

State of Florida



# Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

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**DATE:** November 24, 2003  
**TO:** Division of competitive Markets and Enforcement (Salak)  
**FROM:** Division of Auditing and Safety (Vandiver) *W*  
**RE:** **Docket No.** 030869-TL; **Company Name:** BellSouth Telecommunications, Inc.;  
**Audit Purpose:** Verification of Pricing Units; **Audit Control No.** 03-247-1-1

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Attached is the final audit report for the utility stated above. I am sending the utility a copy of this memo and the audit report. If the utility desires to file a response to the audit report, it should send the response to the Division of the Commission Clerk and Administrative Services. There are confidential work papers associated with this audit.

DNV/jcp  
Attachment

cc: Division of Auditing and Safety (Hoppe, District Offices, File Folder)  
Division of the Commission Clerk and Administrative Services (2)  
Division of Competitive Markets and Enforcement (Harvey)  
General Counsel  
Office of Public Counsel

Ms. Nancy H. Sims, Director - Regulatory Relations  
BellSouth Telecommunications, Inc.  
150 So. Monroe Street, Suite 400  
Tallahassee, FL 32301-1556

Mr. Marshall M. Criser III, Vice President - Regulatory  
BellSouth Telecommunications, Inc.  
150 So. Monroe Street, Suite 400  
Tallahassee, FL 32301-1556

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FLORIDA PUBLIC SERVICE COMMISSION

DIVISION OF AUDITING AND SAFETY  
BUREAU OF AUDITING

Tallahassee District Office

BellSouth Telecommunications, Inc.

Verification of Pricing Units

12 MONTHS ENDED JUNE 30, 2003

DOCKET NUMBER 030869-TL  
AUDIT CONTROL NO. 03-247-1-1

Handwritten signature of Barry Davis in black ink.

Barry Davis, Audit Staff

Handwritten signature of Joseph Perdue in black ink.

Joseph Perdue, Audit Staff

Handwritten signature of Lynn Deamer in black ink.

Lynn Deamer, Audit Supervisor

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**DIVISION OF AUDITING AND SAFETY  
AUDITOR'S REPORT**

**November 17, 2003**

**TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES**

We have applied the procedures described later in this report to audit the Pricing Units reported on Exhibit SB1 and Revised Exhibit SB1 filed with this Commission by BellSouth Telecommunications, Inc., in support of Docket 030869-TL. There are confidential workpapers associated with this audit.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

## SUMMARY OF SIGNIFICANT PROCEDURES

Our audit was performed by examining, on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the company. Our more important audit procedures are summarized below. The following definitions apply when used in this report:

**Scanned** - The documents or accounts were read quickly looking for obvious errors.

**Compiled** - The exhibit amounts were reconciled with the general ledger, and accounts were scanned for error or inconsistency.

**Reviewed** - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers, and selective analytical review procedures were applied.

**Examined** - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers. Selective analytical review procedures were applied, and account balances were tested to the extent further described.

**Confirmed** - Evidential matter supporting an account balance, transaction, or other information was obtained directly from an independent third party.

**Verify** - The item was tested for accuracy, and substantiating documentation was examined.

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Obtained Schedule 8 of the reports filed monthly with this Commission with the Division of Competitive Markets and Enforcement in compliance with Rule 25-4.0185 F.A.C. Summarized this schedule to obtain yearly totals. Company reconciled June 2003 for Flat Rate Residence to the Exhibit SB1. Due to time constraints audit staff accepts this as valid support for the Exhibit SB1 filing and no further work was done.

Compared the annual present revenue for Line Connection Charges, Line Change Charges, Secondary Service Charge, Premises Work Charge, Extended Calling Service and local Calling Plus on Exhibit SB1 to the Detailed Revenue Reports for the 12 months ended June 30, 2003.

Scanned 10K report filed in 2002 with the SEC for mention of Pricing Units. Scanned online annual report on BellSouth's website for mention of pricing units. Scanned FCC website for reports referring to pricing units.

**Disclosure No. 1**

**Subject:** Reconciliation of Access Lines.

**Statement of Fact:** BellSouth Telecommunications, Inc., files a monthly report (PSC/CMU 28) detailing access lines in service, by exchange, with the Division of Competitive Markets and Enforcement (CMP) of this Commission in compliance with Rule 25-4.0185 F.A.C. Audit staff summarized these schedules to obtain yearly totals and then compared them to the Exhibit SB1 filed in this docket. Differences were noted. We asked the Company about the differences.

The Company satisfactorily reconciled June 2003 for Flat Rate Residence only. The Company requested to not reconcile Flat Rate Single Line Business Service because the Single Line Business Service is 5% of the total line count in the SB1 filing.

**Recommendation:** The Auditor defers final disposition of this matter to other CMP Staff.

Present and Proposed Rates and Revenues  
 LOCAL EXCHANGE

RECURRING RATES

| Tariff Section/<br>Page #<br>(1) | Service Description<br>(2)                     | USOC<br>(3) | Present Demand<br>(4) | Proposed Demand<br>(5) | Present Rate<br>(6) | Proposed Rate<br>(7) | \$ Change<br>(8) | % Change<br>(9) | Present Annual Revenue<br>(10) | Proposed Annual Revenue<br>(11) | Annual Revenue Change<br>(12) | MB Seg.<br>(13) |
|----------------------------------|--|-------------|-----------------------|------------------------|---------------------|----------------------|------------------|-----------------|--------------------------------|---------------------------------|-------------------------------|-----------------|
| RATE GROUP - 1                   |  |             |                       |                        |                     |                      |                  |                 |                                |                                 |                               |                 |
| A3/17                            | Flat Rate Single Line Business - Retail        |             |                       |                        | \$20.55             | \$25.00              | \$4.45           | 21.65%          |                                |                                 |                               | 1002            |
| A3/17                            | Flat Rate Single Line Business - Wholesale     |             |                       |                        | \$17.10             | \$20.80              | \$3.70           | 21.64%          |                                |                                 |                               | 1002            |
| A3/17                            | Flat Rate Residence - Retail - No Concession   |             |                       |                        | \$7.57              | \$11.07              | \$3.50           | 46.24%          |                                |                                 |                               | 1001            |
| A3/17                            | Flat Rate Residence - Wholesale                |             |                       |                        | \$5.92              | \$8.66               | \$2.74           | 46.28%          |                                |                                 |                               | 1001            |
| A3/17                            | Flat Rate Residence - Retail - 100% Concession |             |                       |                        | \$0.00              | \$0.00               | \$0.00           | N/A             |                                |                                 |                               | 1001            |
| RATE GROUP - 1                   |  |             |                       |                        |                     |                      | SUBTOTAL         |                 |                                |                                 |                               |                 |
| RATE GROUP - 2                   |  |             |                       |                        |                     |                      |                  |                 |                                |                                 |                               |                 |
| A3/17                            | Flat Rate Single Line Business - Retail        |             |                       |                        | \$21.58             | \$25.00              | \$3.42           | 15.85%          |                                |                                 |                               | 1002            |
| A3/17                            | Flat Rate Single Line Business - Wholesale     |             |                       |                        | \$17.95             | \$20.80              | \$2.85           | 15.88%          |                                |                                 |                               | 1002            |
| A3/17                            | Flat Rate Residence - Retail - No Concession   |             |                       |                        | \$7.98              | \$11.48              | \$3.50           | 43.86%          |                                |                                 |                               | 1001            |
| A3/17                            | Flat Rate Residence - Wholesale                |             |                       |                        | \$6.24              | \$8.98               | \$2.74           | 43.91%          |                                |                                 |                               | 1001            |
| A3/17                            | Flat Rate Residence - Retail - 40% Concession  |             |                       |                        | \$4.79              | \$6.89               | \$2.10           | 43.84%          |                                |                                 |                               | 1001            |
| A3/17                            | Flat Rate Residence - Retail - 100% Concession |             |                       |                        | \$0.00              | \$0.00               | \$0.00           | N/A             |                                |                                 |                               | 1001            |
| RATE GROUP - 2                   |  |             |                       |                        |                     |                      | SUBTOTAL         |                 |                                |                                 |                               |                 |
| RATE GROUP - 3                   |  |             |                       |                        |                     |                      |                  |                 |                                |                                 |                               |                 |
| A3/17                            | Flat Rate Single Line Business - Retail        |             |                       |                        | \$22.72             | \$25.00              | \$2.28           | 10.04%          |                                |                                 |                               | 1002            |
| A3/17                            | Flat Rate Single Line Business - Wholesale     |             |                       |                        | \$18.90             | \$20.80              | \$1.90           | 10.05%          |                                |                                 |                               | 1002            |
| A3/17                            | Flat Rate Residence - Retail - No Concession   |             |                       |                        | \$8.39              | \$11.89              | \$3.50           | 41.72%          |                                |                                 |                               | 1001            |
| A3/17                            | Flat Rate Residence - Wholesale                |             |                       |                        | \$6.56              | \$9.30               | \$2.74           | 41.77%          |                                |                                 |                               | 1001            |
| A3/17                            | Flat Rate Residence - Retail - 40% Concession  |             |                       |                        | \$5.03              | \$7.13               | \$2.10           | 41.75%          |                                |                                 |                               | 1001            |
| A3/17                            | Flat Rate Residence - Retail - 100% Concession |             |                       |                        | \$0.00              | \$0.00               | \$0.00           | N/A             |                                |                                 |                               | 1001            |
| RATE GROUP - 3                   |  |             |                       |                        |                     |                      | SUBTOTAL         |                 |                                |                                 |                               |                 |
| RATE GROUP - 4                   |  |             |                       |                        |                     |                      |                  |                 |                                |                                 |                               |                 |
| A3/17                            | Flat Rate Single Line Business - Retail        |             |                       |                        | \$23.76             | \$28.00              | \$4.24           | 17.85%          |                                |                                 |                               | 1002            |
| A3/17                            | Flat Rate Single Line Business - Wholesale     |             |                       |                        | \$19.77             | \$23.29              | \$3.52           | 17.80%          |                                |                                 |                               | 1002            |
| A3/17                            | Flat Rate Residence - Retail - No Concession   |             |                       |                        | \$8.71              | \$12.21              | \$3.50           | 40.18%          |                                |                                 |                               | 1001            |
| A3/17                            | Flat Rate Residence - Wholesale                |             |                       |                        | \$6.81              | \$9.55               | \$2.74           | 40.23%          |                                |                                 |                               | 1001            |
| A3/17                            | Flat Rate Residence - Retail - 40% Concession  |             |                       |                        | \$5.23              | \$7.33               | \$2.10           | 40.15%          |                                |                                 |                               | 1001            |
| A3/17                            | Flat Rate Residence - Retail - 100% Concession |             |                       |                        | \$0.00              | \$0.00               | \$0.00           | N/A             |                                |                                 |                               | 1001            |
| RATE GROUP - 4                   |  |             |                       |                        |                     |                      | SUBTOTAL         |                 |                                |                                 |                               |                 |

Present and Proposed Rates and Revenues  
 LOCAL EXCHANGE

RECURRING RATES

| Tariff Section/<br>Page #<br>(1) | Service Description<br>(2)                     | USOC<br>(3) | Present Demand<br>(4) | Proposed Demand<br>(5) | Present Rate<br>(6) | Proposed Rate<br>(7) | \$ Change<br>(8) | % Change<br>(9) | Present Annual Revenue<br>(10) | Proposed Annual Revenue<br>(11) | Annual Revenue Change<br>(12) | MB Seg.<br>(13) |
|----------------------------------|--|-------------|-----------------------|------------------------|---------------------|----------------------|------------------|-----------------|--------------------------------|---------------------------------|-------------------------------|-----------------|
| RATE GROUP - 5                   |  |             |                       |                        |                     |                      |                  |                 |                                |                                 |                               |                 |
| A3/17                            | Flat Rate Single Line Business - Retail        |             |                       |                        | \$24.75             | \$28.00              | \$3.25           | 13.13%          |                                |                                 |                               | 1002            |
| A3/17                            | Flat Rate Single Line Business - Wholesale     |             |                       |                        | \$20.59             | \$23.29              | \$2.70           | 13.11%          |                                |                                 |                               | 1002            |
| A3/17                            | Flat Rate Residence - Retail - No Concession   |             |                       |                        | \$9.12              | \$12.98              | \$3.86           | 42.32%          |                                |                                 |                               | 1001            |
| A3/17                            | Flat Rate Residence - Wholesale                |             |                       |                        | \$7.13              | \$10.15              | \$3.02           | 42.36%          |                                |                                 |                               | 1001            |
| A3/17                            | Flat Rate Residence - Retail - 40% Concession  |             |                       |                        | \$5.47              | \$7.79               | \$2.32           | 42.41%          |                                |                                 |                               | 1001            |
| A3/17                            | Flat Rate Residence - Retail - 100% Concession |             |                       |                        | \$0.00              | \$0.00               | \$0.00           | N/A             |                                |                                 |                               | 1001            |
| RATE GROUP - 5                   |  |             |                       |                        |                     |                      |                  |                 |                                |                                 |                               |                 |
| SUBTOTAL                         |  |             |                       |                        |                     |                      |                  |                 |                                |                                 |                               |                 |
| RATE GROUP - 6                   |  |             |                       |                        |                     |                      |                  |                 |                                |                                 |                               |                 |
| A3/17                            | Flat Rate Single Line Business - Retail        |             |                       |                        | \$25.84             | \$28.00              | \$2.16           | 8.36%           |                                |                                 |                               | 1002            |
| A3/17                            | Flat Rate Single Line Business - Wholesale     |             |                       |                        | \$21.50             | \$23.29              | \$1.79           | 8.33%           |                                |                                 |                               | 1002            |
| A3/17                            | Flat Rate Residence - Retail - No Concession   |             |                       |                        | \$9.49              | \$13.35              | \$3.86           | 40.67%          |                                |                                 |                               | 1001            |
| A3/17                            | Flat Rate Residence - Wholesale                |             |                       |                        | \$7.42              | \$10.44              | \$3.02           | 40.70%          |                                |                                 |                               | 1001            |
| A3/17                            | Flat Rate Residence - Retail - 40% Concession  |             |                       |                        | \$5.69              | \$8.01               | \$2.32           | 40.77%          |                                |                                 |                               | 1001            |
| A3/17                            | Flat Rate Residence - Retail - 100% Concession |             |                       |                        | \$0.00              | \$0.00               | \$0.00           | N/A             |                                |                                 |                               | 1001            |
| RATE GROUP - 6                   |  |             |                       |                        |                     |                      |                  |                 |                                |                                 |                               |                 |
| SUBTOTAL                         |  |             |                       |                        |                     |                      |                  |                 |                                |                                 |                               |                 |
| RATE GROUP - 7                   |  |             |                       |                        |                     |                      |                  |                 |                                |                                 |                               |                 |
| A3/17                            | Flat Rate Single Line Business - Retail        |             |                       |                        | \$26.72             | \$30.20              | \$3.48           | 13.02%          |                                |                                 |                               | 1002            |
| A3/17                            | Flat Rate Single Line Business - Wholesale     |             |                       |                        | \$22.23             | \$25.12              | \$2.89           | 13.00%          |                                |                                 |                               | 1002            |
| A3/17                            | Flat Rate Residence - Retail - No Concession   |             |                       |                        | \$9.85              | \$13.71              | \$3.86           | 39.19%          |                                |                                 |                               | 1001            |
| A3/17                            | Flat Rate Residence - Wholesale                |             |                       |                        | \$7.70              | \$10.72              | \$3.02           | 39.22%          |                                |                                 |                               | 1001            |
| A3/17                            | Flat Rate Residence - Retail - 40% Concession  |             |                       |                        | \$5.91              | \$8.23               | \$2.32           | 39.26%          |                                |                                 |                               | 1001            |
| A3/17                            | Flat Rate Residence - Retail - 100% Concession |             |                       |                        | \$0.00              | \$0.00               | \$0.00           | N/A             |                                |                                 |                               | 1001            |
| RATE GROUP - 7                   |  |             |                       |                        |                     |                      |                  |                 |                                |                                 |                               |                 |
| SUBTOTAL                         |  |             |                       |                        |                     |                      |                  |                 |                                |                                 |                               |                 |
| RATE GROUP - 8                   |  |             |                       |                        |                     |                      |                  |                 |                                |                                 |                               |                 |
| A3/17                            | Flat Rate Single Line Business - Retail        |             |                       |                        | \$27.61             | \$30.20              | \$2.59           | 9.38%           |                                |                                 |                               | 1002            |
| A3/17                            | Flat Rate Single Line Business - Wholesale     |             |                       |                        | \$22.97             | \$25.12              | \$2.15           | 9.36%           |                                |                                 |                               | 1002            |
| A3/17                            | Flat Rate Residence - Retail - No Concession   |             |                       |                        | \$10.16             | \$14.02              | \$3.86           | 37.99%          |                                |                                 |                               | 1001            |



RECURRING RATES

| Tariff<br>Section/<br>Page #<br>(1) | Service<br>Description<br>(2)                  | UQC<br>(3) | Present<br>Demand<br>(4) | Proposed<br>Demand<br>(5) | Present<br>Rate<br>(6) | Proposed<br>Rate<br>(7) | \$<br>Change<br>(8) | %<br>Change<br>(9) | Present<br>Annual<br>Revenue<br>(10) | Proposed<br>Annual<br>Revenue<br>(11) | Annual<br>Revenue<br>Change<br>(12) | MB<br>Seg.<br>(13) |
|-------------------------------------|--|------------|--------------------------|---------------------------|------------------------|-------------------------|---------------------|--------------------|--------------------------------------|---------------------------------------|-------------------------------------|--------------------|
| A3/17                               | Flat Rate Residence - Wholesale                |            |                          |                           | \$7.94                 | \$10.68                 | \$2.74              | 34.51%             |                                      |                                       |                                     | 1001               |
| A3/17                               | Flat Rate Residence - Retail - 40% Concession  |            |                          |                           | \$6.10                 | \$8.20                  | \$2.10              | 34.43%             |                                      |                                       |                                     | 1001               |
| A3/17                               | Flat Rate Residence - Retail - 100% Concession |            |                          |                           | \$0.00                 | \$0.00                  | \$0.00              | N/A                |                                      |                                       |                                     | 1001               |
|                                     | RATE GROUP - 8                                 |            |                          |                           |                        |                         |                     |                    |                                      |                                       |                                     |                    |
|                                     | RATE GROUP - 9                                 |            |                          |                           |                        |                         |                     |                    |                                      |                                       |                                     |                    |
| A3/17                               | Flat Rate Single Line Business - Retail        |            |                          |                           | \$28.43                | \$30.20                 | \$1.77              | 6.23%              |                                      |                                       |                                     | 1002               |
| A3/17                               | Flat Rate Single Line Business - Wholesale     |            |                          |                           | \$23.65                | \$25.12                 | \$1.47              | 6.22%              |                                      |                                       |                                     | 1002               |
| A3/17                               | Flat Rate Residence - Retail - No Concession   |            |                          |                           | \$10.42                | \$13.92                 | \$3.50              | 33.59%             |                                      |                                       |                                     | 1001               |
| A3/17                               | Flat Rate Residence - Wholesale                |            |                          |                           | \$8.15                 | \$10.89                 | \$2.74              | 33.62%             |                                      |                                       |                                     | 1001               |
| A3/17                               | Flat Rate Residence - Retail - 40% Concession  |            |                          |                           | \$6.25                 | \$8.35                  | \$2.10              | 33.60%             |                                      |                                       |                                     | 1001               |
| A3/17                               | Flat Rate Residence - Retail - 100% Concession |            |                          |                           | \$0.00                 | \$0.00                  | \$0.00              | N/A                |                                      |                                       |                                     | 1001               |
|                                     | RATE GROUP - 9                                 |            |                          |                           |                        |                         |                     |                    |                                      |                                       |                                     |                    |
|                                     | RATE GROUP -10                                 |            |                          |                           |                        |                         |                     |                    |                                      |                                       |                                     |                    |
| A3/17                               | Flat Rate Single Line Business - Retail        |            |                          |                           | \$29.05                | \$30.20                 | \$1.15              | 3.96%              |                                      |                                       |                                     | 1002               |
| A3/17                               | Flat Rate Single Line Business - Wholesale     |            |                          |                           | \$24.17                | \$25.12                 | \$0.95              | 3.93%              |                                      |                                       |                                     | 1002               |
| A3/17                               | Flat Rate Residence - Retail - No Concession   |            |                          |                           | \$10.68                | \$14.18                 | \$3.50              | 32.77%             |                                      |                                       |                                     | 1001               |
| A3/17                               | Flat Rate Residence - Wholesale                |            |                          |                           | \$8.35                 | \$11.09                 | \$2.74              | 32.81%             |                                      |                                       |                                     | 1001               |
| A3/17                               | Flat Rate Residence - Retail - 40% Concession  |            |                          |                           | \$6.41                 | \$8.51                  | \$2.10              | 32.76%             |                                      |                                       |                                     | 1001               |
| A3/17                               | Flat Rate Residence - Retail - 100% Concession |            |                          |                           | \$0.00                 | \$0.00                  | \$0.00              | N/A                |                                      |                                       |                                     | 1001               |
|                                     | RATE GROUP -10                                 |            |                          |                           |                        |                         |                     |                    |                                      |                                       |                                     |                    |
|                                     | RATE GROUP -11                                 |            |                          |                           |                        |                         |                     |                    |                                      |                                       |                                     |                    |
| A3/17                               | Flat Rate Single Line Business - Retail        |            |                          |                           | \$29.68                | \$30.20                 | \$0.52              | 1.75%              |                                      |                                       |                                     | 1002               |
| A3/17                               | Flat Rate Single Line Business - Wholesale     |            |                          |                           | \$24.69                | \$25.12                 | \$0.43              | 1.74%              |                                      |                                       |                                     | 1002               |
| A3/17                               | Flat Rate Residence - Retail - No Concession   |            |                          |                           | \$10.83                | \$14.33                 | \$3.50              | 32.32%             |                                      |                                       |                                     | 1001               |
| A3/17                               | Flat Rate Residence - Wholesale                |            |                          |                           | \$8.47                 | \$11.21                 | \$2.74              | 32.35%             |                                      |                                       |                                     | 1001               |
| A3/17                               | Flat Rate Residence - Retail - 40% Concession  |            |                          |                           | \$6.50                 | \$8.60                  | \$2.10              | 32.31%             |                                      |                                       |                                     | 1001               |
| A3/17                               | Flat Rate Residence - Retail - 100% Concession |            |                          |                           | \$0.00                 | \$0.00                  | \$0.00              | N/A                |                                      |                                       |                                     | 1001               |
|                                     | RATE GROUP -11                                 |            |                          |                           |                        |                         |                     |                    |                                      |                                       |                                     |                    |

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RECURRING RATES

| Tariff Section/<br>Page #<br>(1) | Service Description<br>(2)                     | USOC<br>(3) | Present Demand<br>(4) | Proposed Demand<br>(5) | Present Rate<br>(6) | Proposed Rate<br>(7) | \$ Change<br>(8) | % Change<br>(9) | Present Annual Revenue<br>(10) | Proposed Annual Revenue<br>(11) | Annual Revenue Change<br>(12) | NB Seg.<br>(13) |
|----------------------------------|--|-------------|-----------------------|------------------------|---------------------|----------------------|------------------|-----------------|--------------------------------|---------------------------------|-------------------------------|-----------------|
| RATE GROUP -12                   |  |             |                       |                        |                     |                      |                  |                 |                                |                                 |                               |                 |
| A3/17                            | Flat Rate Single Line Business - Retail        |             |                       |                        | \$30.20             | \$30.20              | \$0.00           | 0.00%           |                                |                                 |                               | 1002            |
| A3/17                            | Flat Rate Single Line Business - Wholesale     |             |                       |                        | \$25.12             | \$25.12              | \$0.00           | 0.00%           |                                |                                 |                               | 1002            |
| A3/17                            | Flat Rate Residence - Retail - No Concession   |             |                       |                        | \$11.04             | \$14.54              | \$3.50           | 31.70%          |                                |                                 |                               | 1001            |
| A3/17                            | Flat Rate Residence - Wholesale                |             |                       |                        | \$8.63              | \$11.37              | \$2.74           | 31.75%          |                                |                                 |                               | 1001            |
| A3/17                            | Flat Rate Residence - Retail - 40% Concession  |             |                       |                        | \$6.62              | \$8.72               | \$2.10           | 31.72%          |                                |                                 |                               | 1001            |
| A3/17                            | Flat Rate Residence - Retail - 100% Concession |             |                       |                        | \$0.00              | \$0.00               | \$0.00           | N/A             |                                |                                 |                               | 1001            |
| RATE GROUP -12                   |  |             |                       |                        |                     |                      |                  |                 |                                |                                 |                               |                 |
|                                  |  |             |                       |                        |                     |                      | SUBTOTAL         |                 |                                |                                 |                               |                 |
| RATE CODE X2                     |  |             |                       |                        |                     |                      |                  |                 |                                |                                 |                               |                 |
| A3/43                            | Flat Rate Single Line Business - Retail        |             |                       |                        | \$30.93             | \$30.20              | (\$0.73)         | -2.36%          |                                |                                 |                               | 1002            |
| A3/43                            | Flat Rate Single Line Business - Wholesale     |             |                       |                        | \$25.73             | \$25.12              | (\$0.61)         | -2.37%          |                                |                                 |                               | 1002            |
| A3/43                            | Flat Rate Residence - Retail - No Concession   |             |                       |                        | \$11.41             | \$14.91              | \$3.50           | 30.67%          |                                |                                 |                               | 1001            |
| A3/43                            | Flat Rate Residence - Wholesale                |             |                       |                        | \$8.92              | \$11.66              | \$2.74           | 30.72%          |                                |                                 |                               | 1001            |
| A3/43                            | Flat Rate Residence - Retail - 40% Concession  |             |                       |                        | \$6.85              | \$8.95               | \$2.10           | 30.66%          |                                |                                 |                               | 1001            |
| A3/43                            | Flat Rate Residence - Retail - 100% Concession |             |                       |                        | \$0.00              | \$0.00               | \$0.00           | N/A             |                                |                                 |                               | 1001            |
| RATE CODE X2                     |  |             |                       |                        |                     |                      |                  |                 |                                |                                 |                               |                 |
|                                  |  |             |                       |                        |                     |                      | SUBTOTAL         |                 |                                |                                 |                               |                 |
| RATE CODE X1                     |  |             |                       |                        |                     |                      |                  |                 |                                |                                 |                               |                 |
| A3/43                            | Flat Rate Single Line Business - Retail        |             |                       |                        | \$23.86             | \$28.00              | \$4.14           | 17.35%          |                                |                                 |                               | 1002            |
| A3/43                            | Flat Rate Single Line Business - Wholesale     |             |                       |                        | \$19.85             | \$23.29              | \$3.44           | 17.33%          |                                |                                 |                               | 1002            |
| A3/43                            | Flat Rate Residence - Retail - No Concession   |             |                       |                        | \$8.83              | \$12.33              | \$3.50           | 39.64%          |                                |                                 |                               | 1001            |
| A3/43                            | Flat Rate Residence - Wholesale                |             |                       |                        | \$6.90              | \$9.64               | \$2.74           | 39.71%          |                                |                                 |                               | 1001            |
| A3/43                            | Flat Rate Residence - Retail - 40% Concession  |             |                       |                        | \$5.30              | \$7.40               | \$2.10           | 39.62%          |                                |                                 |                               | 1001            |
| A3/43                            | Flat Rate Residence - Retail - 100% Concession |             |                       |                        | \$0.00              | \$0.00               | \$0.00           | N/A             |                                |                                 |                               | 1001            |
| RATE CODE X1                     |  |             |                       |                        |                     |                      |                  |                 |                                |                                 |                               |                 |
|                                  |  |             |                       |                        |                     |                      | SUBTOTAL         |                 |                                |                                 |                               |                 |
| RATE CODE X3                     |  |             |                       |                        |                     |                      |                  |                 |                                |                                 |                               |                 |
| A3/43                            | Flat Rate Single Line Business - Retail        |             |                       |                        | \$32.31             | \$30.20              | (\$2.11)         | -6.53%          |                                |                                 |                               | 1002            |
| A3/43                            | Flat Rate Single Line Business - Wholesale     |             |                       |                        | \$26.88             | \$25.12              | (\$1.76)         | -6.55%          |                                |                                 |                               | 1002            |
| A3/43                            | Flat Rate Residence - Retail - No Concession   |             |                       |                        | \$11.86             | \$15.36              | \$3.50           | 29.51%          |                                |                                 |                               | 1001            |
| A3/43                            | Flat Rate Residence - Wholesale                |             |                       |                        | \$9.27              | \$12.01              | \$2.74           | 29.56%          |                                |                                 |                               | 1001            |

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Present and Proposed Rates and Revenues  
 LOCAL EXCHANGE

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RECURRING RATES

| Tariff<br>Section/<br>Page #<br>(1) | Service<br>Description<br>(2)                  | USOC<br>( )<br>( ) | Present<br>Demand<br>(4) | Proposed<br>Demand<br>(5) | Present<br>Rate<br>(6) | Proposed<br>Rate<br>(7) | \$<br>Change<br>(8) | %<br>Change<br>(9) | Present<br>Annual<br>Revenue<br>(10) | Proposed<br>Annual<br>Revenue<br>(11) | Annual<br>Revenue<br>Change<br>(12) | MB<br>Seg.<br>(13) |
|-------------------------------------|--|--------------------|--------------------------|---------------------------|------------------------|-------------------------|---------------------|--------------------|--------------------------------------|---------------------------------------|-------------------------------------|--------------------|
| A3/43                               | Flat Rate Residence - Retail - 40% Concession  |                    |                          |                           | \$7.12                 | \$9.22                  | \$2.10              | 29.49%             |                                      |                                       |                                     | 1001               |
| A3/43                               | Flat Rate Residence - Retail - 100% Concession |                    |                          |                           | \$0.00                 | \$0.00                  | \$0.00              | N/A                |                                      |                                       |                                     | 1001               |
|                                     | RATE CODE X3                                   |                    |                          |                           |                        |                         |                     |                    |                                      |                                       |                                     |                    |
|                                     | RATE CODE X4                                   |                    |                          |                           |                        |                         |                     |                    |                                      |                                       |                                     |                    |
| A3/43                               | Flat Rate Single Line Business - Retail        |                    |                          |                           | \$29.68                | \$30.20                 | \$0.52              | 1.75%              |                                      |                                       |                                     | 1002               |
| A3/43                               | Flat Rate Single Line Business - Wholesale     |                    |                          |                           | \$24.69                | \$25.12                 | \$0.43              | 1.74%              |                                      |                                       |                                     | 1002               |
| A3/43                               | Flat Rate Residence - Retail - No Concession   |                    |                          |                           | \$10.83                | \$14.33                 | \$3.50              | 32.32%             |                                      |                                       |                                     | 1001               |
| A3/43                               | Flat Rate Residence - Wholesale                |                    |                          |                           | \$8.47                 | \$11.21                 | \$2.74              | 32.35%             |                                      |                                       |                                     | 1001               |
| A3/43                               | Flat Rate Residence - Retail - 40% Concession  |                    |                          |                           | \$6.50                 | \$8.60                  | \$2.10              | 32.31%             |                                      |                                       |                                     | 1001               |
| A3/43                               | Flat Rate Residence - Retail - 100% Concession |                    |                          |                           | \$0.00                 | \$0.00                  | \$0.00              | N/A                |                                      |                                       |                                     | 1001               |
|                                     | RATE CODE X4                                   |                    |                          |                           |                        |                         |                     |                    |                                      |                                       |                                     |                    |
|                                     | TOTAL  |                    |                          |                           |                        |                         |                     |                    | \$362,347,587                        | \$472,210,669                         | \$109,863,083                       |                    |

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Present and Proposed Rates and Revenues  
LOCAL EXCHANGE

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TOTAL REVENUES

|                   | Present<br>Annual<br>Revenue<br>(1) | Proposed<br>Annual<br>Revenue<br>(2) | Annual<br>Revenue<br>Change<br>(3) |
|-------------------|-------------------------------------|--------------------------------------|------------------------------------|
| SUB-TOTALS        |                                     |                                      |                                    |
| Recurring         | \$362,347,587                       | \$472,210,669                        | \$109,863,083                      |
| Non-recurring     | \$0                                 | \$0                                  | \$0                                |
| SECTION<br>TOTALS | \$362,347,587                       | \$472,210,669                        | \$109,863,083                      |

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Present and Proposed Rates and Revenues  
LOCAL EXCHANGE

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TOTAL REVENUES SUMMED BY MARKET BASKET

| M B<br>Segment<br>(1) | Service<br>Description<br>(2)           | Present<br>Annual<br>Revenue<br>(3) | Proposed<br>Annual<br>Revenue<br>(4) | Annual<br>Revenue<br>Change<br>(5) |
|-----------------------|---|-------------------------------------|--------------------------------------|------------------------------------|
| 1001                  | FLAT RATE RESIDENTIAL SERVICE           | \$315,871,275                       | \$423,638,823                        | \$107,767,548                      |
| 1002                  | FLAT RATE, SINGLE LINE BUSINESS SERVICE | \$46,476,312                        | \$48,571,847                         | \$2,095,535                        |

Private/Proprietary: No disclosure outside BELLSOUTH except under written agreement.



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Present and Proposed Rates and Revenues  
A003 BASIC LOCAL EXCHANGE SERVICE

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TOTAL REVENUES

|                           | <u>Present<br/>Annual<br/>Revenue</u><br>(1) | <u>Proposed<br/>Annual<br/>Revenue</u><br>(2) | <u>Annual<br/>Revenue<br/>Change</u><br>(3) |
|---------------------------|--|---|---|
| <b>SUB-TOTALS</b>         |  |   |   |
| Recurring                 | \$56,269,410                                 | \$56,269,410                                  | \$0   |
| Non-recurring             | \$0  | \$0   | \$0   |
| <b>SECTION<br/>TOTALS</b> | <b>\$56,269,410</b>                          | <b>\$56,269,410</b>                           | <b>\$0</b>                                  |

Private/Proprietary: No disclosure outside BELLSOUTH except under written agreement.

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Present and Proposed Rates and Revenues  
A003 BASIC LOCAL EXCHANGE SERVICE

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TOTAL REVENUES SUMMED BY MARKET BASKET

| <u>M B</u><br><u>Segment</u><br>(1) | <u>Service</u><br><u>Description</u><br>(2) | <u>Present</u><br><u>Annual</u><br><u>Revenue</u><br>(3) | <u>Proposed</u><br><u>Annual</u><br><u>Revenue</u><br>(4) | <u>Annual</u><br><u>Revenue</u><br><u>Change</u><br>(5) |
|-------------------------------------|---|--|---|---|
| 1007                                | BCS - RES BASIC                             | \$30,728,159   | \$30,728,159  | \$0   |
| 1008                                | RCS - BUS BASIC                             | \$20,175,209   | \$20,175,209  | \$0   |
| 1010                                | LCP - BASIC                                 | \$5,366,042  | \$5,366,042   | \$0   |

Private/Proprietary: No disclosure outside BELLSOUTH except under written agreement.





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Present and Proposed Rates and Revenues  
A004 SERVICE CHARGES

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TOTAL REVENUES

|                   | <u>Present<br/>Annual<br/>Revenue</u><br>(1) | <u>Proposed<br/>Annual<br/>Revenue</u><br>(2) | <u>Annual<br/>Revenue<br/>Change</u><br>(3) |
|-------------------|--|---|---|
| SUB-TOTALS        |  |   |   |
| Recurring         | \$0  | \$0   | \$0   |
| Non-recurring     | \$97,538,599                                 | \$112,887,711                                 | \$15,349,113                                |
| SECTION<br>TOTALS | \$97,538,599                                 | \$112,887,711                                 | \$15,349,113                                |

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Present and Proposed Rates and Revenues  
A004 SERVICE CHARGES

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TOTAL REVENUES SUMMED BY MARKET BASKET

| <u>M B</u><br><u>Segment</u><br>(1) | <u>Service</u><br><u>Description</u><br>(2)   | <u>Present</u><br><u>Annual</u><br><u>Revenue</u><br>(3) | <u>Proposed</u><br><u>Annual</u><br><u>Revenue</u><br>(4) | <u>Annual</u><br><u>Revenue</u><br><u>Change</u><br>(5) |
|-------------------------------------|---|--|---|---|
| 1006                                | CHARGES FOR CONNECTING OR CHANGING SERVICE - RES SINGLE LINE, AP, CC, AP/CC & BUSINESS SINGLE LINE FLAT | \$97,538,599   | \$112,887,711   | \$15,349,113  |

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