

Declassified

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: The Southern Company and
Southern Communication Services, Inc.,
Certificate of Notification
File No. 70-8173

Docket No.: ~~Undocketed~~ 960835-EI
Filed: July 15, 1996

12/31/95

12/31/95

EXHIBIT "A"
REQUEST FOR CONFIDENTIAL CLASSIFICATION

The information provided herein should be maintained as proprietary confidential business information pursuant to Section 366.093 and Rule 25-22.006, F.A.C.

EXHIBIT "A"

Provided to the Division of Records and Reporting
under separate cover as confidential information

x-ref 06784-96
DOCUMENT NUMBER-DATE
07420 JUL 16 88
FPC-RECORDS/REPORTING

Southern Company Services, Inc.
64 Perimeter Center East
Atlanta, Georgia 30346-6401
Telephone (770) 821-3574

CONFIDENTIAL



Southern Company Services

a subsidiary of The Southern Company

Wayne Boston
Assistant Comptroller
and Assistant Secretary

**FREEDOM OF INFORMATION ACT
CONFIDENTIAL TREATMENT REQUESTED**

March 29, 1996

Securities and Exchange Commission
Washington, DC 20549

Re: *The Southern Company and
Southern Communications Services, Inc.
Certificate of Notification - File No. 70-8233
Request for Confidential Treatment*

Ladies and Gentlemen:

Pursuant to Rule 104 under the Public Utility Holding Company Act of 1935, as amended, The Southern Company (SOUTHERN), a registered holding company, and Southern Communications Services, Inc. (SOUTHERN COMMUNICATIONS), hereby request confidential treatment of the attached certificate of notification for the quarter ended December 31, 1995. This certificate contains information which is proprietary and competitively sensitive. The public disclosure thereof would materially harm SOUTHERN and SOUTHERN COMMUNICATIONS.

As permitted by Rule 101(c)(1) of the General Rules and Regulations for Electronic Filings, 17 CFR 232.101(c)(1) the aforementioned confidential information is filed herewith in paper format only.

SOUTHERN hereby requests a hearing before any part thereof is made public to third parties requesting its disclosure.

Yours very truly,

Wayne Boston

Enclosures

cc: Freedom of Information Act Officer (w/enc.)
Robert Wason, Chief Financial Analyst (w/enc.)

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CERTIFICATE OF NOTIFICATION

filed by

THE SOUTHERN COMPANY
SOUTHERN COMMUNICATIONS SERVICES, INC.

Pursuant to order of the Securities and Exchange Commission dated December 30, 1994, in the matter of File No. 70-8233.

Southern Communications Services, Inc. (Southern Communications), pursuant to Rule 24, hereby provides the following information as required by the above-mentioned order:

Requested Response to IV.1:

- a. A copy of Southern Communications' balance sheet, income statement and statement of cash flow.

SOUTHERN COMMUNICATIONS
BALANCE SHEET
DECEMBER 31, 1995
(Unaudited)

	<u>ASSETS</u>	A	B
Current Assets:			
1 Cash	\$ 87,781		
2 Accounts Receivable			
3 Affiliated	2,073,018		
4 Other	557,452		
5 Prepayments	307,621		
6 Materials & Supplies	<u>4,628,256</u>		
7 Total Current Assets			7,654,128
Property & Equipment, Net			
8 System Infrastructure	90,993,145		
9 Office Furniture & Fixtures	1,272,771		
10 Construction Work in Progress	32,767,880		
11 Frequencies	3,140,742		
12 Organization Costs	<u>209,614</u>		
13 Total Property & Equipment, Net			128,384,152
14 Deferred Taxes & Other Assets			<u>1,649,354</u>
15 TOTAL ASSETS			<u>\$ 137,687,634</u>

CAPITALIZATION AND LIABILITIES

LIABILITIES

	A	B
Current Liabilities:		
Accounts Payable		
1 Affiliated	\$ 11,859,029	
2 Other	16,369,426	
3 Other Current & Accrued Liabilities	<u>3,800,783</u>	
4 Total Current Liabilities		32,029,238
5 Total Deferred Taxes & Other Liabilities		5,960,065

CAPITALIZATION

6 Common Stock	500	
7 Additional Paid-in Capital	107,144,319	
8 Retained Earnings	(7,696,541)	
9 Capitalized Lease	<u>250,053</u>	
10 Total Capitalization		<u>99,698,331</u>
11 TOTAL CAPITALIZATION & LIABILITIES		<u>\$ 137,687,634</u>

SOUTHERN COMMUNICATIONS
INCOME STATEMENT
YEAR-TO-DATE, DECEMBER 1995
(Unaudited)

	A	B
REVENUES		
1 Affiliated	\$ 1,298,540	
2 Non-Affiliated	789,437	
3 Interest Income	<u>20,272</u>	
4 Total Revenues		2,108,249
EXPENSES		
5 Cost of Goods Sold	1,797,447	
6 Salaries	2,721,588	
7 Office Rents	734,591	
8 Depreciation & Amortization	521,648	
9 Travel	540,003	
10 Legal	1,777,788	
11 Billing Services	524,701	
12 Affiliate Companies	2,845,338	
13 Advertising	647,349	
14 Other	<u>2,515,657</u>	
15 Total Expenses		<u>14,626,110</u>
16 NET INCOME BEFORE TAXES		(12,517,861)
17 BENEFIT FOR INCOME TAXES		<u>4,821,320</u>
18 NET INCOME AFTER INCOME TAXES		<u>(\$ 7,696,541)</u>

SOUTHERN COMMUNICATIONS
 CONSOLIDATED STATEMENT OF CASH FLOWS
 TWELVE MONTHS ENDING DECEMBER 1995
 (Unaudited)

		A
CASH FLOWS FROM OPERATING ACTIVITIES:		
1	Net Loss	<u>\$ (7,696,541)</u>
Adjustments to reconcile net loss to net cash used in operating activities:		
2	Depreciation/Amortization	521,648
Changes in operating assets and liabilities:		
3	Accounts Receivable	(2,630,470)
4	Deferred Income Taxes, Net	4,161,564
5	Prepays and Other Current & Deferred Assets	(4,890,274)
6	Accounts Payable and Other Accrued	
7	Liabilities	<u>(88,056,528)</u>
8	Total Adjustments	<u>(90,894,060)</u>
9	Net Cash Used in Operating Activities	<u>(98,590,601)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
10	Project & Other Capital Investments	<u>(5,896,615)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
11	Additional Capital Contributions	103,074,444
12	Capital Lease	<u>250,053</u>
13	Total Financing	<u>103,324,497</u>
14	INCREASE (DECREASE) IN CASH & TEMPORARY INVESTMENTS	<u>(1,162,719)</u>
15	CASH & TEMPORARY INVESTMENTS AT 1/1/95	1,250,500
16	CASH & TEMPORARY INVESTMENTS AT 12/31/95	<u>\$ 87,781</u>

- b. A schedule of reported revenues and expenses. Revenues will be identified by source, i.e., affiliated and non-affiliated. Expenses will be classified as relating specifically to either affiliated or non-affiliated customers, or common costs. Expenses believed to be associated with a feature, service or facility which is unique to a specific class of customers will be classified as relating specifically to that class of customers.

	A	B
Affiliated Revenues		
1 Equipment Sales, at Cost	\$ 1,113,540	
2 Telecommunications Services	<u>185,000</u>	
3 Total Revenues, Affiliated Companies		1,298,540
Non-Affiliated Revenues		
4 Equipment Sales	783,662	
5 Telecommunications Services	<u>5,775</u>	
6 Total Revenues, Non-Affiliated Companies		789,437
7 Interest Income		<u>20,272</u>
8 Total Revenues		<u>2,108,249</u>
9 Total Expenses		<u>14,626,110</u> **
10 Net Income Before Income Taxes		<u>(\$ 12,517,861)</u>

- ** The Southern Communications' telecommunications system was still under construction and not fully operational at December 31, 1995. In view of this, and the immateriality and nature of company revenues for 1995 (primarily subscriber unit equipment sales in preparation for 1996 implementation), expenses were not classified between affiliated and non-affiliated customers. Such a classification is expected to be available for the period ending June 30, 1996, subsequent to the full implementation of the system.

Requested Response to IV.3:

- a. A statement of revenues, distinguishing and setting forth non-associate revenues and revenues derived from each associate company.

	A	B
Affiliated Revenues		
1 Equipment Sales, at Cost		
2 Alabama Power	\$ 426,202	
3 Georgia Power	372,938	
4 Gulf Power	242,536	
5 Mississippi Power	<u>71,864</u>	
6 Total Equipment Sales		1,113,540
7 Telecommunications Services		
Gulf Power		<u>185,000</u>
8 Total Affiliated Revenues		1,298,540
Non-Affiliated Revenues		
9 Equipment Sales	783,662	
10 Telecommunications Services	<u>5,775</u>	
11 Total Non-Affiliated Revenues		789,437
12 Interest Income		<u>20,272</u>
13 Total Revenues		<u>\$ 2,108,249</u>

- b. The price charged to associates for each type of service rendered to associates.

14 Prices charged to associate companies for equipment sales were at actual
 15 manufacturer's invoice cost. Prices charged for dispatch and other services
 16 were at market, but substantially below the actual costs incurred by Southern
 17 Communications to provide such services.

- c. A statement as to whether the prices charged to associates were based upon market or cost.

18 N/A, See (b) above.

- d. An explanation of how the market or cost pricing utilized was derived.

19 N/A, See (b) above.

Requested Response to IV.4:

a. The actual calculation used to calculate costs.

1 N/A, See IV.1 (b) above.

b. An explanation of how costs were allocated.

2 N/A, See IV.1 (b) above.

c. A description of the rationale and methodology employed in determining allocations of cost.

3 N/A, See IV.1 (b) above.

d. A categorical (associate vs. non-associate) analysis of corporate costs (1) depreciation, (2) outside services, (3) labor costs, (4) administrative and general expenses, (5) cost of capital, (6) costs of goods and materials, and (7) other costs, including an analysis of direct costs and common costs; and

4 N/A, See IV.1 (b) above.

e. An analysis of cost versus market pricing, comparing market pricing for associates to system-wide costs for associates and showing the basis for allocations to the associates. The foregoing information may be included in the report furnished pursuant to 1(b) above.

5 N/A, See IV.1 (b) above.

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SIGNATURE

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, the undersigned company has duly caused this certificate to be signed on its behalf by the undersigned thereunto duly authorized.

THE SOUTHERN COMPANY

BY: 

Tommy Chisholm
Secretary

SOUTHERN COMMUNICATIONS SERVICES, INC.

BY: 

Tommy Chisholm
Secretary

Dated: March 29, 1996