	BPCSUNR				VOICDO	001	0324825	0 0 66130000	99 ^P^Ai S	TUCKER WAYNE LUCKIE
94031141230	VOIP	VOIP	M Y MD000	W0301000	W0301000	BPSMERUS				VOICDO	008	0356809	0 0 66130000	99 ^P^AG P	TUCKER WAYNE LUCKIE
9404 932452	VOIP	VOIP	M Y MD000	W0301000	W0301000	BPSMERUS				VOICDO	007	0493347	0 0 66130000	99 ^P^AS P	TUCKER WAYNE LUCKIE
9404 933841	VOIP	VOIP	M Y MD000	C0102000	C0102000	BPCSUNR				VOICDO	007	0497469	0 0 66130000	99 ^P^A S	TUCKER WAYNE LUCKIE
9404 933842	VOIP	VOIP	M Y MD000	C0102000	C0102000	BPCSUNR				VOICDO	007	0497469	0 0 66130000	99 ^P^C^T S	TUCKER WAYNE LUCKIE
94051145265	VOIP	VOIP	M Y MD000	C0102000	C0102000	BPCSUNR				VOICDO	008	0531681	0 0 66130000	99 ^P^AG S	TUCKER WAYNE LUCKIE
94051360999	ATH	ATSD	3 A	A0308000	X0000F01	BPCPLX				ATH	003		0 0 66130000	AFFBL BBS SJCPARPF 01	
94071140231	VOIP	VOIP	M Y MD000	W0301000	W0301000	BPSMERUS				VOICDO	009	0720684	0 0 66130000	99 ^P^Ai S	TUCKER WAYNE LUCKIE
9409 125951	VOIP	VOIP	M Y MD000	W0301000	W0301000	BPSMERUS				VOICDO	001	0988943	0 0 66130000	99 ^P^AS S	TUCKER WAYNE LUCKIE
9409 125952	VOIP	VOIP	M Y MD000	W0301000	W0301000	BPSMERUS				VOICDO	001	0988943	0 0 66130000	99 ^P^AT S	TUCKER WAYNE LUCKIE
9409 126015	VOIP	VOIP	M Y MD000	C0102000	C0102000	BPCSUNR				VOICDO	001	0989269	0 0 66130000	99 ^P^A S	TUCKER WAYNE LUCKIE
9409 126016	VOIP	VOIP	M Y MD000	C0102000	C0102000	BPCSUNR				VOICDO	001	0989269	0 0 66130000	99 ^P^C^ S	TUCKER WAYNE LUCKIE
94111425817	VOIP	VOIP	M Y MD000	W0302100	W0302000	BPSMERUS				VOICDO	007	1159294	0 0 66130000	99 ^P^ P	TUCKER WAYNE LUCKIE
94111425820	VOIP	VOIP	M Y MD000	W0302100	W0302000	BPSMERUS				VOICDO	007	1159294	0 0 66130000	99 ^P^CX S	TUCKER WAYNE LUCKIE
9412 469725	VOIP	VOIP	M Y MD000	C0102000	C0102000	BPHONEA				VOICDO	001	1262868	0 0 66130000	99 ^P^ C	TUCKER WAYNE LUCKIE
9412 469727	VOIP	VOIP	M Y MD000	C0102000	C0102000	BPHONEA				VOICDO	001	1262868	0 0 66130000	99 ^P^Ai C	TUCKER WAYNE LUCKIE
9412 469730	VOIP	VOIP	M Y MD000	C0102000	C0102000	BPCSUNR				VOICDO	001	1262868	0 0 66130000	99 ^P^C^ S	TUCKER WAYNE LUCKIE
9412 469733	VOIP	VOIP	M Y MD000	C0102000	C0102000	BPCSUNR				VOICDO	001	1262868	0 0 66130000	99 ^P^ ^ S	TUCKER WAYNE LUCKIE
94121083501	VOIP	VOIP	M Y MD000	C0102000	C0102000	BPCSUNR				VOICDO	005	1200790	0 0 66130000	99 ^P^ S	TUCKER WAYNE LUCKIE
94121652276	ATH	ATHA	3 A 30000	A0303000	X0099000	BPCPLX				ATH	003		0 0 66130000	AFFBL BBS SJCPAORR01	

COUNT

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SOUTHERN BELL SAMPLE SELECTION, 1994 DETAIL*
 ACCT 6613-0000 ALL ITEMS GT \$180,000

REPORT SECTION 2 OF 2 (PROGRAM PYC01 EDP-AFAD)

SERIAL #	PROD-ID	BIL PR	MAT-CODE	SOCIAL #	REC NUMB	FUNC	JOB FUNC	IN EXP DX TYPE	AMOUNT OCCURS	EXP 01 TYPE	AMOUNT OCCURS	EXP 02 TYPE	AMOUNT OCCURS	EXP 03 TYPE	AMOUNT OCCURS	EXP 04	GENERAL LEDGER AMOUNT
94011155676								0380 1 316 M	232,422.39	n T?	.00	T19	.00		.00		232,422.39 114
94011155677								0380 1 318 M	227,256.00	n T?	.00	T19	.00		.00		227,256.00 115
94011155678								0380 1 319 M	860,084.46	n T?	.00	T19	.00		.00		860,084.46 116
94021162128								0390 1 318 M	369,877.00	C07 1	.18	C08 2	.05		.25		369,877.00 117
9403 136994								0380 1 319 M	389,917.00	C07 1	2.36	C08 2	.92		2.36		389,917.00 118
94031141230								0360 1 319 M	287,480.00	C07 1	2.07	C08 2	.80		2.07		287,480.00 119
9404 932452								0360 1 319 M	326,700.00	C07 1	.01	C08 2	.00		.01		326,700.00 120
9404 933841								0380 1 316 M	194,619.87	C07 1	.01	C08 2	.00		.01		194,619.87 121
9404 933842								0380 1 319 M	213,335.00	C07 1	.01	C08 2	.00		.01		213,335.00 122
94051145265								0380 1 319 M	320,790.00	C07 1	.03	C08 2	.01		.02		320,790.00 123
94051360999								0320 1 474 M	219,090.50	C07 1	.13	C08 2	.04		.09		219,090.50 124
94071140231								0320 1 319 M	213,580.00	C07 1	3.95	C08 2	1.37		1.87		213,580.00 125
9409 125951								0320 1 318 M	181,674.00	CHE 2	1.77	CHE 4	1.00		6.58		181,674.00 126
9409 125952								0320 1 319 M	623,520.00	CHE 2	1.77	CHE 4	1.00		6.58		623,520.00 127
9409 126015								0380 1 318 M	190,304.00	CHE 2	1.77	CHE 4	1.00		6.58		190,304.00 128
9409 126016								0380 1 319 M	690,459.80	CHE 2	1.77	CHE 4	1.00		6.58		690,459.80 129
94111425817								0360 1 319 M	190,417.50	C07 1	8.56	C08 2	2.27		.00		190,417.50 130
94111425820								0321 1 319 M	858,717.50	C07 1	8.56	C08 2	2.27		.00		858,717.50 131
9412 469725								0380 1 316 M	318,347.39	C07 1	.22	C08 2	.07		.20		318,347.39 132
9412 469727								0380 1 319 M	438,055.00	C07 1	.22	C08 2	.07		.20		438,055.00 133
9412 469730								0380 1 319 M	244,394.48	C07 1	.22	C08 2	.07		.20		244,394.48 134
9412 469733								0361 1 319 M	280,272.50	C07 1	.22	C08 2	.07		.20		280,272.50 135
94121083501								0361 1 319 M	212,835.00	C07 1	.00	C08 2	.00		.00		212,835.00 136
94121652276								0320 1 NCT M	339,261.80	C07 1	.09	C08 2	.03		.08		339,261.80 137

44-8
 P1

SBT
SAMPLE ACC'T 6613
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44-8

COMPANY:
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 TEST YEAR
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 WP NO:

BST
 SAMPLE 6613
 TYE 12/31/94
 SEPT 13, 1995
 RKY

KW 10/18/95

ITEM NO.	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Vendor	DESCRIPTION OF SAMPLED ITEMS
124	6613 ??		219,090.50	x	x	x	x	x	x	n/a		BellSouth Business Systems	Billed to BST, Birmingham For services rendered for month of April 94. Total Invoice is \$3,165,785.08. The amount is separated into eight expe Then allocated to Headquarters and the The amount allocated to FI is .069206. The line item says Product Adv. Regulat
				<p>1. Explain the type of expenses incurred at BBS for the month of April. Provide examples of Product Plans and/or Products delivered.</p> <p>2. How did you determine the amount allocated to Florida? Allocated to Headquarters? and the other 8 states? Provide documentation.</p> <p>3. Could not locate an FC on invoice. CANNOT determine what cost pool and on what basis allocated to reg and nonreg? Provide information. See workpaper 44-8/1-2 for company's response to the questions above</p>									
137	6613 ??		339,261.80	x	x	x	x	x	x	x		BellSouth Business Systems	Billed to BST, Birmingham For services rendered for month of November 94. Total invoices are \$31,952,176.45 \$1,612,024.60 to Headquarters Line item Adv OH Reg. of that .2188 went to fl. Second invoice is \$548,876.10; - 88.80 .2188 to FI Third invoice is (5,900 39); Line item Ad \$27,339.25. .2188 went to FI.
				<p>Item 137</p> <p>1. Explain the type of expenses incurred at BBS for the month of April. Provide examples of Product Plans and/or Products delivered.</p> <p>2. How did you determine the amount allocated to Florida? Allocated to Headquarters? and the other 8 states? Provide documentation.</p> <p>3. Could not locate an FC on invoice. CANNOT determine what cost pool and on what basis allocated to reg and nonreg? Provide information.</p> <p>4. It appears that this is allocated to the states differently than item 124. Why allocated differently? See workpaper 44-8/1-2 for company's response to the questions above</p>									

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COMPANY: BST
 TITLE: SAMPLE 6613
 TEST YEAR: TYE 12/31/94
 DATE: SEPT 13, 1995
 AUDITOR: RKY
 WP NO:

ITEM NO.	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Vendor	DESCRIPTION OF SAMPLED ITEMS
138	6613 ???		(468,999.69)x	x	x	x	x	x	x	x		BellSouth Business Systems	Billed to BST, Birmingham For services rendered for month of November 94. total invoice of \$31,952,176.45 The credit is to hdq line item Media Adv. Inforum Common for (2,143,508.65) allocated to the stated on hdq prorate facto
				1. What is the Media Adv that Hdq is receiving credit for? Document. 2. Could not locate an FC on invoice. CANNOT determine what cost pool and on what basis allocated to reg and nonreg? Provide information. 3. It appears that this is allocated to the States different than item 124. Why allocated differently? See workpaper 4-8/1-2 for company's response to the questions above									
129	6613 0380		690,459.80 x	x	x	x	x	x	x	n/a	yes	Tucker Wayne/Lucki and Co.	Aug 94 TV Advertising
				Item 129 The amount in the sample is \$690,459.80. The invoices add up to \$711,605. Explain and document the difference. Per Company's response: Sample item number 129 is dollars charged for placement of CPR Vertical Services Ads. The difference is due to Memorycall Reg & NonReg and RLP Plan.									
128	6613 0380		190,304.00 x	x	x	x	x	x	x	n/a	yes	Tucker Wayne/Lucki and Co.	Aug 94 Radio
126	6613 0320		181,674.00 x	x	x	x	x	x	x	n/a	yes	Tucker Wayne/Lucki and Co.	Apr/may 94 Radio Adv

COMPANY:
 TITLE
 TEST YEAR:
 DATE:
 AUDITOR:
 WP NO:

BST
 SAMPLE 6613
 TYE 12/31/94
 SEPT 13, 1995
 RKY

ITEM NO.	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Vendor	DESCRIPTION OF SAMPLED ITEMS
127		6613 0320	623,520.00	x	x	x	x	x	x	n/a	yes	Tucker Wayne/Lucki and Co.	Apr/may 94 tv advertising
130		6613 0360	190,417.50	x	x	x	x	x	x	n/a	yes	Tucker Wayne/Lucki and Co.	June/July 94 radio adv
131		6613 0360	858,717.50	x	x	x	x	x	x	n/a	yes	Tucker Wayne/Lucki and Co.	June/July 94 radio adv
132		6613 0380	318,347.39	x	x	x	x	x	x	n/a	yes	Tucker Wayne/Lucki and Co.	Aug 94 Newspaper Ads
133		6613 0380	438,055.00	x	x	x	x	x	x	n/a	yes	Tucker Wayne/Lucki and Co.	Aug 94 tv ads
134		6613 0380	244,394.48	x	x	x	x	x	x	n/a	yes	Tucker Wayne/Lucki and Co.	Aug 94 tb ads

Item 134
 The invoice sample total is 244,394.48. The documentation supplied adds to \$542,805. Please explain how we get \$244,394.48 from this documentation.
 Per Company's response:
 Sample item number 134 is dollars charged for placement of CPR Vertical Services Ads. The difference is due to Memorycall Reg & NonReg and RLP Plan.

COMPANY: BST
 TITLE: SAMPLE 6613
 TEST YEAR: TYE 12/31/94
 DATE: SEPT 13, 1995
 AUDITOR: RKY
 WP NO:

ITEM NO.	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Vendor	DESCRIPTION OF SAMPLED
135	6613 0361		280,272.50	x	x	x	x	x	x	n/a	yes	Tucker Wayne/Lucki and Co.	Aug 94 tb ads
<p> item 135 - The invoice sample total 280,272.50. The documentation supplied adds to \$560,545. Please explain how we get 280,272.60 from this? documentation. Per Company's response: Sample Item 135 is dollars charged for placement of RLP Plan ads. The difference is due to Memorycall reg & nonreg and for product CPR vertical services. For split see Workpaper # <u>44-8/1-1</u> </p>													
136	6613 0361		212,835.00	x	x	x	x	x	x	n/a	x	Tucker Wayne/Lucki and Co.	Sept/Oct 94 tv ads
<p> item 136 How did you determine that 50% of the adds attached to this invoice went to reg? and 50% nonreg? Detailed explanation and specific dollars. Provide documentation for split. For split see Wp # <u>44-8/1-1</u> </p>													
114	6613 0380		232,422.39	x	x	x	x	x	x	n/a	yes	Tucker Wayne/Lucki	Jan 94
<p> item 114 Documentation did not include the magazines in which the ads were inserted and the dates, Provide. Per Company's response: The Company provided invoices that show where these ads appeared in, such as the following: Florida News and Sun Sentinel, the Miami Herald, the Orlando Sentinel, the Palm Beach Post, the Gainesville Sun, the Florida Times-Union, Key West Citizen, Diario las Americas, El Nuevo Herald, Panama City News-Herald, Pensacola News Journal. </p>													

COMPANY:
 TITLE
 TEST YEAR:
 DATE:
 AUDITOR:
 WP NO:

BST
 SAMPLE 6613
 TYE 12/31/94
 SEPT 13, 1995
 RKY

ITEM NO.	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Vendor	DESCRIPTION OF SAMPLED ITEMS
115	6613 0380		227,256.00	x	x	x	x	x	x	n/a	yes	Tucker Wayne/Lucki and Co.	Jan 94 radio ads
<p>Item 115 Documentation did not include the radio stations and number of spots in which the ads were inserted and the dates. Provide. The Company provided invoices that show where the ads were placed. Staff reviewed the invoices and no exceptions were found.</p>													
116	6613 0380		860,084.46	x	x	x	x	x	x	n/a	yes	Tucker Wayne/Lucki and Co.	jan 94 tv ads
<p>item 116 Documentation did not include the tv stations, dates and number of spots. Provide. The Company provided invoices that show which stations the ads were placed in. Staff reviewed these invoices and no exceptions were found.</p>													
119	6613 0360		287,480.00	x	x	x	x	x	x	n/a	yes	Tucker Wayne/Lucki and Co.	mar 94 tv ads
<p>item 119 Documentation did not include the tv stations, dates and number of spots. Provide. The Company provided invoices that show which stations the ads were placed in. Staff reviewed these invoices and no exceptions were found.</p>													
120	6613 0360		326,700.00	x	x	x	x	x	x	n/a	yes	Tucker Wayne/Lucki and Co.	Apr 94 tv ads
<p>Item 120 Documentation did not include the tv stations, dates and number of spots. Provide. The Company provided the ads that show where the ads were placed. Staff reviewed them and found no errors.</p>													

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COMPANY:
 TITLE
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 AUDITOR:
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BST
 SAMPLE 6613
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 SEPT 13, 1995
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ITEM NO.	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Vendor	DESCRIPTION OF SAMPLED ITEMS
117	6613 0390		369,877.00	x	x	x	x	x	x	n/a	yes	Tucker Wayne/Lucki and Co.	Feb 94 Radio ads
<p>item 117 Documentation did not include the radio stations, dates and number of spots. Provide. The Company provided the ads that show where the ads were placed. Staff reviewed them and found no errors.</p>													
118	6613 0380		389,917.00	x	x	x	x	x	x	n/a	yes	Tucker Wayne/Lucki and Co.	Feb 94 tv ads
<p>Item 118 Documentation did not include the tv stations, dates and number of spots. Provide. The Company provided the ads that show where the ads were placed. Staff reviewed them and found no errors.</p>													
125	6613 0320		213,580.00	x	x	x	x	x	x	n/a	yes	Tucker Wayne/Lucki and Co.	June/July 94 tv ads
121	6613 0380		194,619.87	x	x	x	x	x	x	n/a	yes	Tucker Wayne/Lucki and Co.	April 94 Newspaper ads
<p>Item 121 Documentation did not include the magazines in which the ads were inserted and the dates. Provide. The Company provided the ads that show where the ads were placed. Staff reviewed them and found no errors.</p>													
123	6613 0361		320,790.00	x	x	x	x	x	x	n/a	yes	Tucker Wayne/Lucki and Co.	april/may94 tv ads

COMPANY:
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 TEST YEAR:
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 AUDITOR:
 WP NO:

BST
 SAMPLE 6613
 TYE 12/31/94
 SEPT 13, 1995
 RKY

ITEM NO.	ACCOUNT	FRC	AMOUNT	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Vendor	DESCRIPTION OF SAMPLED ITEMS
122		6613 0380	213,335.00	x	x	x	x	x	x	n/a	yes	Tucker Wayne/Lucki and Co.	tv ads
<p>Documentation did not include the tv stations, dates and number of spots. Provide. The Company provided the ads that show where the ads were placed. Staff reviewed them and found no errors.</p>													

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(PBC)

FPSC Staff Audit
 Request No. 87
 Account No. 6613

Item 136

44-8 P4
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Request: How did you determine that 50% of the ads attached to this invoice went to reg? and 50% nonreg? Detailed explanation and specific dollars. Provide documentation for split.

Response: 50% of ads did not go to regulated and 50% to unregulated. See below for split.

CPR-Vertical Services	46.6%	Regulated
Regulated	1.7%	MemoryCall Regulated
RLP-Calling Services	<u>50.0%</u>	Regulated
	98.3%	
Unregulated	1.7%	MemoryCall Unregulated
Total	100.0%	

The total of \$212,835.00 was charged to RLP regulated.

The Residence Long Distance Plan (RLP) Positioning ad was designed to create awareness among our customers that we offer certain high-tech products and local/long distance services. Research had indicated that our customers did not know this. Ads were designed to provide overall awareness. At the same time, plans were to develop targeted advertising to sell products to targeted groups.

Documentation for split:

Three 30-second spots ran in rotation equally for a total of 90 seconds. Two of the spots are totally regulated for a total of 60 seconds. One spot mentions/refers to MemoryCall for three seconds of the 30-second spot. This is "common" so it is split 50% regulated (1.5 seconds) and 50% unregulated (1.5 seconds). The remaining 27 seconds are regulated.

88.5 seconds of 90 seconds is regulated (88.5/90 = 98.3%)
 1.5 seconds of 90 seconds is unregulated (1.5/90 = 1.7%)

RLP Calling Services - Regulated	50.0%
CPR Vertical Services	
- MemoryCall - Regulated	1.7%
- MemoryCall - Unregulated	1.7%
- Regulated	46.6%

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44-8
7-1

THE WALTER LATHAM COMPANY (706) 945-8787

PB

REQUEST: RE: Account 6613. Provide further documentation to items number 124, 137 and 138.

REQUEST: Item 124. 44-8/1 PA

- (1) Explain the type of expenses incurred at BBS for the month of April. Provide examples of Product Plans and/or Products delivered.
- (2) How did you determine the amount allocated to Florida? Allocated to Headquarters? And the other 8 states? Provide documentation.
- (3) Could not locate an FC on invoice. Cannot determine what cost pool and on what basis allocated to reg and nonreg? Provide information.

RESPONSE:

- (1) As indicated on the Incoming Billing Interface Tracking System report provided as part of item 124, the \$219,090.50 was charged to project SJCPARPF. This project is defined as Product Advertising - Regulated. It is for costs associated with developing and implementing promotional strategies to stimulate the purchase of products and services. This includes costs for advertising related functions, where the emphasis is on the Company's products/services, as well as the Company's primary business - telecommunications. Included are promotional activities (e.g. trade shows) which are designed to stimulate the purchase of BST products.
- (2) The \$219,090.50 does not represent an allocated amount, but a direct billed amount. This is the aggregate amount of BBS product advertising within the state of Florida.
- (3) Per the Incoming Billing Interface Tracking System report provided as part of item 124, the RC-C is X0000F01 and the JFC is 0320. Per CSS/PPS documentation part 9, section 19, page 9, this is in CP01 SP01 which is directly assigned to regulated or nonregulated operations.

REQUEST: Item 137. 44-8/1 PA

- (1) Explain the type of expenses incurred at BBS for the month of April. Provide examples of Product Plans and/or Products delivered.
- (2) How did you determine the amount allocated to Florida? Allocated to Headquarters? And the other 8 states? Provide documentation.
- (3) Could not locate an FC on invoice. Cannot determine what cost pool and on what basis allocated to reg and nonreg? Provide information.
- (4) It appears that this is allocated to the states differently than item 124. Why allocated differently?

RESPONSE:

- (1) As indicated on the Incoming Billing Interface Tracking System report provided as part of item 137, the \$1,612,024.60 was charged to project SJCPAAORH. This project is defined as Advertising Overheads. It includes costs associated with advertising campaigns or events. Costs are captured in two

distinct cost pools: 1) vouchers for advertising campaigns/events which advertise regulated products/services, and 2) an allocated portion of other Advertising district costs.

(2) Since the amount charged benefits all nine BST operating states, but cannot be directly attributed to each state, the \$339,261.80 was billed from BBS to BST Headquarters. This amount is then allocated to the states by applying prorate 16 for account 6613. Please refer to response to requests number 63 and 67 for additional detail on prorate 16.

* 3) Per the Incoming Billing Interface Tracking System report provided as part of item 137, the RC-C is X0Q99000 and the JFC is 0320. Per CSS/PPS documentation part 9, section 19, page 10, this is in CP01 SP07 which is directly assigned to regulated or nonregulated operations.

(4) The amount in item 124 is direct billed, whereas the amount in item 137 is allocated. Refer to response to item 137 (2) above.

REQUEST: Item 138.

44-8/1 P2

- (1) What is the Media Advertising that Headquarters is receiving credit for? Document.
- (2) Could not locate an FC on invoice. Cannot determine what cost pool and on what basis allocated to reg and nonreg? Provide information
- (3) It appears that this is allocated to the states differently than item 124. Why allocated differently?

RESPONSE:

(1) This includes costs related to the operations of the BellSouth at INFORUM executive viewing center. The center allowed various BellSouth entities to showcase products or services in one location. Costs of operating the center were allocated to all participating BellSouth entities. It was decided to discontinue operations of BellSouth at INFORUM effective 12/31/93. The estimated costs associated with the discontinuance of BellSouth at INFORUM were booked in November 1993. The December 1994 credit was a true-up. The transaction in question (\$2,143,508.65) represents a portion of this true-up. The net impact of the true-up was a credit of approximately \$270K.

* (2) Per the Incoming Billing Interface Tracking System report provided as part of item 138, the RC-C is X0Q02000 and the JFC is 0321. Per CSS/PPS documentation part 9, section 19, page 10, this is in CP02 SP07 and is allocated to regulated and nonregulated operations based on account 6613 CP01 all subpools.

(3) The amount in item 124 is direct billed, whereas the amount in item 138 is allocated. Refer to response to item 137 (2) above.

41	* Verified the allocations by accessing the company's	
42	response with the CSS/PPS documentation part 9	44-8
43	section 19. On worksheet 45-8	1-2

*Insert in 44-8
for 6613*

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DIVISION OF COMMUNICATIONS

CHAPTER III

EXPENSES

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CHAPTER III

EXPENSES

3.01 DEPRECIATION

- A. Actual test period depreciation should be used for ratemaking calculations.
1. Though a year end rate base with pro forma adjustments was allowed, calculation of depreciation on a year end basis was improper, the correct approach being actual test period depreciation. Continental Telephone Company, Order No. 7667, pp. 4-5 (3/4/77).
 2. Depreciation has no relationship to number of stations, as was contended, for in any given test period, recording of depreciation expense as it accrues, produces a proper charge against expense for that time. Southeastern Telephone Company, Order No. 5660, p. 9 (2/27/73).
- B. Test year depreciation rates may be annualized for ratemaking purposes.
1. It is the policy of the Commission to allow a company to make pro forma adjustments to depreciation expense booked so as to account for the annual effect of new depreciation rates approved during or shortly after a test period. Tampa Electric Company, Order No. 7987, p. 7 (10/4/77).
- C. On implementing reserve-sensitive rates, it may be found that a major portion of the reserve imbalance can be attributed to historic mismatches between actual activity and nonsensitive depreciation rates. Where this historic mismatch is material, as a one-time correction, the following approach is evaluated. A bottom line net reserve imbalance is calculated. This imbalance excludes reserves on investments associated with dying technologies expected to retire in the next three years and the embedded station accounts. The portion of the imbalance (measured against rates currently approved by this Commission) attributed to the historic short-fall caused by such things as growth, technological change and basic mismatches of historic rates with activity are amortized over 5 years. The portion of the imbalance attributed to life and salvage factors projected to be appropriate are amortized over the remaining life of the embedded investment. As a result, the reserve for each account or subaccount is placed at its theoretically correct position. Rates for embedded plant will be the same as for new additions since there is no longer any reserve imbalance, by account.

We are ordering two amortization schedules for use in recovering the reserve deficit. That portion of the deficit that is attributable to changes in prospective life and salvage values is to be amortized over the composite remaining life of the embedded plant, which is estimated to be 16 years. That portion of the deficit that is attributable to past incorrect estimates of life and salvage factors

(2)

be recovered over a shorter period. Therefore, we are ordering a 5-year amortization period for this portion of the deficit. Southern Bell Telephone and Telegraph, Order No. 12290, pp. 5 and 6, (7/22/83).

D. Depreciation rules adopted for telephone companies.

1. Rule 25-4.0175 requires prior Commission approval of changes in depreciation rates and reallocation of depreciation reserves. The rule also requires that depreciation rates and reserves be maintained in accordance with the uniform system of accounts. The utility may place the proposed depreciation rates into effect on an interim basis subject to later adjustment. The rule specifies information to be submitted as part of an application to change depreciation rates. It provides that mortality and salvage data used by the company in depreciation rate design must agree with the activity booked by the utility. The rule sets forth methodologies for calculating depreciation rates. It provides for triennial review of all depreciable categories in all companies. Lastly, the rule requires utilities to file an annual status report and delineates certain information to be required in such report. Docket No. 810151-TP, Order No. 10190 (8/5/81).

E. Rule 25-4.017 sets forth subcategories for telephone plant to be used in the design of depreciation rates.

1. The accounts under Section (8)(d) ... are to be used in the design of depreciation rates. They are intended to group together items which are relatively homogeneous in their expected life and salvage characteristics. Docket No. 830371-TP, Order No. 12716 (12/1/83).

F. The Commission encourages an efficient and economical telecommunications network.

1. To foster this goal, Rule 25-4.0176 provides that the Commission may approve capital recovery schedules to correct calculated short-falls in recovery under certain conditions, where the company's plans are judged prudent. Rule 25-4.0176; North Florida Telephone Company, Order No. 10630 (2/26/82).
2. Where depreciation rates ordered for embedded plant are deemed inappropriate for application to new additions, the Commission advocates use of separate rates for these additions. General Telephone Company, Order No. 10418, p. 14 (11/23/81); Orange City Telephone Company, Order No. 10428, para. 9 (12/1/81) and Winter Park Telephone Company, Order No. 10477 (12/29/81).
3. Recovery of investment in additions to be made to switching machines scheduled for retirement in the next three years. In the case of switching installations scheduled for retirement during the next three years, short-lived additions may be necessary to meet growth or other service requirements. The rate for each year's expected additions is developed by compositing the lives of each of those additions. Salvage

is assumed to be zero with the reuse offset by cost of removal.

The purpose is to recover these added investments by the time of the next study (three years), by which time the retirement activity will have been booked and the true-up can be made. We find it appropriate, therefore, to apply the rates shown on Appendix C, which are incorporated herein, to these short-lived additions. If any additions are subsequently judged imprudent, the related recovery expenses can be disallowed in the rate case proceedings. United Telephone Company of Florida, Order No. 12857 (1/10/84).

G. Inter-utility depreciation rate comparisons are of probative value.

1. While comparisons of composite depreciation rates between Florida utilities are subject to many justifiable objections, the fact that those utilities all operate under the same climatic conditions, and are all experiencing unusual growth make such comparisons strongly indicative of a situation requiring corrective treatment. Florida Power & Light, Order No. 3926, p. 3 (11/20/65).

H. Contributed plant is not depreciable.

1. Depreciation does not provide for replacement and does not generate any funds; thus spreading cost of contributed plant over the life of the plant would be improper as spreading zero cost. Florida Power & Light, Order No. 5280, p. 14 (12/7/71).

3.02 MEMBERSHIP FEES AND DUES

A. Social and service club dues are not proper ratemaking expenses (including dues paid to the area Chamber of Commerce).

1. Expenditures for memberships in social and service clubs are disallowable expenses according to long established policy. General Telephone Company, Order No. 7669, p. 10 (3/7/77).
2. While participation in the Chamber of Commerce by the utility may serve a worthwhile purpose, we do not think the related costs should be borne by the ratepayers. The expense is, therefore, disallowed for ratemaking purposes. Gulf Power Company, Order No. 9628, p. 12 (11/10/80); Tampa Electric Company, Order No. 9599, p. 9 (10/17/80).
3. Amounts associated with membership fees and dues contending that these expenses are a legitimate cost of business, a benefit to consumers and are an expense properly incurred. We are not persuaded by these arguments and have seen no evidence to support a conclusion that these expenses have benefitted the ratepayers and, therefore, we would exclude them from the expenses in this case. Southern Bell, Order No.

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10449, p. 20 (12/15/81).

B. Trade, technical and professional membership fees are allowable ratemaking expenses if such expenditures are demonstrated by the utility to be beneficial to the general body of ratepayers.

1. Trade, technical and professional membership fees and dues are expenses which have consistently been disallowed, as have trustee fees and Securities and Exchange Commission filing fees. United Telephone Company, Order No. 7109, p. 6 (2/13/76).
2. The burden rests upon the company to prove the legitimacy of such expenditures as well as the benefits derived therefrom for ratepayers. Florida Power & Light, Order No. 6591, p. 14 (4/1/75).
3. Trade, technical and professional membership fees are allowable expenses if legitimacy of such expenditures are demonstrated by the company. Gulf Power Company, Order No. 9628, p. 12 (11/10/80); Tampa Electric Company, Order No. 9599 (10/17/80).
4. Dues that pertain to advertising should be removed from the projected test year expenses.

Another 41.3% of AGA dues should be eliminated since these dues relate to advertising that is not "informational or educational" in nature. Permissible advertising usually accepted in base rates often relate to safety (such as gas leak emergencies). In this case, however the Company has failed to demonstrate that any of the AGA advertising could be considered informational or educational and the advertisements in the record before us simply do not meet our criteria for acceptance as a base rate recoverable expense. Central Florida Gas Co. and Plant City Natural Gas Co., Docket No. 891179-GU, Order No. 23166, p. 9 (7/10/90).

C. The Commission disallowed American Gas Association dues related to lobbying expense and product and appliance advertising.

We find that the projected test year expenses should be reduced by \$49,257 to remove the portions of American Gas Association dues associated with lobbying expense and product/appliance advertising. Peoples Gas System, Order No. PSC-92-0924-FOF-GU, p. 7 (9/3/92).

D. When there is an inadequate segregation of USTA activities, one-third of USTA dues are allocated to lobbying and are borne by the stockholders.

The entire USTA dues are recorded above-the-line. OPC contends that some of the activities that USTA engages in may not be beneficial to the ratepayers. . . . We found that in the absence of an adequate segregation of EEI expenditures, one-third of EEI administrative dues payments should be allocated to direct lobbying and be borne by the stockholders. Since neither UTF nor OPC has presented an adequate segregation of USTA activities, we will apply this policy and disallow one-third of the \$107,493 USTA dues expense. United Telephone Co. of Florida, Order No. PSC-92-0708-FOF-TL, p. 29 (7/24/92).

- E. The Commission disallowed the portion of USTA dues related to governmental and public relations.

OPC asserts that the Company should remove \$25,849 total company USTA dues, or \$20,139 intrastate to account for that portion of the dues pertaining to government relations and public relations. . . . we find that the ratepayers should not bear the burden of promoting the telephone industry. We agree with OPC regarding both the government and public relations portions of the USTA dues. GTEFL, Order No. PSC-93-0108-FOF-TL, p. 46 (1/21/93).

3.03 CHARITABLE CONTRIBUTIONS

- A. Charitable contributions are currently disallowed as a ratemaking expense. (There have been circumstances where some charitable contributions were allowed).

1. We are of the view that such contributions are from the ratepayers and as such they may become involuntary donors since they have no say in the charity to receive the donations or if, in effect, it should be made. We do not intend for this disallowance to preclude such contributions by the company in the future, but if made, they should be from the company and its stockholders and not the ratepayers. General Telephone Company, Order No. 10418, p. 16 (11/23/81).
2. Disallowance of charitable contributions is permissible, and the Commission finds as a matter of policy that such costs should be borne by stockholders of the company rather than by ratepayers since the latter have no choice in the charity. Winter Park Telephone Company, Order No. 8330, p. 8 (6/2/78).
3. The Commission believes that monies donated to organizations located outside the company's service area should not be provided by local ratepayers. Tampa Electric Company, Order No. 7987, p. 16 (10/4/77).
4. Since the stockholders receive the tax benefit from a gift of real property, appraisal, legal and other miscellaneous expenses associated with the gift are not to be considered for ratemaking purposes. Florida Power Corporation, Order No. 5619, p. 10 (12/29/72).



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5. The Commission does not believe the pledges conditioned upon the contribution being either: (1) allowed as a federal income tax deduction, or, (2) as an operation expense deduction for ratemaking purposes, should be an allowable expense. Florida Power and Light Company, Order No. 5280, p. 16 (12/7/71).

B. Charitable contributions and civic membership fees are not included in jurisdictional operating expenses.

We have consistently held the position taken by OPC that charitable contributions and civic membership fees should not be included in operating expense. We find that ratepayers should not have their choices of contribution to a charity or civic organization usurped by the monopoly utility which happens to serve them. United Telephone Co. of Florida, Order No. 24049, p. 22 (1/31/91).

3.04 ADVERTISING

A. Advertising expenses are examined on a case-by-case basis.

1. Advertising expenses are to be examined on a case-by-case basis using the guidelines established in Docket No. 9046-EU, Order No. 6465 (1/17/75); Gulf Power Company, Order No. 7978, p. 15 (9/27/77).

2. The Commission has consistently held that the burden of proving the reasonableness of advertising expenditures is on the utility. Further, it is incumbent upon a utility to affirmatively demonstrate that such charges are in the interest of ratepayers. Southern Bell, Order No. 7018, p. 9 (12/4/75).

3. Since plant consists of assets with long lives which will be depreciated over a number of years, and since it is impossible to isolate the advertising portion of plant expense, isolation and disallowance of the plant advertising expense component of plant purchased from a parent company is infeasible. Southern Bell, Order No. 7926, p. 19 (8/10/77).

B. Telephone advertising should be categorized as either promotional, informational, community affairs, or image building/institutional for ratemaking purposes.

1. Promotional advertising may be an allowable expense. (Promotional advertising - designed to induce both subscribers and nonsubscribers to select or install products or services offered by a telephone company and/or to meet competition from unregulated firms.)

a. We also intend to make an adjustment for expenses associated with advertising terminal equipment.

Southern Bell asserts that terminal equipment is part of its business and, therefore, it is not inappropriate to include it as part of the advertising program and thus incur some expense. Considering the large increase in advertising as compared to the relatively small amount of direct sales revenues and the impending terminal equipment deregulation, we would adjust advertising to a level which yields a growth rate equal to increased plant in service for the test period. Southern Bell, Order No. 10449, p. 20 (12/15/81).

- b. Promotional advertising extolling greater usage of telephone services, such as extension telephones and premium instruments, has a beneficial effect upon the ratepayers in that it produces additional revenues for the company without any measurable effect on the existing plant facilities. Southern Bell, Order No. 7926, p 18 & 19 (8/10/77), Order No. 6352, p. 9 (11/22/74).
 - c. Advertising designed to meet competition from unregulated companies is considered to be promotional. Order No. 6352, p. 9 (11/22/74).
2. Informational advertising may be an allowable expense . (Informational advertising - designed to inform customers of the approach to greatest benefits from equipment and services, rates, charges and conditions of service, safety precautions, emergency procedures, and similar matters.)
- a. Informational or consumer advertising is designed to inform subscribers of rates, charges, and conditions of service, of benefits and savings available to them, and of proper safety precautions, emergency procedures, and similar matters. The Commission concludes that these expenses are allowable inasmuch as they are reasonable, proper, and in the public interest. Southern Bell, Order No. 7926, p. 19 (8/10/77).
3. Image building or institutional advertising is generally disallowed for ratemaking. (Image or institutional advertising - designed to enhance or preserve the corporate image of the company, and to present it in a favorable light to the general public and to potential investors.) Order No. 6352, p. 8 (11/22/74).
- a. Institutional advertising expenditures will not be considered for ratemaking purposes. General Investigation of Promotional Practices of Electric Utilities, Order No. 6465, p. 7 (11/28/75).
 - b. Advertising designed primarily to build the image of the company in the eyes of the public provides no discernible benefits to ratepayers and is a disallowable expense. General Telephone Company, Order No. 7669, p. 10 (3/7/77).
 - c. Advertising designed to enhance a company's corporate image is not an

allowable expense despite the argument that such advertising assisted in the recruiting of employees and put the company's name before investors. Southern Bell, Order No. 7926, p. 19 (8/10/77).

- d. Community Affairs advertising is excluded from operating expenses. "We find that Community Affairs advertising shall be removed." GTEFL, Order No. PSC-93-0108-FOF-TL, p. 52 (1/21/93).

- 4. Institutional and image advertising are excluded from the cost of service.

We agree with OPC that institutional or image advertising benefits the nonregulated portions of the business to a greater extent than the regulated operations and that the UTLD compensating payment is for benefits already funded by the ratepayers. We will continue our policy of excluding institutional or image advertising from the cost of service. United Telephone Co. of Florida, Order No. 24049, p. 23 (1/31/91).

- 5. The Commission disallowed the entire amount budgeted for a marketing and promotional campaign to attract new businesses.

Gulf contends that its well-being is directly related to that of the community, and that it has a direct stake in the community's overall development. As a result, Gulf has developed a marketing and promotional campaign designed to attract new businesses to the area. . . . It appears that Gulf has assumed some of the responsibilities of local chambers of commerce or development boards. Traditionally, those organizations have been in the forefront of attracting businesses to expand and relocate in their area. Gulf is duplicating these efforts This type of marketing expense might be expected of a company operating in a non-regulated environment Gulf however, has no competitors supplying electrical power in the same geographic area it serves. We do not believe that this expense should be passed on to Gulf's ratepayers. We therefore disallow the entire \$687,000 Gulf has budgeted for economic development. Gulf Power Co., Order No. 23573, page 37 (10/03/90).

- 6. Economic development costs are disallowed because growth benefits the shareholders.

Regarding the President's Quality Cup Awards, we agree with the Company that it is important to reward exceptional performance and to reinforce quality values and policies. However, we agree with OPC that the remaining items in DeWard's Schedule 46 are inappropriate for ratemaking purposes. These are the "Run to Bridge the Bay" sponsorship, the annual investment in Tampa Downtown Partnership,

and the shirts and towels for "Paint Your Heart Out Tampa". Moreover, we find it inappropriate for ratepayers to bear the burden of economic development costs because it is the shareholders who receive the benefit of growth. GTEFL, Order No. PSC-93-0108-FOF-TL, p. 58 (1/21/93).

7. Chamber of Commerce dues are disallowed because economic growth benefits the stockholder.

GTEFL asserts that community growth helps keep rates low but did not elaborate how community growth keeps rates low. OPC does not believe that costs associated with economic development should be borne by the ratepayer. We agree that expenditures associated with economic development should not be borne by the ratepayers. It is our view that potential benefits will accrue to the shareholders, not the ratepayers. GTEFL, Order No. PSC-93-0108-FOF-TL, p. 66 (1/21/93).

3.05 EMPLOYEE COMPENSATION

- A. Wage and benefit increases are part of the attrition allowance.

1. Included in the calculation of revenue requirements are adjustments for the effects of a recent formal agreement between the Communication Workers of America and Southern Bell which resulted in wage and benefit increases during the test period, as well as the annualized effect of other wage increases. In each instance, we are of the view that these amounts are of an ongoing nature and are more appropriately recognized through an attrition allowance. Southern Bell, Order No. 10449, p. 15 (12/15/81).

- B. Pro forma adjustments for wages and benefits are allowed only if increased productivity results and is verifiable.

1. The record being devoid of any suggestion of a known tool or device by which to measure changes in productivity, the Commission rejects arguments that the expense of wage adjustments is to be offset by corresponding adjustments to revenue for any productivity gains. A pro forma adjustment of wage expense only is proper and consistent with past regulatory policy. Gulf Power, Order No. 6650, p. 12 (5/7/75).
2. Expenses associated with tax planning services for key employees were disallowed as not substantiated by proof of resultant productivity gains. Florida Power & Light, Order No. 7843, p. 12 (6/16/77).

- C. Contract labor must not be a disproportionate part of the labor force.

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1. Where the Commission found a company's labor force to be disproportionately made up of contract labor, commanding higher wages than employees, the company was warned to make a concerted effort to get the proportion of contract laborers to a reasonable level in line with other utilities in the state. North Florida Telephone Company, Order No. 5936, p. 7 (11/19/73).
- D. Test period increases in wages may be annualized but overtime is to be excluded from any adjustments.
1. While the Commission allows annualization of wages to reflect raises granted during the test period, such a change being viewed as imminent and quantifiable, overtime pay is not included in the adjustment. Tampa Electric Company, Order No. 7987, p. 13 (10/4/77).
- E. The percentage capitalization of pension costs shall be the same percentage capitalization as payroll.
1. Where 24% of the company's payroll was capitalized, 24% of pension cost was also to be capitalized. Florida Power & Light, Order No. 5280, pp. 12 & 18 (12/7/71).
- F. When cash flow is a problem while interim rate relief is sought, the Commission may freeze salaries and/or dividends.
1. Where a small, closely held telephone company faced cash flow problems and was seeking interim relief on that basis, the Commission was moved to freeze salaries of officers as well as dividend payments, for the latter half of the calendar year. West Florida Telephone Company, Order No. 6174, p. 2 (6/19/74).
- G. Employee discounts for appliance purchases are classified as nonutility operations.
1. Employee discounts on appliance sales are not an allowable expense. Gulf Power Company, Order No. 7878, p. 12 (9/27/77).
- H. Wage increases agreed to by contract between the utility and the union are not binding on the Commission in its determination of allowable test year O & M expense.
1. It should be understood that our agreement to the 9.5% does not constitute deference to the bargain reached between the company and the unions. This Commission is not bound by a contract between the company and bargaining unit and we will in each case evaluate it independently for reasonableness. Florida Power Corporation, Order No. 11628 (2/17/83).
 2. Wage increases for nonunion employees should be limited to the inflation rate.

We believe the 9.3% and 7.9% rates are excessive and shall only

allow nonunion wage increases equal to the projected rates of inflation described in Exhibit 23Q of 3.5% and 5% for 1983 and 1984, respectively. Florida Power and Light Co., Order No. 12348, p. 10 (8/9/83).

- I. 1st District Court overruled the disallowance of a portion of the president's salary, because the court found that the reduction was not supported by competent substantial evidence.

Evidence that utility presidents' salary had increased dramatically in two years without justification and evidence of other public utility presidents' salaries did not support PSC's reduction of utility's proposed increase in president's salary - PSC erred in reducing amount for employee salaries based on fact that utility's employees were shared with related utility where PSC computed allocation of salaries by using equivalent residential connections for each utility without supporting evidence.

In determining whether an executive's salary is reasonable compared to salaries paid to other company executives, the comparison must, at the minimum, be based on a showing of similar duties, activities, and responsibilities in the person receiving the salary. *Metropolitan Dade County Water & Sewer Bd. v. Community Utils. Corp.*, 200 So. 2d 831, 833 (Fla. 3d DCA 1967). There is no discussion regarding the duties and responsibilities of the other executives contained on Willis's comparison list. Moreover, Willis admitted that some of the executives included on his comparison list do not work full time, as does Hodges, and that he did not account for this in his comparison. Nixon and Hodges each testified that many of the presidents listed do not work full time, and that many of the itemized utilities are not comparable in size to Sunshine. In fact, Hodges testified that only Marion Utilities, which operates 24 plants, was comparable to Sunshine, which operates 23 plants in Marion County, and it paid its president \$67,334. The largest number of plants any of the remaining utilities had was six.

In conclusion, we reverse on this point because the reduction in the president's salary is not supported by CSE. Sunshine Utilities of Central Florida, Inc., Appellant, v. Florida Public Service Commission, Appellee, 1st District. Case No. 92-631.

- J. Supplemental Executive Retirement Program was allowed. This program provides additional retirement benefits to executives only.

OPC recommended that all of the projected costs for this program be removed because the benefit represented an additional benefit provided exclusively to executives in addition to the standard retirement benefits available to all employees. Mr. Surgenor (TECO's witness) stated in his rebuttal testimony that Supplemental Executive Retirement Plans (SERPs):

are a common practice in industry today and are provided for those employees earning above the allowed IRS maximum limit for purposes of qualified retirement plan credit. The SERP is a component of our competitive compensation and benefits package provided to our officers. TECO, Order No. PSC-93-0165-FOF-EI, p.62 (2/2/93).

- K. Incentive salary packages allowed in operating expenses because their purpose is to make the utility more efficient. Total compensation package is tested for reasonableness.

We believe that incentives such as bonuses are useful in improving the performance of employees. Such improvement in performance will benefit the ratepayers, as well as the stockholders. There is no evidence that indicates that the overall amount of employee wages and compensation requested is excessive or unreasonable. Therefore, we find the utility's request for employee wages and compensation, including the \$47,970 in bonuses, to be appropriate and we hereby approve it. Southern States Utilities, Inc., Docket No. 920199, Order No. 93-0281-FOF-WS (2/23/93).

- L. Incentive compensation based on company goals is allowed in operating expense. Additional employee compensation based on the Success Sharing Program, an incentive plan, was allowed. The program applies to all employees and provides for annual awards as a percentage of the regular salaries of the employee when the company goals are reached.

Under this program, employees are eligible to receive compensation in addition to their regular salary, if certain company goals are obtained. Starting in 1992, the target award amount is 2% of an employee's job market value increasing to a maximum of 8% in 1995. This portion of an employee's compensation is not guaranteed but is only received when the goals of the company are obtained. TECO, Order No. PSC-93-0165-FOF-EI, p.59 (2/2/93).

- M. Short-term incentives are allowed as a test year expense, but are reduced to that applicable to the regulated Florida operations.

The Company has structured its compensation program so that an employee's combined base salary and target short-term incentive equal the externally competitive compensation level for that employee's position The purpose of the short-term incentive is to place a portion of its management employee expected compensation at risk We believe that there are goals associated with this bonus program that directly related to benefits to the ratepayers. However, we must ensure that the amount allowed is applicable to the regulated Florida operations. Centel, Order No. 24178, p. 23 (2/28/91).

- N. The Commission based amounts for Incentive pay and Supplemental Executive Retirement Plan on a four year average percentage of goals obtained.

During the past four years, the average percentage of the managers achieving their goals is 91.57% Based on past performance, we do not believe that it is reasonable to expect that the managers and executives will meet 100% of the stated objectives to qualify for incentive compensation. Therefore, we find that based on the average performance over the previous four years of 91.57%, the test year's intrastate expenses for incentive compensation shall be reduced by \$25,591. Supplemental Executive Retirement Plan (SERP) equates to the difference between the benefit determined under the pension plan using the revised definition of compensation which includes incentive compensation and the benefit calculated under the terms of the pension plan which does not include incentive compensation. We believe that the 91.57% applied to incentive compensation should be applied to SERP for the test year. United Telephone Co. of Florida, Order No. PSC-92-0708-FOF-TL, p. 22 (7/24/92).

- O. A portion of costs associated with an incentive compensation plan which rewards employees for the attainment of goals that may be inconsistent with the goals of regulation is disallowed.

We agree with OPC that the incentive compensation plan has elements that reward S/UMC employees for the attainment of goals which are not necessarily consistent with the goals of regulation and are more likely to benefit Sprint and other non-regulated operations. We also believe that the incentive compensation plan does provide some benefit to the regulated telephone companies. Therefore, we find that intrastate GS&L shall be further reduced by \$563,000 to remove one half of the allocated costs of the incentive compensation plan, and \$103,000 to remove the corporate communications costs agreed to by the Company. United Telephone Co. of Florida, Order No. PSC-92-0708-FOF-TL, p. 31 (7/24/92).

- P. The Commission approved the use of Statement of Financial Accounting Standards no. 87 determine pension expense.

Although the intervenors argued that we should make adjustments to pension expense based on cash basis accounting, we have decided to use FAS No. 87 to determine pension expense, as discussed above. FPC, Order No. PSC-92-1197-FOF-EI, p. 40 (10/22/92)

- Q. The Commission disallowed stock option and Incentive Deferred Compensation Plan because such expenses cannot be reasonably quantified for the calculation of revenue requirements.

Centel asserts that the stock option and Incentive Deferred Compensation Plan (IDCP) are an integral part of the Company's market-based employee compensation program. . . . We believe these expenses are speculative and cannot be accurately quantified for the purpose of setting rates. Centel, Order

No. 24178, p. 24 (2/28/91)

- R. Early retirement and severance pay are normal ongoing expenses.

OPC asserts that the Company's budgeting system does not recognize the potential savings in terms of wages, fringe benefits and payroll taxes when employees are offered early retirement plans. . . . We believe that the Company may incur a minor level of severance or early retirement costs each year. These expenses can be classified as normal ongoing expenses that may occur more frequently. Additionally, we do not believe that this is a duplicative expense. United Telephone Co. of Florida, Order No. PSC-92-0708-FOF-TL, p. 23 (7/24/92).

- S. Promotional increases are excluded from the wage factor in the pension calculation and the overall wage increase assumption and the assumption used for the pension calculation should essentially be the same.

From 1986 through 1991, the average of the actual salary and wage increases was 4.57%. . . . The wage factor in the pension calculation includes not only the wages and salaries increase, but also the promotional increase expected over an extended period of time. We disagree. Employee turnovers occur at a constant rate. UTF's actual wages and salaries increase rates should take into account the fact that when higher paid employees leave, they are replaced by lower paid employees, as well as reflecting any promotional increases for any current employees. We do not believe that there should be any significant difference between the overall wage increase assumption and the assumption used for the pension calculation. United Telephone Co. of Florida, Order No. PSC-92-0708-FOF-TL, p. 23 (7/24/92).

- T. Past history of actual wage increases including both inflation and merit adjustments are used to determine the reasonableness of the rate applied to pension liability.

There are many assumptions built into the calculation of total pension liability in order to determine the amount of each year's funding requirements. One such assumption is the anticipated composite rate of future increases in employee compensation. For the purpose of calculating the pension liability for the test year, GTEFL has anticipated a future wage increase of 6 percent. . . . Given the past history of GTEFL's actual wage increases, which include both inflation and merit adjustments, reflecting only the wage inflation rate may not be appropriate for the purpose of calculating the pension requirement. Indeed, during the period between 1989 and 1993, GTEFL's average wage increase is 3.67 percent for inflation and 2.1 percent for merit, for a total of 5.77 percent. Given that average, we cannot say that the 6 percent assumption used by GTEFL for the pension calculation is unreasonable. GTEFL, Order No. PSC-93-0108-FOF-TL, p. 81 (1/21/93).

- U. Reasonable costs of health fitness centers for employees are allowed, although the benefits of a healthy work force are difficult to quantify.

OPC contends that the benefits of health care facilities are speculative at best. . . . GTEFL offers the use of four health fitness centers for its employees as part of its overall benefits package. The centers are located in Tampa, Sarasota, St. Petersburg, and Clearwater. The Health Centers are available to all GTEFL employees who elect to become members of the Centers and pay a \$5 per pay period membership fee. . . . The record shows that the Company has engaged in a number of programs intended to lower health costs and increase productivity of its employees. . . . While the benefits of a healthy work force are difficult to quantify, we accept that such benefits exist. Further, the cost to provide this benefit to the employees appears to be reasonable. GTEFL, Order No. PSC-93-0108-FOF-TL, p. 57 (1/21/93).

- V. Chauffeur service expenses are disallowed.

We find that the costs for chauffeur service should not be borne by GTEFL's ratepayers. GTEFL, Order No. PSC-93-0108-FOF-TL, p. 68 (1/21/93).

- W. Employee concessions are accounted for as an expense and are separated between intrastate and interstate jurisdictions.

We agree that employee concessions are an employee benefit which should be accounted for in the same manner as any other benefit. We note that if the employee were compensated through salary rather than the employee concession, additional expense would be incurred for such items as payroll tax and workers compensation. . . . we believe it is inappropriate that the entire amount of employee concessions be recovered from intrastate. Further, the Company was unable to demonstrate that either part 32 or part 36 precluded accounting for the concessions as an expense and separating it between the intrastate and interstate jurisdictions. GTEFL, Order No. PSC-93-0108-FOF-TL, p. 37 (1/21/93).

- X. Poor quality of service or performance by management may justify a reduction in the president's salary.

We find it appropriate to reduce the salary of MHU's president because of our concerns with MHU's overall quality of service and the performance of its management. Mad Hatter Utility Inc., Docket No. 910637-WS, Order No. PSC-93-0295-FOF-WS, p. 26 (2/24/93).

- Y. Employee bonuses allowed may be reduced because of economic conditions.

Although we believe the record supports allowing a provision for employee

bonuses as an incentive to superior performance, we believe the utility's requested 5.0 percent increase is somewhat high in these economic times. We find that 3.0 percent increase in this instance is reasonable. Southern States Utilities, Inc., Marco Island, Docket No. 920655-WS, Order No. PSC-93-1070-FOF-WS, p. 35 (7/23/93).

3.06 LOBBYING AND PUBLIC RELATIONS ACTIVITIES

A. Lobbying expenses are not a proper ratemaking expense.

1. Public Counsel recommends excluding the lobbying expenses and we concur as we see no evidence that the ratepayers, as opposed to the stockholders, have received any benefit from these expenditures. Southern Bell, Order No. 10449, p. 20 (12/15/81).
2. Lobbying expenses have consistently been disallowed in all rate proceedings on the ground that they are more properly funded by stockholders. General Telephone Company, Order No. 7669, p. 10 (3/7/77).

B. Expenses related to public relations activities are not a legitimate intrastate ratemaking expense.

1. Both Public Counsel and our staff recommend an adjustment for contributions and goodwill. We concur that the company has failed to establish the benefit to the intrastate ratepayers of amounts associated with these and would adjust expenses accordingly. Southern Bell, Order No. 10449, p. 20 (12/15/81).
2. Stockholder relations expenses are incurred for activities related to image building and goodwill and are not allowable test year expenses.

This type of expense is not normally allowed by this Commission if incurred by a utility. This type of expense should be disallowed if incurred by a parent and passed through to subsidiary companies. TECO, Docket No. 820007-EU, Order No. 11307 (11/10/82).

C. Lobbying and regulatory influencing activities are disallowed.

Witness Brosch characterizes operations of the "External Relations" Departments and the "Law and External Affairs" Departments as lobbying and regulatory influencing activities which are of questionable benefit to the ratepayers and considerable benefit to the nonregulated subsidiaries of United. . . . We will allow 25% of departments 161, 165 166 and 167 and 50% of department 162. United Telephone Co. of Florida, Order No. 24049, p. 28 (1/31/91).

D. Political action committee expenses are nonjurisdictional expenses.

Although the MFRs demonstrate that \$315,651 of lobbying and political action committee (PAC) related expenses are appropriately recognized below the line and not subject to recovery through jurisdictional rates, United identified at the hearing that \$2,094 of PAC costs were left above the line in 1989. . . . We find it appropriate to remove this remaining \$1,756 amount of lobbying and PAC expenses. United Telephone Co. of Florida, Order No. 24049, p. 17 (1/31/91).

3.07 RESEARCH EXPENSES

- A. Expenses relating to research and experimental activities that reflect benefits to the ratepayers are allowable expenses for ratemaking.
1. Expenses related generally to experimental and research activities must be justified by evidence reflecting the benefits derived by the ratepayers from those expenditures, or such expenditures will not be allowed. Gulf Power Company, Order No. 8424, p. 4 (8/7/78).

3.08 EXTRAORDINARY OR NONRECURRING EXPENSES

- A. Some extraordinary, nonrecurring test year expenses are normalized, others are disallowed.
1. Abnormal maintenance expenses resulting from an employee strike, severe weather conditions and the rearrangement of plant are to be normalized into a representative figure by reference to a period in which these unusual conditions did not occur. United Telephone Company, Order No. 7109, p. 6 (2/13/76).
 2. Elimination of nonrecurring rental, moving and continuing property record expenses are proper adjustments to test period figures. Winter Park Telephone Company, Order No. 8330, p. 7 (6/2/78).
 3. Extraordinary strike overtime payroll was properly excluded from test period expenses as being out of period. Florida Power & Light, Order No. 5280, pp. 17-18 (12/7/71).
 4. It is Commission policy to average storm damage losses over a five year period. United Telephone Company, Order No. 7109, p. 7 (2/13/76); General Telephone Company, Order No. 4461, p. 9 (11/26/68).
 5. A host of nonrecurring and out of period expenses are properly excluded from the rate base, including: improperly recorded expenses, extraordinary legal expense, extraordinary accounting entries, unsubstantiated license contract fees. Florida Telephone Corporation, Order No. 7419, p. 9 (9/3/76).
 6. An increase in postal rates is properly taken account of by adjusting test period

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operating expenses upward. Gulf Power Company, Order No. 5471, p. 23 (6/30/72).

7. An increase in base operating payroll as well as an increase in payroll tax rates were properly taken account of by adjusting test period operating expenses upward. Gulf Power Company, Order No. 5471, p. 23 (6/30/72).
8. Test period expenses for abandoned projects should be disallowed for ratemaking purposes. United Telephone Company, Order No. 7109, p. 6 (2/13/76).
9. Book losses on the sale of mobile diesel generating unit have been disallowed on the ground that the equipment was not used and useful. Florida Public Utility Company, Order No. 8502, p. 2 (10/4/78).
10. Where the loss from an extraordinary retirement was fully amortized prior to the end of the test period, the amortization expense is considered nonrecurring and disallowed for ratemaking purposes. Tampa Electric Company, Order No. 9599, p. 7 (10/17/80).
11. Although the telephone industry as a whole endorses the concept of full normalization, because of certain problems in the areas of intercompany settlements, the telephone companies are directed to adhere to the freeze provisions contained in Orders 5571 and 5571B, Order No. 6917, p. 4 (9/22/75).
12. Projected nonrecurring expenses were reduced to the five year average of nonrecurring expenses.

For 1990, Gulf budgeted \$1,663,247 for other non-recurring expenses compared to a 5-year average of actual expenses of \$1,473,407 or a difference of \$189,840. Gulf did not offer any explanation as to what activities were projected for 1990 in support of the \$1,663,247 non-recurring expenses. Since these expenses affect all functional categories of expenses, the adjustment has been included in the O&M benchmark schedule as a single adjustment of total O&M expenses. We have therefore reduced O&M expenses by \$189,840. Gulf Power Co., Order No. 23573, page 34 (10/03/90)

13. The Commission reduced projected employee relocation expense based on the prior year which included a company reorganization, to the average for the four years preceding the projected test year.

Gulf's employee relocation plan covers a variety of costs involved in moving an employee and his family. These costs include appraisals, inspections, insurance, closing costs, broker expenses, moving expenses, and living expenses until a new home is purchased. Relocation expenses cannot be neatly extrapolated from year to year

. . . . Relocation expense increased in 1989 primarily due to company reorganization. Gulf budgeted \$324,100 for test year 1990. We believe that \$324,100 is too high because of the extensive changes which occurred in 1989 are unlikely to recur soon. We believe a more reasonable approach is to allow \$268,112, the amount of the 1986-1989 average yearly expense for relocation. Gulf Power Co., Order No. 23573, page 39, (10/03/90).

14. The Commission reduced moving expenses to a four year average and a portion of expense was allocated to nonutility operations.

We find that the projected test year moving expense of \$64,684 should be reduced by \$14,835. This reduction reflects the four year average of moving expenses and an allocation to non-utility operations. Peoples Gas System, Order No. PSC-92-0924-FOF-GU, p. 6 (9/3/92).

15. Employee relocation expense was based on a four year average with trending for inflation.

The Company argued that a five year average of \$16,580 should be trended forward to \$19,251 for the projected test year. . . . One-half of the relocations from 1985 through 1991 were for the one general manager position in Ocala, and that there were two relocations, in consecutive years, for the service manager position in Ocala. . . . Relocation expense in 1988 was abnormally high, at \$35,153. A four-year average, excluding 1988, would be only \$11,913, and the three-year average including 1989 - 1991 would be \$11,231. We believe that these are more representative amounts and would be more appropriately used. Trending the four-year average of \$11,913 forward for inflation results in a projected test year amount of \$12,744. West Florida Natural Gas, Order No. PSC-92-0580-FOF-GU, p. 36. (6/29/92).

16. Environmental cleanup costs amortized over a five year period.

We find that the proper amount and treatment of expenses associated with the environmental cleanup of the manufactured gas plant sites is an annual amortization expense of \$1,248,000 (based on a five year amortization), beginning on November 1, 1990, as approved by the Commission in Order No. 23858 (Docket No. 891353-GU). Peoples Gas System, Order No. PSC-92-0924-FOF-GU, p. 4 (9/3/92).

17. Federal and state tax benefits resulting from a donation of land are amortized over a four year period.

We find that the appropriate treatment of land donated to the City of St. Petersburg in September 1991 is to amortize federal and state income tax benefits totalling \$321,779 above the line over four years. Peoples Gas System, Order No. PSC-92-0924-FOF-GU, p. 7 (9/3/92).

18. The Commission allowed bad debt expense based on a three year average of net write-offs as a percent of sales.

We find that the \$449,601 included in the projected test year for bad debt expense should be reduced \$13,668. This adjustment is based on a three year average of net write offs as a percent of sales consistent with previous Commission decisions. Peoples Gas System, Order No. PSC-92-0924-FOF-GU, p. 6 (9/3/92).

19. Legal fees were annualized based on available actual data and adjusted for inflation.

Although we recognize that these legal fees are increasing, we do not believe the costs will reach \$27,209 in the projected test year. The legal fee was \$10,393 for the first eight months of fiscal year 1992. We believe it is a more reasonable estimate to annualize this amount, and trend it by inflation, resulting in a projected test year amount of \$16,107. West Florida Natural Gas, Order No. PSC-92-0580-FOF-GU, p. 34. (6/29/92).

20. Expense to change to new logo is a nonrecurring event that should not be recovered annually.

We believe that United's logo change is a nonrecurring event and the Company should not be allowed to recover this cost year after year. United Telephone Co. of Florida, Order No. PSC-92-0708-FOF-TL, p. 25 (7/24/92).

21. Merger costs are amortized over a five year period.

Although the utility anticipates that future merger costs will be incurred, when and how frequently such costs will be incurred is uncertain. However, there is no evidence in the record which indicates that the test year merger expenses were imprudently incurred. Therefore, we find that the costs associated with the merger should be recovered over a five year period. Southern States Utilities, Inc., Docket No. 920199-WS, Order No. PSC-93-0423-FOF-WS, p. 63 (3/22/93).

22. Costs from prior years special projects resulting in savings in the test year are

included in test year operating expenses.

United is continually undertaking special projects to enhance service, increase productivity or both. . . . Because these types of projects are continually in process, it is not appropriate to attempt to match all costs and savings from these projects in this proceeding. However, fairness requires that if an adjustment for savings realized after the test year is to be made, then, to the extent that savings were realized in the test year resulting from costs incurred in prior years, an adjustment should also be made to include those costs in the test year. United Telephone Co. of Florida, Order No. 24049, p. 31 (1/31/91).

3.09 RATE CASE EXPENSES

- A. Rate case expenses, or a portion of rate case expenses are allowable for ratemaking purposes. The Commission does not necessarily consider the entire amount of rate case expense incurred. In all cases, the prudence of the expenditure must first be proven before it is accepted.
- B. Rate case expense should be amortized over a period of time.

In our opinion, the expenses incurred for a rate case benefit not only the current period, but also future periods. In addition, rates should not be set to recover the total amount of rate case expenses each year since retail rate cases are not normally filed each year. We find that a three-year period is appropriate for amortizing rate case expenses. Gulf, Order No. 10557 (2/1/82)

- C. The projected rate case expense allowed in the prior case rather than the actual rate case expense incurred therein is the amount to be amortized for inclusion in subsequent cases, if any.

The decision to allow the projected amount of \$635,310 in the last rate case was based on a thorough analysis of the evidence submitted. Had the Company sought to include over \$1.2 million as rate case expense in their last case, additional issues...would have been raised. TECO, Docket No. 830012-EU, Order No. 12663 (11/7/83).

- D. Rate case expense can be adjusted through the use of comparisons.
 - 1. The Commission adjusted rate case expense by showing a strong correlation between the number of ERCs and rate case expense.
 - 2. Keystone Water Company, Inc., Docket No. 800641-W, Order No. 10465 (12/21/83); affirmed by the 1st DCA Case No. AI-478 (6/29/82).

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- E. The cost of higher cost witness(es) is disallowed when testimony is redundant. Internal Affairs (11/29/82), no docket reference.
- F. Amounts for reimbursement of PSC out-of-state rate case audit expense are not allowed as an operating expense.

The utility included \$3,000 as a rate case expense for the estimated cost of travel for Commission staff auditors to review the utility's books and records in New Mexico. When the Commission granted permission to the utility to maintain its books out of state, it was with the understanding that the utility would absorb the expense of staff travel to review those books. Florida Ridge Utilities Corporation, Docket No. 810258-WS, Order No. 11241 (10/12/82).

- G. Reasonable rate case expense should be borne by the ratepayers and should not be arbitrarily shared 50/50 between the stockholders and the ratepayers.

We agree that the amortization period should be four years, and we think that the entire expense is properly borne by the ratepayers. Seacoast Utilities, Inc., Docket No. 820073-WS, Order No. 13317 (5/21/84).

- H. When total actual rate case expense exceeded the projected total amount, the projected total amount was allowed even though in some areas actual expenditures exceeded the projected amount.

Although actual expenditures were less than budgeted in some areas, other areas exceeded the estimates. We find it appropriate to limit recovery to the original \$1,438,000 requested by the company in the MFRs. TECO, Order No. PSC-93-0165-FOF-EI, p.64 (2/2/93).

- I. Actual rate case expenses exceeding the amount requested in the MFRs was allowed.

The Company requested that \$112,000 in rate case expenses be amortized over a two year period. However, this amount was subsequently revised to slightly more than \$147,000. Having reviewed these expenses, we find that they appear to be reasonable. This amount is, however, \$35,000 higher than initially requested in the MFRs. In the past, there have been instances where we did not allow any increase in rate case expense due to a revised estimate. However, in this case, there have been several rate base as well as other NOI issues in which the Company's original position has been modified by our Staff because of updated information. Often updated information works to the detriment of a company. Yet, for fairness and consistency, when appropriate, updated information should be used to help a company as well. Because invoices were introduced to support the expenses, we find most of the amounts listed are actual, and not projections. Thus, this eliminates any objection to estimated amounts. West Florida Natural Gas, Order No. PSC-92-0580-FOF-

GU, p. 40. (6/29/92).

- J. Normal salaries and wages of employees involved in a rate case are not incremental costs. Only the incremental salary costs are recoverable through a rate case expense allowance.

The Company asserts that it incurred \$1.2 million in rate case expense and seeks an amortization period of four years. Of that \$1.2 million, \$900,000 is an estimated rate case expense associated with the Company employees' normal salaries and wages expense. This amount is in addition to the expenses incurred for outside consultants, employee's overtime salaries and wages, travel, and other miscellaneous expenses. . . . In budgeting the salaries and wages expense for the test year, United did not reduce the expense related to those employees who are working on this rate proceeding. Therefore, that expense is recorded both in the test year's operating expenses and in the rate case expense of which the Company is seeking a recovery. We believe that the rationale for allowing the rate case expense is so that a company may recover the reasonable incremental cost of a rate proceeding. We find that the \$900,000 normal salaries and wages expense is not an incremental cost. Regardless of this rate case, the Company would have incurred the \$900,000 normal salaries and wages expense. United Telephone Co. of Florida, Order No. PSC-92-0708-FOF-TL, p. 25 (7/24/92).

- K. The Commission approved the amortization of rate case expense over a four year period, corresponding approximately with the next MMFR due date.

FPC requested a 2 year amortization period because we approved a 2 year amortization period in FPC's 1984 and 1987 rate cases. FPC also made an assumption in its current Five Year Business Plan that the company would file its next rate case in 1994. However, it has been 8 years since FPC's last rate case where a rate increase was granted, and 5 years since its last rate case. Pursuant to Chapter 366, Florida Statutes, FPC must file Modified Minimum Filing Requirements (MMFRs) in 1996. Based on these facts and the arguments presented above, we believe the amortization period should be greater than 2 years but less than 5 years. We find that rate case expense shall be amortized over 4 years. FPC, Order No. PSC-92-1197-FOF-EI, p. 49 (10/22/92).

- L. Loadstar method is used to determine the portion of appellate rate case expense allowed.

Based on the foregoing analysis, we first find that the utility is entitled to some level of appellate rate case expense. Second, we find that the loadstar method is the appropriate method to use and is consistent with the method employed by the courts. Finally, we accept the theory that reasonable attorney fees should be awarded on the number of issues on which the utility has prevailed; and we have determined that Sunshine has prevailed on at least three of the five

issues appealed. Sunshine Utilities of Central Florida, Docket No. 900386-WU, Order No. PSC-94-0738-FOF-WU, p. 17 (6/15/94).

- M. A portion of rate case expense is disallowed when no supporting documentation is filed.

The burden of proof in a Commission proceeding where a utility is seeking a rate change is always on the utility. The utility has failed to meet its burden in this it failed to file any supporting documentation to justify its requested rate case expense. Therefore, we find it appropriate to disallow some of the rate case expense. General Development Utility Corporation, Silver Springs Shores Division and Port Labelle Division, Docket Nos. 920733-WS and 920734-WS, Order No. PSC-93-1113-FOF-WS, p. 41 (7/30/93).

- N. Shareholders absorb the expenses of mismanagement resulting from duplicative, successive rate proceedings.

In cases where we find that successive rate proceedings are duplicative, we believe that shareholders shall bear the expenses of mismanagement. Rate case must be kept at a minimum, and any utility's rate case strategy should be guided with a goal of minimizing the cost to the ratepayers. Florida Cities Water Company, South Fort Myers Division, Docket No. 920808-SU, Order No. PSC-93-1288-FOF-SU, p. 30 (9/7/93).

- O. Part of accounting rate case expense may be disallowed due to poor record keeping.

We find that additional accounting expenses were incurred because of the utility's past poor record keeping, and that the burden of this expense should not be borne by the ratepayers. Utilities, Inc., Docket No. 911188-WS, Order No. PSC-93-0301-FOF-WS, p. 25 (2/25/93).

3.10 LICENSE CONTRACT FEES AND AFFILIATED TRANSACTIONS

- A. The specific services performed by the parent must be documented with specific costs assigned and of benefit to the Florida ratepayer.
1. In future cases, we would prefer to have the precise services utilized in Florida and the direct cost of providing those services, along with other outside procurement alternatives for obtaining the services. A showing of the reasonableness and prudence of particular expenditures would, in our estimation, be preferable to the "blanket-savings" approach not utilized and would be the preferred method for the company to use to demonstrate the value of license contract services relative to rising costs for such services. General Telephone, Order No. 10418, p. 20 (11/23/81).
 2. Where the parent company listed the allocation of charges from each department opposite the composite expenses and tax basis used during the present and prior year,

there was sufficient documentation to allow the subsidiary to include such charges as test period operating expenses. The earlier tender of an unsupported one-line invoice was not sufficient documentation. General Telephone Company, Order No. 7669, pp. 9-10 (3/7/77).

3. The allocation of holding Company's expenses should be based on the methodology actually used.

The Company was "billed on a monthly basis based on this factor which is determined quarterly." In our opinion, the appropriate methodology to be used is the quarterly basis, which is the methodology actually used... We will, therefore, increase operating expenses by \$10,000 to reflect the allocation of charges based on a quarterly equity investment. TECO, Docket No. 830012-EU, Order No. 12663 (11/7/83).

4. The Commission requires that license contract fees be based on the actual costs of the services rendered; they may not be charged as a percentage of gross revenues of the subsidiary. Southern Bell, Order No. 5987, p. 8 (12/27/73).
5. Because of inadequacies in the evidence presented regarding the reasonableness of prices paid to North Supply Company, we find that a 10 basis point adjustment to the return on equity is appropriate. United Telephone Company, Docket No. 810211-TP, Order No. 11029 (7/27/82).

B. There is not currently a limit on the allowable license contract fees.

1. The Commission has rejected a proposal to limit allowable license contract fees to 1% of revenues, less uncollectibles. Southern Bell, Order No. 7626, p. 20 (8/10/77).

C. Purchase from affiliated companies/suppliers require cost and price justifications to ensure that the purchases were prudent.

1. More explicit price comparisons and evidence of active outside bid solicitations should accompany future transactions to ensure reasonableness and prudence therein. General Telephone Company, Order No. 10418, p. 10 (11/23/81).
2. Reference to the Statement of Auditing Standards is useful in formulating the guidelines which should be utilized in determining the reasonableness of charges for an outside company's services. St. Joseph Telephone Company, Order No. 7158, p. 3 (3/12/76).
3. We further share the staff's and Public Counsel's concern that Southern Bell and other companies having similar dealings with affiliates be held to a higher standard of proof in justifying these expenses ... We believe that in every case there must be

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a clear demonstration of the benefit of the service to the ratepayers. Southern Bell, Docket No. 820294-TP, Order No. 12221 (7/13/83).

4. We have stated that we will look to explicit price comparisons and evidence of outside bid solicitations as well as clearly demonstrated benefits to the ratepayer in justifying affiliate transactions. Alltel Telephone Company, Docket No. 850064-TL, Order NO. 15627 (2/5/86).

D. Interest payments to an affiliate should be cost based with the return not to exceed that of the regulated utility.

1. As opposed to charges at the "low end of the market," where an electric utility owns transportation subsidiaries and a coal mining operation, charges for these subsidiary services and resources are to be at cost based on a return on equity no greater than the one last authorized for the regulated utility. Tampa Electric Company, Order No. 7987, p. 28 (10/4/77).

E. Nonutility business meals, sales commissions, salary allocations and dues are not included in test year expenses.

The Company made adjustments removing \$38,448 in non-utility business meals, sales commissions, salary allocations, and dues which we accept. West Florida Natural Gas, Order No. PSC-92-0580-FOF-GU, p. 38. (6/29/92).

F. Portions of costs allocated from the parent company were allowed as management costs and the remainder was disallowed as investor costs.

We agree with the Company that these allocated costs do have the character of management costs and are of some benefit to the ratepayer. However, OPC's argument that these costs represent the costs of UTI as an owner/investor in UTF also have merit, particularly in light of our previous decisions. Therefore, we find it appropriate to disallow one half of executive departments 105, 110, 130 and 260 and the corporate secretary, as ownership costs, with the remainder being management costs. Additionally, we shall disallow the entire costs of the planning department and executive departments 160, 195 and 197. United Telephone Company of Florida, PSC-0708-FOF-TL, p. 31 (7/24/92).

G. Allowed cost of data processing services purchased from an affiliated company are reduced when the affiliate's earned rate of return is excessive.

GTEDS' competitors have earned an average return on equity of 26.7 percent compared to GTEDS' average of 24.9 percent. . . . When dealing with non-arms' length transactions such as these, this Commission generally employs a higher standard of scrutiny. . . . Although we accept that GTEDS is entitled

to a reasonable return on its investment, we do not agree that GTEFL's ratepayers should be required to pay an embedded rate of return on equity of 24.9 percent for GTEDS' services. We also do not accept that a company which does substantially all of its business (90 percent) with a regulated affiliate should be allowed to earn a return so greatly in excess of that allowed the regulated affiliate. . . . Based upon these considerations, we find that GTEDS' charges for data processing services includes an excessive rate of return on equity. GTEFL, Order No. PSC-93-0108-FOF-TL, p. 68 (1/21/93).

H. Allocation of aircraft operations expense not directly assigned to users is disallowed.

. . . these costs as proprietary costs not recoverable if directly incurred by United and believes they should be disallowed. The corporate aircraft costs allocated to United in the amount of \$401,348, total Company, represent the costs of the two aircraft and aircraft operations not directly assigned to user departments based on passenger travel charged at first class airfare rates. Witness Brosch contends that the aircraft are utilized "in a relatively inefficient and wasteful manner" based on low passenger loadings. . . . OPC recommends disallowing the \$401,348 allocation of these unrecovered aircraft costs. United Telephone Co. of Florida, Order No. 24049, p.27 (1/31/91).

I. When an affiliate is providing materials and supplies, one-half of the excess of the embedded return on investment over the FCC authorized overall return is disallowed.

GTEFL is entitled to a return on its investment in inventory. We do not agree that the general body of ratepayers should be subjected to . . . pricing by nonregulated affiliates. At the same time, we do not wish to discourage the efficiencies and economies of scale engendered through consolidation and affiliated transactions. Accordingly, we find it appropriate to disallow one-half of GTEFL's embedded return on investment over the current FCC authorized overall rate of 11.25 percent. GTEFL, Order No. PSC-93-0108-FOF-TL, p. 70 (1/21/93).

J. The Supreme Court decreed that the standard for reviewing transactions between a utility and its affiliates is whether the transactions exceed the going market rate or are otherwise inherently unfair.

We do find, however, that the PSC abused its discretion in its decision to reduce in whole or in part certain costs arising from transactions between GTE and its affiliates, GTE Data Services and GTE Supply. The evidence indicates that GTE's costs were no greater than they would have been had GTE purchased services and supplies elsewhere. The mere fact that a utility is doing business with an affiliate does not mean that unfair or excess profits are being generated, without more. Charles F. Phillips, Jr., The Regulation of Public Utilities 254-55 (1988). We believe the standard must be whether the

transactions exceed the going market rate or are otherwise inherently unfair. See *id.* If the answer is "no," then the PSC may not reject the utility's position. The PSC obviously applied a different standard, and we thus must reverse the PSC's determination of this question. GTE Florida, Inc. V. Deason, Supreme Court Case No. 82003, p.6 (July 7, 1994).

3.11 RESERVE ACCOUNTS

- A. When a future expense is probable, a reserve account may be established.
 - 1. Advance charges are allowed in anticipation of future casualty losses resulting from storms. These charges are placed in a storm damage reserve which is subtracted from rate base. If the reserve is funded, earnings from the fund are used to increase the fund. Florida Power & Light, Order No. 4078, pp. 22-23 (11/2/66).
- B. The reserve account should maintain an adequate balance.
 - 1. A demonstrated inadequacy of the reserve served as the basis for allowing an adjustment to operating expenses to increase the reserve. Gulf Power Company, Order No. 9628, p. 11 (11/10/80).
- C. When the level of the Storm and Property Insurance Reserve Fund is adequate the annual charge to the reserve may be discontinued. Investment earnings should continue to be reinvested in the fund.

We agree that the Reserve Fund is sufficient at its present level to cover possible losses, and we will permit FPL to discontinue its annual charge to the Reserve Fund, effective January 1, 1991.

We do not agree, however, that reinvestment of the Fund's earnings should be discontinued and used to offset the utility's operating expenses.... the investment earnings should therefore continue to be used to maintain the value and viability of the Fund. Florida Power & Light, Docket No. 910257-EI, Order No. 24728, p. 2 (7/1/91).

- D. An allowance for uncollectibles is a legitimate expense.
 - 1. When a reserve deficiency exists for uncollectibles, the reserve may be increased but for ratemaking only by the amount attributable to the test period. General Telephone, Order No. 10418, p. 14 (11/23/81).
- E. The Commission reduced uncollectible expense by the difference between the company's estimate and the three year average, but increased it by the difference between the amount allowed in a tax savings docket and the estimated amount. The resulting net reduction in uncollectible expense resulted in a corresponding increase in the working capital allowance.

In 1988, FPL accrued \$17,408,081 in uncollectible expense, calculated according to accrual accounting requirements which require that uncollectible expenses be estimated during the period in which revenues are recognized. Although we believe that FPL's 1988 actual net write-offs of \$11,508,027 are reasonable, we find that the accrual estimate is unreasonably high. We tested the reasonableness of the estimated expense by calculating an average of net write-offs to retail sales of electricity for the years 1985 through 1987. We used this method of testing the reasonableness of uncollectible expense in Dockets No. 881056-EI, 850172-GU and 890324-EI. We believe that the three year average of \$12,343,000 represents a reasonable expense level. Normally, we would allow the utility uncollectible expense in this amount, which would require a disallowance of \$5,065,000. This disallowance would necessitate a corresponding reduction in the accumulated provision account, which would, in turn, increase working capital. However, in 1987 FPL's net write-offs exceeded its accrual by \$1,400,000. The net write-off of \$10,069,159 would have been expensed for tax purposes, while only the estimated accrual of \$8,669,159 was included in the utility's 1987 tax savings calculation. We therefore find it appropriate to offset our reduction by the 1987 deficiency of \$1,400,000. Thus, we will reduce uncollectible expense by \$3,665,000, which produces a \$1,832,500 reduction in accumulated provision for uncollectibles, and a corresponding increase to working capital of \$1,832,500. FPL, Order No. 23727, page 8 (11/07/90).

3.12 DIRECT SALES ACTIVITIES

- A. The expenses related to the operation of a phone mart or shop are allowable since they are used for regulated activities.

Phone marts are now used for strictly regulated activities and they do provide some service to the subscribers. Absent some evidence that these phone marts are being utilized for nonregulated activities or other matters not appropriately considered in a rate case, we would not make any adjustment for their operations. General Telephone, Order No. 10418, p. 16 (11/23/81).

- B. The revenues and expenses associated with the Business Phone System should be allocated between the regulated and nonregulated activities. The regulated activities should be considered above the line.

We believe that General Telephone should continue to maintain the allocations between the Business Phone System and its regulated activities, but that the revenues and expenses should be included above the line for ratemaking purposes. Recognizing the move toward deregulation of this operation, we again emphasize the need for the company to maintain its books and records in such a manner as to facilitate future changes. General Telephone, Order No. 10418, p. 16 (11/23/81).

3.13 EXTRAORDINARY RETIREMENT

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A. Loss from an extraordinary retirement should be amortized above the line over a reasonable period.

1. Normally, upon the retirement of utility plant, no gain or loss is recorded, since the system of accounts is set up such that the item is assumed to be fully depreciated. Therefore, no gain or loss occurs. Occasionally, though, a retirement does result in a loss, because the retirement is extraordinary in that such early retirement was not expected. In such cases this Commission, if shown that the retirement was beyond the ability of management to control, will allow the loss to be amortized above the line over a reasonable period. Recently, many such retirements have resulted from actions mandated by Federal regulatory agencies. In such cases, it has been shown that the retirements were beyond management's control. Tampa Electric Company, Order No. 7987 (10/4/77).

3.14 O & M EXPENSES

A. Expense deferred beyond the test period should be eliminated from the test year expenses.

1. The Commission determined that an adjustment should be made to reduce O & M test year expenses by \$777,232 to eliminate expenses deferred beyond the test year. Gulf Power Company, Docket No. 810136-EU, Order No. 10557, p. 19 (2/1/82).

B. Maintenance deferred to the test year should not be considered normal test year operating expenses and should be amortized over the maintenance cycle.

. . . of \$10,145,000, \$6,050,000 are expenses which would not normally occur in the test year but which had been deferred to the test year due to financial constraints in previous years. . . These expenses should not be considered normal test year operating expenses. Gulf Power Company, Order No. 11498 (1/11/83).

C. Inflation rates for projected expenses should be adjusted to reflect current projections of inflation rates.

FPL inflated certain of its O & M expenses by 5.2% for 1983 and 6.7% for 1984. During cross-examination, FPL's witness, J.W. Williams, acknowledged that these rates of inflation were no longer realistic and provided more current projections of 3.5% for 1983 and 5.0% for 1984. Utilizing that revised rates results in a reduction of \$381,000 Order No. 12348, p. 10 (8/9/83).

D. A utility's growth in O&M expenses should be measured against its historical expenses adjusted for customer growth and changes in cost levels as an analytical tool to identify expenses warranting detailed analysis. For electric utilities the Commission has applied a compound multiplier based on CPI increases and customer growth.

FPL and other regulated utilities are entitled to recover through their rates

prudently and reasonably - incurred expenses, necessary to the provision of adequate, sufficient and efficient service. The law provides that entitlement, but no more. Thus, the burden of establishing its O&M expenses as prudent and reasonable rest with the utility and the responsibility of holding the utility to its proof rest with this Commission. We want to make abundantly clear that our use of the CPI and customer growth comparison factor is not a statement that all expense increases above CPI and customer growth are prima facie unreasonable or imprudent. On the other hand, we do not imply that all expenses increasing at a rate below CPI and customer growth are automatically reasonable and prudent. Rather, we use this standard to "flag" certain expenses that because of their dramatic rates of growth demand a greater level of scrutiny...Florida Power & Light, Docket No. 830465-EI, Order No. 13537 (7/24/84).

E. O & M expenses are limited to a growth rate less than the growth rate of access lines.

OPC is concerned that year after year the Company has overprojected expenses when comparing projected versus actual expenses for time periods similar to the time periods preceding the Company's projection of the test year in this case. . . . We are also concerned with the apparent pattern of over budgeting expenses. . . . Growth in access lines, a primary driver of O&M expense, decreased from 7.53% to 4.84% during the 1988 to 1991 period. Growth in O&M expense historically lags growth in access lines by 1% to 2%; if access lines grow by 5%, O&M expense can be expected to grow by 2% to 3%. The growth in access lines during 1992 decreases from 4.84% to 4.26% which, following historical growth patterns, would not drive a 12.81% increase in O&M. . . . The access line growth rate during 1992 is 4.26% and 4.37% during the test year, O&M expense growth should not have exceeded 4.26% in 1992 and 4.37% for the test year. . . . The adjusted 1990 expenses are then trended forward for 2.5 years at the average growth rate of 3.40%. This results in a test year O&M expense amount of \$331,667,000. United Telephone Co. of Florida, Order No. PSC-92-0708-FOF-TL, p. 18 (7/24/92).

3.15 MISCELLANEOUS EXPENSE ADJUSTMENTS

- A. The expenses associated with yellow page advertising should be included as an "above the line" expense.
1. In all previous cases, this Commission has recognized the revenues, expenses, taxes and investment associated with yellow pages as "above the line" activities and thus considered for ratemaking purposes, even though we do not regulate the rates charged for advertisements. Southern Bell, Order No. 10449, p. 17 (12/15/81).
- B. The Commission has the authority to collect a utility assessment fee from each telephone company licensed in Florida.
1. Each telephone company licensed or operating under Chapter 364, which was in

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operation for the preceding 6-month period, shall pay to the Commission, within 30 days following the end of each 6-month period, a fee based upon gross operating revenues for such period in the amount of .15 of one percent of its gross operating revenues derived from intrastate business. Rules of the Florida Public Service Commission, Chapter 25-4.0161. Specific Authority 351.51, F.S., Law Implemented 352.51, F.S. History New 9/17/80.

C. Only a portion of the amount "written off" for telephone set losses is allowable if the Commission determines the total amount to be excessive.

1. Set losses are still, in our opinion, excessive and accordingly, we believe an adjustment should be made. It should be recognized that the company has taken some steps to alleviate the problem of set losses and we would anticipate seeing some improvement in future proceedings.

D. Interest on retainage is an allowable interest expense.

1. Interest on retainage is to be treated as interest expense as opposed to being capitalized. Florida Power Corporation, Order No. 8160, p. 5 (2/2/78).

E. The company must prove that each miscellaneous expense of the company is a definite benefit to the ratepayer (i.e., COMER).

We do not want to dissuade the company from developing procedures for the purpose of improving its recording system and quality of records, nor do we want to impede further refinement of the COMER System. However, we believe that any costs associated with such endeavors should prove to be a benefit to the ratepayer and we are not convinced, based on the evidence submitted to us to date, that the COMER System has benefitted the ratepayer. General Telephone Company, Order No. 10418, p. 15 (11/23/81).

F. Effective January 1, 1983, the hotel/motel commissions paid will no longer be an appropriate expense for ratemaking.

Since the commissions are to be discontinued and it is a known change, we believe it would be appropriate to recognize a reduction in expenses accompanying the discontinuance of this practice. Southern Bell, Order No. 10449, p. 21 (12/15/81).

G. The station connection costs are to be booked as a current expense as of December 1, 1981.

1. Effective December 1, 1981, station connection costs included in 232.1 are to be booked by each telephone company as a current expense in an appropriate subaccount of account 605 (Station Maintenance). Rule 25-4.222, Order No. 10642 (3/3/82).

H. Interest rates are not predetermined.

1. The Commissioners do not want to pre-determine the interest rate on cases where it is already to the company's advantage to delay. Winter Park Telephone Company, Docket No. 820170-TP (6/3/82).

I. Imprudent expenditures.

1. Total intrastate amount should be adjusted out of cost of service. For adjustments to disallow imprudent expenditures, the total intrastate amount should be adjusted out of cost of service. Since the disallowance of charitable contributions, for example, does not affect settlements, toll revenues should not be adjusted. Commission policy is that neither the local or intrastate toll ratepayers should pay for charitable contributions. United Telephone Company of Florida, Docket No. 810211-TP.

J. Undocumented petty cash.

The (Staff) auditors found that a large portion of the vouchers for petty cash fund payments and meal expenses were not properly documented. Therefore, we will reduce test year O & M expenses by \$439,224. TECO, Docket No. 830012-EU, Order No. 12663 (11/7/83).

- K. Immaterial gain on sale of land may be treated as a reduction to expense in the year of the sale rather than the normal five year amortization.

We find that the appropriate treatment of land sold to Ploof Truck Lines in April 1991 is to reduce expenses by \$1,500 to recognize 100% of the gain on the sale. This is appropriate because of the small dollar amount as opposed to the normal five year amortization. Peoples Gas System, Order No. PSC-92-0924-FOF-GU, p. 7 (9/3/92).

- L. Regulatory assessment fees are classified as, Taxes other, rather than as Regulatory expenses.

The Company improperly included in Account 928, Regulatory Expenses, \$25,500 for Regulatory Assessment Fees which should be classified as Taxes Other. Therefore, we find it would be proper to reduce operating expense \$25,500 and to increase Taxes Other \$25,500. West Florida Natural Gas, Order No. PSC-92-0580-FOF-GU, p. 42. (6/29/92).

- M. Costs of cancelled projects, prudently started, are included in operating expenses.

Projects cancelled for prudent reasons should continue to be allowed in operating expense as they were in United's the last two rate cases. United Telephone Co. of Florida, Order No. PSC-92-0708-FOF-TL, p. 27 (7/24/92).

- N. The Commission found that, as a general rule, the payment of a commission by a telephone company is not a violation of federal or Florida Statutes.

We have found no provision of Florida or federal law that would prohibit commission payments for the placement of pay telephones, or for other services. Without some form of compensation being offered, it is doubtful that pay telephones could be placed in all of the areas where they are presently located. However . . . certain practices involving commission payments could be illegal, or raise serious policy concerns, such as predatory pricing or other anticompetitive behavior. . . . any disputes over company practices in the payment of commissions should be dealt with, as needed, on a case-by-case basis. Investigation into the payment of commissions by telephone companies. Order No. PSC-92-0874-FOF-TP, (8/25/92).

3.16 MEALS, ENTERTAINMENT, FLOWERS AND TRAVEL EXPENSES

A. Meals and entertainment expenses related to public relations are removed.

United asserts that meals and entertainment expenses related to public relations and image building efforts should not be removed from its test year budget. . . . We find that all meals and entertainment expenses related to public relations should be removed from the test year. United Telephone Co. of Florida, Order No. 24049, p. 18 (1/31/91).

B. All meals, entertainment and travel expenses of spouses of officers are removed.

United has included meals, entertainment and travel expenses of the spouses of Company officers/executives in the test year as a necessary business function. . . . However, we find that all meals, entertainment and travel expenses of the spouse of Company officers and executives shall be removed from the test year budget. OPC identified three events from 1989 which it asserts should be excluded from jurisdictional expense: the SEARUC convention in Williamsburg, VA.; the ski trip to Utah; and the Boston NARUC Convention. United Telephone Co. of Florida, Order No. 24049, p. 18 (1/31/91).

C. The Commission disallowed half of the cost of utility provided meals at employee breakfasts and luncheons.

We find the employee meetings to be necessary, but we do not believe that it is necessary for the ratepayers to provide the full cost of the meals for the employees during these meetings. Accordingly, we the Company should recover only half of the cost of providing these meals. West Florida Natural Gas, Order No. PSC-92-0580-FOF-GU, p. 35. (6/29/92).

D. The Commission disallowed half of the cost of Christmas parties, hospital and funeral flowers, and birthday and wedding cakes.

The Company argued that Christmas parties, flowers to hospitals and funerals, and cakes for birthdays and weddings should be paid for by the ratepayers, as

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they are reasonable, prudent business expenses. While we do not disagree that these expenditures improve employee morale, we are not convinced that the ratepayers should bear the full costs. Accordingly, we find that the Company should be permitted to recover only half of the costs associated with Christmas parties, flowers to hospitals and funerals, and cakes for birthdays and weddings. West Florida Natural Gas, Order No. PSC-92-0580-FOF-GU, p. 35. (6/29/92).

E. NARUC hospitality suite and golf expenses are disallowed for ratemaking purposes.

United has included expenses incurred for hospitality suites and golfing at NARUC conferences as part of O&M expense. . . . We agree that NARUC conferences can be beneficial to the companies in handling industry issues; however, expenses related to activities such as golf and hospitality suites are entertainment expenses which we believe are image building expenses. Thus, these expenses should be disallowed for ratemaking purposes. United Telephone Co. of Florida, Order No. PSC-92-0708-FOF-TL, p. 24 (7/24/92).

F. Expenses related to sporting events, musical and theatrical presentations are image building related expenses and are disallowed.

United incurs these expenses for the purpose of entertaining current and prospective customers and business clients all in the pursuit of increased business. . . . In United's last rate case we removed all meals, entertainment and travel expenses of the spouses of Company officers and executives from the test year budget. It is unreasonable for this Commission to specifically list all the payees for sporting, musical, or theatrical events, or the various conferences and conventions in which the Company may be involved. An adjustment such as this should not be limited to only those events that the Commission could identify at the time; it should include all payees for similar events. We believe that such expenses, and other similar expense, are image building related expenses that do not benefit ratepayers. Thus, we shall remove \$2,178 in costs associated with spouse attendance at the FTA and USTA conferences. Additionally, \$13,776 related to memorial charity contributions and expenses relating to welcoming troops home from the Middle East, shall be removed. United Telephone Co. of Florida, Order No. PSC-92-0708-FOF-TL, p. 24 (7/24/92).

G. Meals and hospitality room expenses related to any FTA convention are disallowed.

OPC identified \$2,206.91 of meals and hospitality room expenses associated with the 1989 Florida Telephone Association (FTA) convention in Naples and has objected to these expenses being included in test year expense. . . . While we agree with United that all costs associated with FTA dues, memberships and Florida Night expenses need not be disallowed, we find that these expenses are not legitimate. We agree with OPC that these costs have no place in regulated expense. United Telephone Co. of Florida, Order No. 24049, p. 18

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