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Southern Bell Tel. & Tel. Co.
FPSC Docket No. 920260-TL
FPSC Staff's 3rd Interrogatories
August 10, 1992
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REQUEST: Please provide the estimated gross Directory Advertising revenues and expenses on a consolidated basis for 1992 and 1993.

RESPONSE: It is totally inappropriate to selectively consolidate certain revenues and expenses from the directory company's books and Southern Bell's books. The comparison of the Gross Profit amount (subtracting operating expenses from revenues listed below) and the Adjusted 1982 Gross Profit is meaningless. If the intent of this interrogatory is to consolidate the directory operations as they were in 1982 when the base year gross profit in FPSC Rule 25-4.0405 was calculated, it should be recognized that certain expenses, uncollectible revenues, and investments which are currently on the directory company's books were included in the regulated results in 1982. The consolidation of all revenue, expense and investment amounts as they were in 1982 would result in a lower gross profit included in regulation, not a higher amount as implied by the comparison of consolidated gross profit to Adjusted 1982 Gross Profit.

At present, 91% of the net income from Florida directory advertising operations is on Southern Bell's books; however, the investment, General & Administrative expenses and uncollectibles are on the directory company's books. In recent years, the ratepayers of Florida have benefitted because most of the income has been assigned to Florida's regulated operations, thus lowering the revenue requirements of local rates. Use of the partial consolidated method as described above, which implies that our directory operations have earned in excess of the Adjusted 1982 Gross Profit, could impute more earnings than the directory operations make.

Notwithstanding the above comments, in order to respond to the request, the following are the estimated consolidated gross revenues and operating expenses for 1992 and 1993:

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FPSC-RECORDS/REPORTING

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	(\$000)	
	1992	1993
	<u>Consolidated</u>	<u>Consolidated</u>
	<u>Amount</u>	<u>Amount</u>
11	Revenues - Local (a)	
12	Revenues - National (a)	
13	Sales & Other (SB)	
14	Other (BAPCO)	
15	Total Revenues	
16	Printing	
17	Commissions	
18	Other	
19	Operating Expenses (b)	
	(a) Includes only revenues in Account 5230.5 (formerly Account 523).	
	(b) Includes only expenses in Account 6622.1 (formerly Account 649). This excludes General & Administrative expenses, Uncollectibles, Income Taxes and Interest expense on BAPCO's books.	

Southern Bell objects to providing some of the above requested information because it contains unregulated itemized forecasted revenues/expenses which the company considers Confidential Proprietary Business Information. This information is provided subject to the initiation of an appropriate protective agreement.

General Attorney

INFORMATION PROVIDED BY: H. A. Paisant
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