

BELLSOUTH

EX PARTE OR LATE FILED

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EX PARTE

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November 2, 1994

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W. Room 222
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

RE: Ex Parte Presentations in Price Cap Performance Review, CC Docket No. 94-1

Dear Mr. Caton:

This notice of oral ex parte presentations in the above-referenced proceeding and the attached charts are provided for inclusion in the public record pursuant to the Commission's Ex Parte rules at 47 C.F.R. §1.1200 et seq.

The presentations by BellSouth were made in a series of separate meetings with the following:

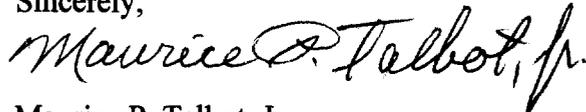
- 1) Commissioner James H. Quello, and Lauren J. Belvin, Commissioner Quello's Senior Advisor;
- 2) Commissioner Susan Ness, and James Casserly, Commissioner Ness's Senior Legal Advisor;
- 3) Kathleen Wallman, Chief, Richard Metzger, Deputy Chief, Common Carrier Bureau;
- 4) Commissioner Rachelle B. Chong, and Richard K. Welch, Legal Advisor to Commissioner Chong;
- 5) Chairman Reed E. Hundt and Karen Brinkmann, Special Assistant to Chairman Hundt.

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List A B C D E

Representing BellSouth at the meetings were John L. Clendenin, Chairman of the Board and CEO, BellSouth Corporation, Duane F. Ackerman, President and CEO, BellSouth Telecommunications, Inc., and David J. Markey, Vice-President, BellSouth Corporation. The undersigned was present only for the meeting with Commissioner Chong. The discussions at the meetings were consistent with BellSouth's positions already on file in this proceeding. The attached charts were also passed out during the meetings.

If you have any questions regarding this matter, please do not hesitate to call the undersigned.

Sincerely,



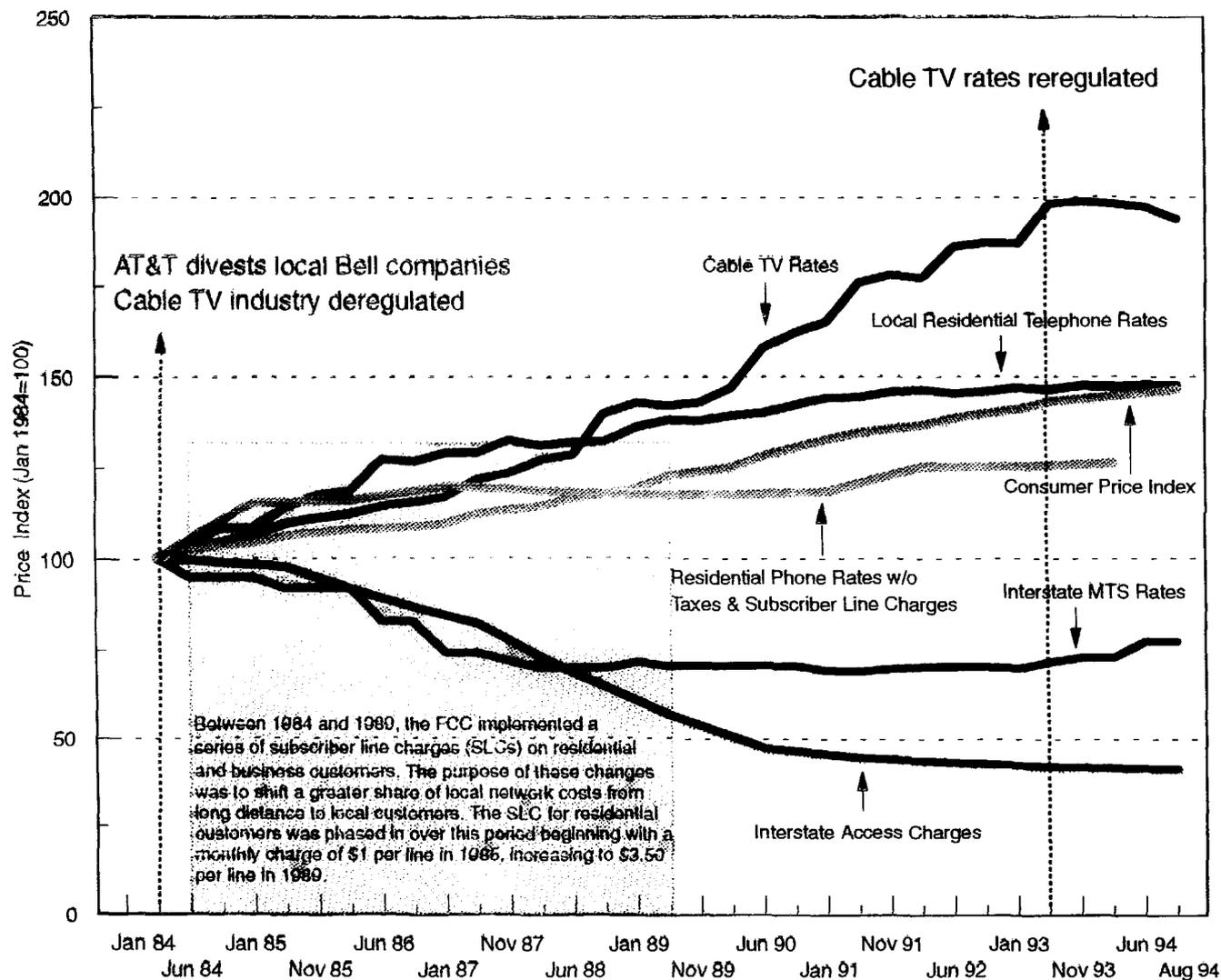
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Attachments

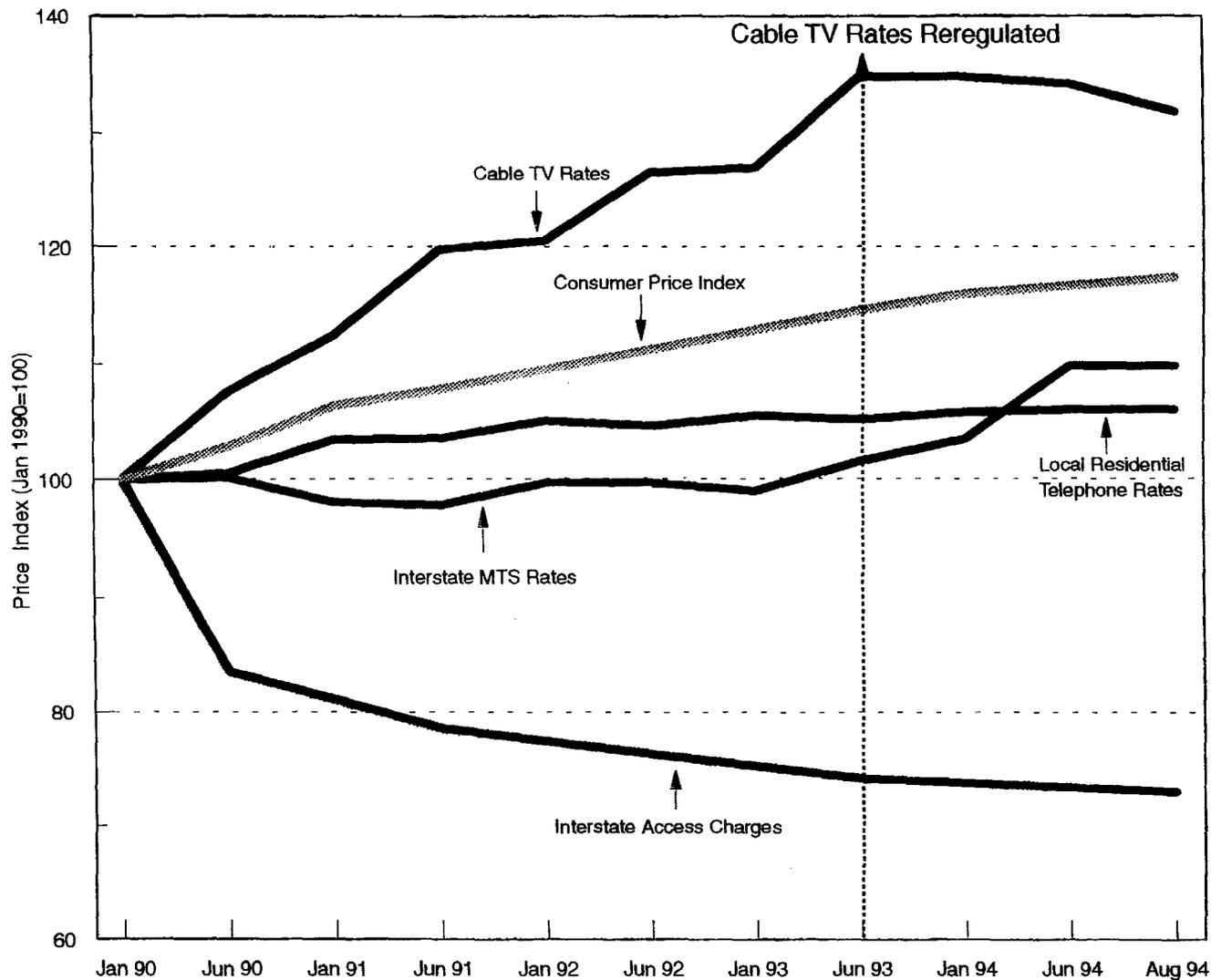
cc: Chairman Hundt
Commissioner Quello
Commissioner Barrett
Commissioner Chong
Commissioner Ness
Lauren J. Belvin
James L. Casserly
Richard K. Welch
Karen Brinkmann
Kathleen Wallman
Richard Metzger

Changes in Prices for Local Telephone, Cable TV, Interstate Long Distance, and Exchange Access Service Prices Since 1984



Source: Bureau of Labor Statistics, FCC

Since 1990, Prices for Local Telephone Services Have Risen More Slowly than Cable TV, Interstate Long Distance, And the Consumer Price Index

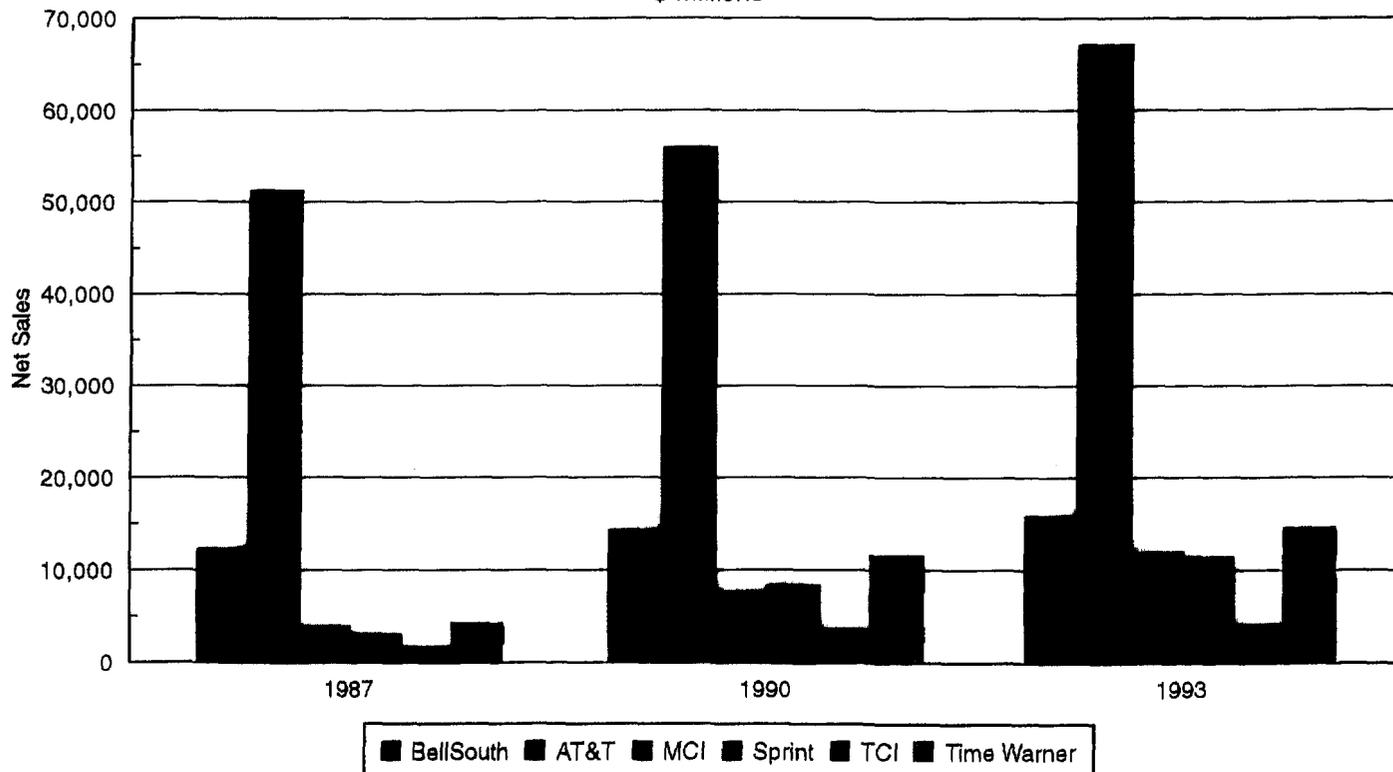


Source: Bureau of Labor Statistics, FCC

**In Addition to Being a Fraction of AT&T's Size,
BellSouth's Annual Sales are Comparable to
Those of its Unregulated Rivals**

Annual Sales	1987	1988	1989	1990	1991	1992	1993	CAGR
Bell-South	12,269	13,597	13,996	14,354	14,446	15,149	15,880	4.07%
AT&T	51,209	51,974	50,976	55,977	63,089	64,904	67,156	4.62%
MCI	3,939	5,137	6,471	7,680	9,491	10,562	11,921	20.27%
Sprint	3,064	6,493	7,549	8,345	8,780	9,230	11,368	24.42%
TCI	1,709	2,282	3,026	3,625	3,827	3,574	4,153	15.95%
*Time Warner	4,193	4,507	7,642	11,517	12,021	13,070	14,544	23.03%

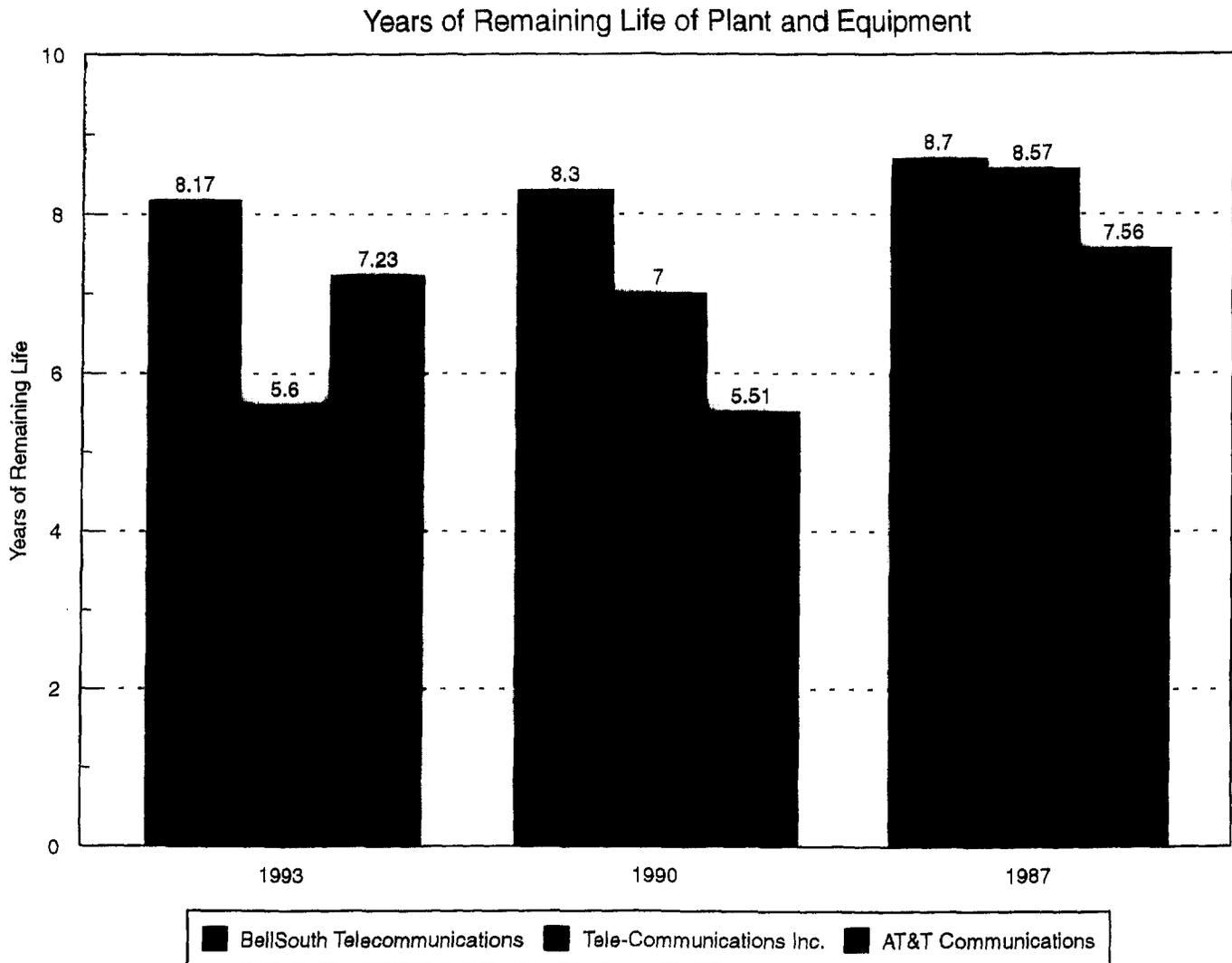
Annual Sales
\$ Millions



Source: Compustat, Time Warner 1994 Annual Report

*Note: Time Warner figures for 1993 include sales from company's entertainment group.

BellSouth is Still Required to Depreciate its Plant and Equipment Much More Slowly Than is Principal Competitors

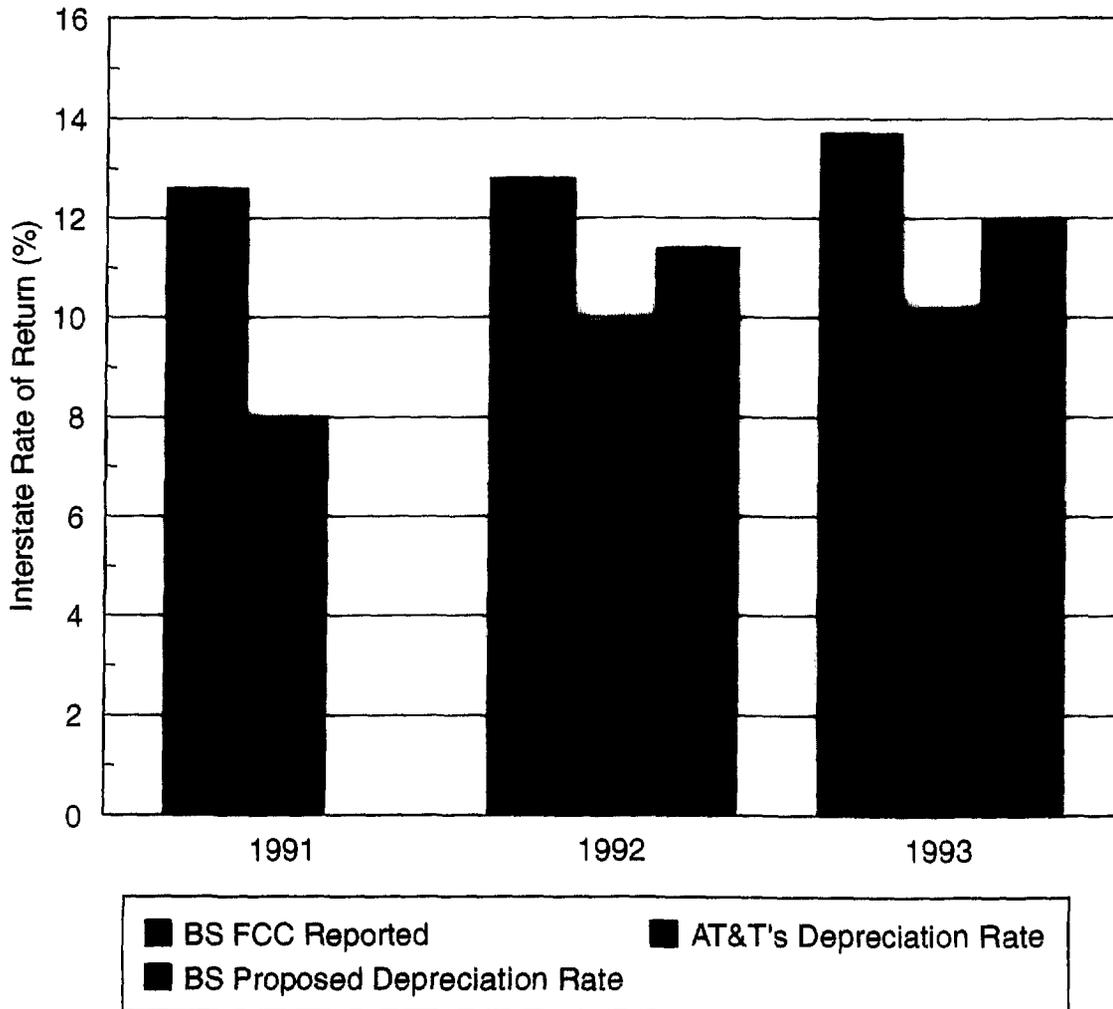


Sources: FCC Form M and Compustat

Note: Average remaining life is ratio of net property, plant, and equipment to annual depreciation and amortization expense.

BellSouth's 1993 Interstate Rate of Return Would be Nearly Four Percentage Points Lower if it Depreciated its Plant and Equipment at the Same Rate AT&T Depreciates its Plant and Equipment

	BellSouth Reported Earnings	Earnings with AT&T Depreciation Rate	BellSouth Proposed Depreciation Rate
1991	12.6%	8.0%	N/A
1992	12.8%	9.9%	11.4%
1993	13.7%	10.2%	12.0%



Note: BellSouth's depreciation rate not applicable in 1991