

Calculation of Actual BFP Revenue Requirements (OOO)
 FCC Order 97-149, Appendix B Method
 BellSouth Appendix A, Exhibit 1

I. ARMS Data Retrieved From Data Base

ParentCo	Lnum	Cosa	Name	SOURCE: LOCAL RECORD													
				4QTR94	4QTR94	1QTR95	1QTR95	2QTR95	2QTR95	3QTR95	3QTR95	4QTR95	4QTR95	4QTR95	4QTR95	2QTR 96	2QTR 96
				AIQ1_94_CL_BFP	AIQ1_94_Common_Law	AIQ11_95_CL_BFP	AIQ11_95_	AIQ21_95_CL_BFP	AIQ21_95_	AIQ31_95_CL_BFP	AIQ31_95_	AIQ41_95_CL_BFP	AIQ41_95_	AIQ41_95_	AIQ41_95_	AIQ41_95_	COM LM
BSTR	1040	BSTR	BELLSOUTH	-99999	5957	-99999	1333	-99999	2556	-99999	4240	-99999	5666	-99999	5877		2507
BSTR	1060	BSTR	BELLSOUTH	-99999	8581	-99999	2252	-99999	4595	-99999	7203	-99999	9737	-99999	18237		7017
BSTR	1090	BSTR	BELLSOUTH	-99999	1722714	-99999	438466	-99999	878467	-99999	1299592	-99999	1717182	-99999	1734721		
BSTR	1190	BSTR	BELLSOUTH	1172295	1217385	299421	310717	608887	631916	926273	961794	1272339	1322519	1280279	1324858	622564	644367
BSTR	1290	BSTR	BELLSOUTH	189	194	53	54	111	113	124	127	124	127	963	984	0	0
BSTR	1390	BSTR	BELLSOUTH	1816	1862	646	662	1042	1067	1438	1473	1972	2020	-1168	-1194	-551	
BSTR	1490	BSTR	BELLSOUTH	-99999	95899	-99999	25487	-99999	50753	-99999	74599	-99999	94094	-99999	89418		47021
BSTR	1510	BSTR	BELLSOUTH	82414	84174	22005	22471	45052	46002	66497	67896	89867	91744	84556	86223	42607	
BSTR	1520	BSTR	BELLSOUTH	3806	3741	2685	2766	10465	10747	10609	10905	1107	1229	-6542	-6727	2843	
BSTR	1530	BSTR	BELLSOUTH	1306	1338	158	162	486	497	412	422	517	530	380	389		
BSTR	1540	BSTR	BELLSOUTH	9582	9821	1974	2022	3949	4046	5930	6074	8002	8195	7502	7673	3697	
BSTR	1550	BSTR	BELLSOUTH	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BSTR	1910	BSTR	BELLSOUTH	2919290	2981103	2967418	3029618	2968711	3030764	2985798	3048056	3011959	3074424	3085362	3145827	3071302	
				3065644 3QTR96 ANI												3092178 1QTR96 ANI	

II. Actual Calendar Year and Tariff Year Revenue Requirement (\$800) Calculation

ParentCo	Lnum	Cosa	Name	Formula	AIQ1_94_CL_BFP	AIQ11_95_CL_BFP	AIQ21_95_CL_BFP	AIQ31_95_CL_BFP	AIQ41_95_CL_BFP	JAN-DEC96	JAN-JUN 96
LN1	1190 (m)		Total Operating Expenses Common Line		1,217,385	310,717	631,916	961,794	1,322,519	1,324,858	644,367
LN2	1190 (k)		Total Operating Expenses BFP		1,172,295	299,421	608,887	926,273	1,272,339	1,280,279	622,564
LN3			BFP Allocator [1190(k) / 1190 (m)]	LN2/LN1	0.962962	0.963645	0.963557	0.963068	0.962057	0.966352	0.966163
LN4	1490 (m)		Total Other Taxes Common Line		95,899	25,487	50,753	74,599	94,094	89,418	47,021
LN5	1060 (m)		Uncollectible Revenues Common Line		8,581	2,252	4,595	7,203	9,737	18,237	7,017
LN6	1040 (m)		Miscellaneous Revenues Common Line	LN3 X LN4	5,957	1,333	2,556	4,240	5,666	5,877	2,507
LN7	1490 (k)		Total Other Taxes BFP	LN3 X LN5	92,347	24,560	48,903	71,844	90,524	86,409	45,430
LN8	1060 (k)		Uncollectible Revenues BFP	LN3 X LN6	8,263	2,170	4,428	6,937	9,368	17,623	6,780
LN9	1040 (k)		Miscellaneous Revenues BFP		5,736	1,285	2,463	4,083	5,451	5,679	2,422
LN10	1290 (k)		Other Operating Income/Loss		189	53	111	124	124	963	0
LN11	1390 (k)		Total Non-Operating Items		1,816	646	1,042	1,438	1,972	(1,168)	(551)
LN12	1910 (k)		Average Net Investment (Average of each year's Quarterly Data)		2,912,852	2,983,472	2,983,472	2,983,472	2,983,472	3,085,362	3,071,302
LN13			Authorized Rate of Return		0.1125	0.1125	0.1125	0.1125	0.1125	0.1125	0.1125
LN14			Return On Average Net Investment	LN12 x LN13	327,696	83,910	167,820	251,730	335,641	347,103	172,761
LN15	1510 (k)		Fixed Charges		82,414	22,005	45,052	66,497	89,867	84,556	42,607
LN16	1520 (k)		IRS Income Adjustments		3,806	2,685	10,465	10,609	1,107	(6,542)	2,843
LN17	1530 (k)		FCC Taxable Income Adjustments		1,306	158	486	412	517	380	0
LN18	1540 (k)		ITC Amortization		9,582	1,974	3,949	5,930	8,002	7,502	3,697
LN19	1550 (k)		FCC ITC Adjustment		0	0	0	0	0	0	0
LN20			FIT GrossUp Factor		0.538462	0.538462	0.538462	0.538462	0.538462	0.538462	0.538462
LN21			Net Federal Income Taxes		120,086	31,827	65,927	96,552	120,903	126,512	65,926
LN22			BFP Revenue Requirements [LN2 + LN7 + LN21 + LN14 + LN8 - LN9 - LN10 + LN11]		1,716,578	441,198	894,434	1,350,567	1,825,171	1,850,117	910,487

III. Actual Tariff Year Revenue Requirement Calculation

ParentCo	Lnum	Cosa	Name	Formula	AIQ1_94_CL_BFP	AIQ21_95_CL_BFP		AIQ41_95_CL_BFP	TARIFF YEAR		
					JUL-DEC 94	JAN-JUN 95	JUL 94 - JUN 95 TARIFF YR	JUL-DEC 95	JAN-JUN 96	JUL 95 - JUN 96	JUL-DEC 96
LN1	1190 (m)		Total Operating Expenses Common Line		632,325	631,916	1,264,241	690,603	644,367	1,334,970	680,491
LN2	1190 (k)		Total Operating Expenses BFP		608,900	608,887	1,217,787	663,452	622,564	1,286,016	657,715
LN3			BFP Allocator [1190(k) / 1190 (m)]	LN2/LN1	0.962962	0.96356865		0.962057	0.966163	0.9633293	0.966530
LN4	1490 (m)		Total Other Taxes Common Line		44,139	50,753	94,892	43,341	47,021	90,362	42,397
LN5	1060 (m)		Uncollectible Revenues Common Line		4,121	4,595	8,716	5,142	7,017	12,159	11,220
LN6	1040 (m)		Miscellaneous Revenues Common Line	LN3 X LN4	2,842	2,556	5,398	3,110	2,507	5,617	3,370
LN7	1490 (k)		Total Other Taxes BFP	LN3 X LN5	42,504	48,903	91,407	41,620	45,430	87,050	40,980
LN8	1060 (k)		Uncollectible Revenues BFP	LN3 X LN6	3,968	4,428	8,396	4,940	6,780	11,720	10,843
LN9	1040 (k)		Miscellaneous Revenues BFP		2,737	2,463	5,200	2,988	2,422	5,410	3,258
LN10	1290 (k)		Other Operating Income/Loss		132	111	243	13	-	13	963
LN11	1390 (k)		Total Non-Operating Items		933	1,042	1,975	930	(551)	379	(617)
LN12	1910 (k)		Average Net Investment (Average of each year's Quarterly Data)		2,912,852	2,983,472	2,942,188	2,983,472	3,078,622	3,040,369.4	3,078,622
LN13			Authorized Rate of Return		0.1125	0.1125	0.1125	0.1125	0.1125	0.1125	0.1125
LN14			Return On Average Net Investment	LN12 x LN13	163,848	167,820	330,996	167,820	173,172	342,035	173,172
LN15	1510 (k)		Fixed Charges		41,716	45,052	86,768	44,815	42,607	87,422	41,949
LN16	1520 (k)		IRS Income Adjustments		(734)	10,465	9,731	(9,358)	2,843	(6,515)	(9,385)
LN17	1530 (k)		FCC Taxable Income Adjustments		641	486	1,127	31	-	31	380
LN18	1540 (k)		ITC Amortization		4,927	3,949	8,876	4,053	3,697	7,750	3,805
LN19	1550 (k)		FCC ITC Adjustment		-	-	-	-	-	-	-
LN20			FIT GrossUp Factor		0.538462	0.538462	0.538462	0.538462	0.538462	0.5384615	0.538462
LN21			Net Federal Income Taxes		58,133	65,927	123,699	54,976	66,147	121,684	59,956
LN22			BFP Revenue Requirements [LN2 + LN7 + LN21 + LN14 + LN8 - LN9 - LN10 + LN11]		875,418	894,434	1,768,817	930,738	911,121	1,843,461	937,829

Calculation of Actual BFP Revenue Requirements (OOO)
 FCC Order 97-149, Appendix B Method
 BellSouth Appendix A, Exhibit 1

I. ARMS DATA RETRIEVED FROM DATA BASE

ParentCo	Lnnum	Code	Name	1996 BFP	1997 COM LN
BSTR	1040	BSTR	BELLSOUTH		3277
BSTR	1060	BSTR	BELLSOUTH		2743
BSTR	1090	BSTR	BELLSOUTH		
BSTR	1190	BSTR	BELLSOUTH	632022	645930
BSTR	1290	BSTR	BELLSOUTH	-721	0
BSTR	1390	BSTR	BELLSOUTH	0	
BSTR	1490	BSTR	BELLSOUTH		48827
BSTR	1510	BSTR	BELLSOUTH	42595	
BSTR	1520	BSTR	BELLSOUTH	13383	
BSTR	1530	BSTR	BELLSOUTH		
BSTR	1540	BSTR	BELLSOUTH	3590	
BSTR	1550	BSTR	BELLSOUTH	0	
BSTR	1910	BSTR	BELLSOUTH	3143209	
				3133945	1QTR97 AMT

Desc

Miscellaneous
 Uncollectibles
 Net Revenues
 Total Operating Expenses
 Other Operating Income/Losses
 Total Non-operating Items
 Total Other Taxes
 Fixed Charges Federal Income Taxes
 IRS Income Adjustment Federal Income Taxes
 FCC Taxable Income Adjustment Federal Income Taxes
 ITC Amortization Federal Income Taxes
 FCC ITC Adjustment Federal Income Taxes
 Average Net Investment

II. Actual Calendar Year and Tariff Year Revenue Requirement(5000) Calculation

ParentCo	Lnnum	Code	Name	ARMIS Classification	Formula	JAN-JUN 97
LN1	1190	(m)	Total Operating Expenses Common Line			645,930
LN2	1190	(k)	Total Operating Expenses BFP			632,022
LN3			BFP Allocator [1190(k) / 1190 (m)]	LN2/LN1		0.978467
LN4	1490	(m)	Total Other Taxes Common Line			48,827
LN5	1060	(m)	Uncollectible Revenues Common Line			2,743
LN6	1040	(m)	Miscellaneous Revenues Common Line	LN3 X LN4		3,277
LN7	1490	(k)	Total Other Taxes BFP	LN3 X LN5		47,776
LN8	1060	(k)	Uncollectible Revenues BFP	LN3 X LN6		2,684
LN9	1040	(k)	Miscellaneous Revenues BFP			3,207
LN10	1290	(k)	Other Operating Income/Loss			(721)
LN11	1390	(k)	Total Non-Operating Items			0
LN12	1910	(k)	Average Net Investment (Average of each year's Quarterly Data)			3,138,577
LN13			Authorized Rate of Return	0.1125		0.1125
LN14			Return On Average Net Investment	LN12 x LN13		176,545
LN15	1510	(k)	Fixed Charges			42,595
LN16	1520	(k)	IRS Income Adjustments			13,383
LN17	1530	(k)	FCC Taxable Income Adjustments			0
LN18	1540	(k)	ITC Amortization			3,590
LN19	1550	(k)	FCC ITC Adjustment			0
LN20			FIT GrossUp Factor			0.538462
LN21			Net Federal Income Taxes			73,810
LN22			BFP Revenue Requirements			930,350
						[LN2 + LN7 + LN21 + LN14 + LN8 - LN9 - LN10 + LN11]

III. Actual Tariff Year Revenue Requirement Calculation

ParentCo	Lnnum	Code	Name	ARMIS Classification	Formula	JUL96-JUN97 TARIFF YR
LN1	1190	(m)	Total Operating Expenses Common Line			1,326,421
LN2	1190	(k)	Total Operating Expenses BFP			1,289,737
LN3			BFP Allocator [1190(k) / 1190 (m)]	LN2/LN1		
LN4	1490	(m)	Total Other Taxes Common Line			91,224
LN5	1060	(m)	Uncollectible Revenues Common Line			13,963
LN6	1040	(m)	Miscellaneous Revenues Common Line	LN3 X LN4		6,648
LN7	1490	(k)	Total Other Taxes BFP	LN3 X LN5		88,755
LN8	1060	(k)	Uncollectible Revenues BFP	LN3 X LN6		13,527
LN9	1040	(k)	Miscellaneous Revenues BFP			6,464
LN10	1290	(k)	Other Operating Income/Loss			242
LN11	1390	(k)	Total Non-Operating Items			(617)
LN12	1910	(k)	Average Net Investment (Average of each year's Quarterly Data)			3107040
LN13			Authorized Rate of Return	0.1125		0.1125
LN14			Return On Average Net Investment	LN12 x LN13		349,542
LN15	1510	(k)	Fixed Charges			84,543
LN16	1520	(k)	IRS Income Adjustments			3,998
LN17	1530	(k)	FCC Taxable Income Adjustments			380
LN18	1540	(k)	ITC Amortization			7,395
LN19	1550	(k)	FCC ITC Adjustment			-
LN20			FIT GrossUp Factor			0.5384615
LN21			Net Federal Income Taxes			133,672
LN22			BFP Revenue Requirements			1,867,910
						[LN2 + LN7 + LN21 + LN14 + LN8 - LN9 - LN10 + LN11]

BFP REVENUE REQUIREMENTS: PROJECTED DATA FOR HISTORICAL TARIFF YEARS
BELLSOUTH REGION DATA

ARMIS	Classification	Formula	Tariff Year Jul 91 - Jun 92 <u>Projected</u>	Tariff Year Jul 92 - Jun 93 <u>Projected</u>	Tariff Year Jul 93 - Jun 94 <u>Projected</u>	Tariff Year Jul 94 - Jun 95 <u>Projected</u>	Tariff Year Jul 95 - Jun 96 <u>Projected</u>	Tariff Year Jul 96 - Jun 97 <u>Projected</u>	
LN1	1190 (m)	Total Operating Expenses Common Line							
LN2	1190 (k)	Total Operating Expenses BFP	933,965	947,094	1,131,018	1,124,662	1,228,859	1,313,366	
LN3		BFP Allocator [1190(k) / 1190 (m)]							
LN4	1490 (m)	Total Other Taxes Common Line							
LN5	1060 (m)	Uncollectible Revenues Common Line							
LN6	1040 (m)	Miscellaneous Revenues Common Line							
LN7	1490 (k)	Total Other Taxes BFP	75,707	86,596	95,274	97,770	139,416	113,266	
LN8	1060 (k)	Uncollectible Revenues BFP							
LN9	1040 (k)	Miscellaneous Revenues BFP							
LN10	1290 (k)	Other Operating Income/Loss							
LN11	1390 (k)	Total Non-Operating Items							
LN12	1910 (k)	Average Net Investment	2,412,559	2,585,098	2,876,476	2,903,380	3,039,856	3,142,532	
LN13		Authorized Rate of Return	0.1125	0.1125	0.1125	0.1125	0.1125	0.1125	
LN14		Return On Average Net Investment	LN12 x LN13	271,413	290,823	323,604	326,630	341,984	353,535
LN15	1510 (k)	Fixed Charges	92,874	88,342	88,847	84,986	87,347	90,198	
LN16	1520 (k)	IRS Income Adjustments	635	(18,743)	(13,643)	3,110	14,151	8,883	
LN17	1530 (k)	FCC Taxable Income Adjustments							
LN18	1540 (k)	ITC Amortization	12,948	11,672	10,409	10,297	7,555	7,012	
LN19	1550 (k)	FCC ITC Adjustment							
LN20		FIT GrossUp Factor	0.515152	0.515152	0.515152	0.538462	0.538462	0.538462	
LN21		Net Federal Income Taxes	72,683	76,968	98,136	115,949	133,109	135,793	
		{(LN14 - LN15+LN16+LN17-LN18-LN19) X LN20}-LN18-LN19							
LN22		BFP Revenue Requirements	1,353,768	1,401,481	1,648,031	1,665,010	1,843,367	1,915,959	
		[LN2 + LN7 + LN21 + LN14+ LN8 - LN9 -LN10+LN11]							
LN23		Misc Oper Revenues	5,204						
LN24		Uncollectibles	7,139						
LN25		Settl Excp DRC	637						
LN26		Filed Rev Rqmts(LN22-LN23+LN24+LN25)	1,356,340						

BFP REVENUE REQUIREMENTS: PROJECTED DATA FOR HISTORICAL TARIFF YEARS
BELL SOUTH REGION DATA

ARMIS	Classification	Formula	Tariff Year	Tariff Year	BFP
			Jul 91 - Jun 92	Jul 91 - Jun 92	Difference
			Actual	Projected	Actual - Projected
			(A)	(B)	(C = A - B)
LN1	1190 (m)	Total Operating Expenses Common Line	1,001,145		
LN2	1190 (k)	Total Operating Expenses BFP	925,565	933,965	(8,400)
LN3		BFP Allocator [1190(k) / 1190 (m)]	0.924506		
LN4	1490 (m)	Total Other Taxes Common Line	86,147		
LN5	1060 (m)	Uncollectible Revenues Common Line	7,429		
LN6	1040 (m)	Miscellaneous Revenues Common Line	4,019		
LN7		Total Other Taxes BFP	79,643	75,707	3,936
LN8		Uncollectible Revenues BFP	6,868		6,868
LN9		Miscellaneous Revenues BFP	3,716		3,716
LN10	1290 (k)	Other Operating Income/Loss	(30)		(30)
LN11	1390 (k)	Total Non-Operating Items	1,502		1,502
LN12	1910 (k)	Average Net Investment	2,572,392	2,412,559	
LN13		Authorized Rate of Return	0.1125	0.1125	
LN14		Return On Average Net Investment	289,394	271,413	17,981
LN15	1510 (k)	Fixed Charges	87,672	92,874	
LN16	1520 (k)	IRS Income Adjustments	(3,731)	635	635
LN17	1530 (k)	FCC Taxable Income Adjustments	397		
LN18	1540 (k)	ITC Amortization	12,669	12,948	
LN19	1550 (k)	FCC ITC Adjustment			
LN20		FIT GrossUp Factor	0.538462	0.515152	
LN21		Net Federal Income Taxes	87,361	72,683	14,678
		[(LN14 - LN15+LN16+LN17-LN18-LN19) X LN20]-LN18-LN19			
LN22		BFP Revenue Requirements	1,386,648	1,353,768	32,880
		[LN2 + LN7 + LN21 + LN14+ LN8 - LN9 -LN10+LN11]			
LN23		Misc Oper Revenues		5,204	(5,204)
LN24		Uncollectibles		7,139	(7,139)
LN25		Settl Excp DRC		637	(637)
LN26		Filed Rev Rqmts(LN22-LN23+LN24+LN25)	1,386,648	1,356,340	30,308

BFP REVENUE REQUIREMENTS: PROJECTED DATA FOR HISTORICAL TARIFF YEARS
BELLSOUTH REGION DATA

ARMIS	Classification	Formula	Tariff Year	Tariff Year	BFP
			Jul 92 - Jun 93	Jul 92 - Jun 93	Difference
			<u>Actual</u>	<u>Projected</u>	<u>Actual - Projected</u>
			(A)	(B)	(C = A - B)
LN1	1190 (m)	Total Operating Expenses Common Line	1,038,053		
LN2	1190 (k)	Total Operating Expenses BFP	983,273	947,094	36,180
LN3		BFP Allocator [1190(k) / 1190 (m)]	0.947228		
LN4	1490 (m)	Total Other Taxes Common Line	85,143		
LN5	1060 (m)	Uncollectible Revenues Common Line	5,176		
LN6	1040 (m)	Miscellaneous Revenues Common Line	4,309		
LN7		Total Other Taxes BFP	80,743	86,596	(5,852)
LN8		Uncollectible Revenues BFP	4,907		4,907
LN9		Miscellaneous Revenues BFP	4,085		4,085
LN10	1290 (k)	Other Operating Income/Loss	58		58
LN11	1390 (k)	Total Non-Operating Items	1,648		1,648
LN12	1910 (k)	Average Net Investment	2,604,349	2,585,098	
LN13		Authorized Rate of Return	0.1125	0.1125	
LN14		Return On Average Net Investment	292,989	290,823	2,166
LN15	1510 (k)	Fixed Charges	81,714	88,342	
LN16	1520 (k)	IRS Income Adjustments	4,191	(18,743)	
LN17	1530 (k)	FCC Taxable Income Adjustments	934		
LN18	1540 (k)	ITC Amortization	12,083	11,672	
LN19	1550 (k)	FCC ITC Adjustment			
LN20		FIT GrossUp Factor	0.538462	0.515152	
LN21		Net Federal Income Taxes	97,934	76,968	20,966
LN22		BFP Revenue Requirements	1,457,351	1,401,481	55,870
		[LN2 + LN7 + LN21 + LN14+ LN8 - LN9 -LN10+LN11]			

BFP REVENUE REQUIREMENTS: PROJECTED DATA FOR HISTORICAL TARIFF YEARS
BELL SOUTH REGION DATA

ARMIS	Classification	Formula	Tariff Year	Tariff Year	BFP
			Jul 93 - Jun 94	Jul 93 - Jun 94	Difference
			<u>Actual</u>	<u>Projected</u>	<u>Actual - Projected</u>
			(A)	(B)	(C = A - B)
LN1	1190 (m)	Total Operating Expenses Common Line	1,169,809		
LN2	1190 (k)	Total Operating Expenses BFP	1,126,343	1,131,018	(4,675)
LN3		BFP Allocator [1190(k) / 1190 (m)]	0.962844		
LN4	1490 (m)	Total Other Taxes Common Line	98,136		
LN5	1060 (m)	Uncollectible Revenues Common Line	6,380		
LN6	1040 (m)	Miscellaneous Revenues Common Line	6,203		
LN7		Total Other Taxes BFP	94,509	95,274	(764)
LN8		Uncollectible Revenues BFP	6,147		6,147
LN9		Miscellaneous Revenues BFP	5,971		5,971
LN10	1290 (k)	Other Operating Income/Loss	281		281
LN11	1390 (k)	Total Non-Operating Items	1,864		1,864
LN12	1910 (k)	Average Net Investment	2,827,161	2,876,476	
LN13		Authorized Rate of Return	0.1125	0.1125	
LN14		Return On Average Net Investment	318,056	323,604	(5,548)
LN15	1510 (k)	Fixed Charges	83,054	88,847	
LN16	1520 (k)	IRS Income Adjustments	7,945	(13,643)	
LN17	1530 (k)	FCC Taxable Income Adjustments	1,471		
LN18	1540 (k)	ITC Amortization	10,820	10,409	
LN19	1550 (k)	FCC ITC Adjustment			
LN20		FIT GrossUp Factor	0.538462	0.515152	
LN21		Net Federal Income Taxes	114,963	98,136	16,827
LN22		BFP Revenue Requirements	1,655,630	1,648,031	7,599
		[LN2 + LN7 + LN21 + LN14+ LN8 - LN9 -LN10+LN11]			

BFP REVENUE REQUIREMENTS: PROJECTED DATA FOR HISTORICAL TARIFF YEARS
BELLSOUTH REGION DATA

ARMIS	Classification	Formula	Tariff Year	Tariff Year	BFP	
			Jul 94 - Jun 95	Jul 94 - Jun 95	Difference	
			<u>Actual</u>	<u>Projected</u>	<u>Actual - Projected</u>	
			(A)	(B)	(C = A - B)	
LN1	1190 (m)	Total Operating Expenses Common Line	1,264,241			
LN2	1190 (k)	Total Operating Expenses BFP	1,217,787	1,124,662	93,126	
LN3		BFP Allocator [1190(k) / 1190 (m)]	LN2/LN1	0.963255		
LN4	1490 (m)	Total Other Taxes Common Line	94,892			
LN5	1060 (m)	Uncollectible Revenues Common Line	8,716			
LN6	1040 (m)	Miscellaneous Revenues Common Line	5,398			
LN7		Total Other Taxes BFP	LN3 X LN4	91,407	97,770	(6,362)
LN8		Uncollectible Revenues BFP	LN3 X LN5	8,396		8,396
LN9		Miscellaneous Revenues BFP	LN3 X LN6	5,200		5,200
LN10	1290 (k)	Other Operating Income/Loss		243		243
LN11	1390 (k)	Total Non-Operating Items		1,975		1,975
LN12	1910 (k)	Average Net Investment		2,942,188	2,903,380	
LN13		Authorized Rate of Return	0.1125	0.1125	0.1125	
LN14		Return On Average Net Investment	LN12 x LN13	330,996	326,630	4,366
LN15	1510 (k)	Fixed Charges		86,768	84,986	
LN16	1520 (k)	IRS Income Adjustments		9,731	3,110	
LN17	1530 (k)	FCC Taxable Income Adjustments		1,127		
LN18	1540 (k)	ITC Amortization		8,876	10,297	
LN19	1550 (k)	FCC ITC Adjustment				
LN20		FIT GrossUp Factor	.35/.65	0.538462	0.538462	
LN21		Net Federal Income Taxes		123,699	115,949	7,749
		[(LN14 - LN15+LN16+LN17-LN18-LN19) X LN20]-LN18-LN19				
LN22		BFP Revenue Requirements		1,768,817	1,665,010	103,807
		[LN2 + LN7 + LN21 + LN14+ LN8 - LN9 -LN10+LN11]				

BFP REVENUE REQUIREMENTS: PROJECTED DATA FOR HISTORICAL TARIFF YEARS
BELLSOUTH REGION DATA

ARMIS	Classification	Formula	Tariff Year	Tariff Year	BFP
			Jul 95 - Jun 96	Jul 95 - Jun 96	Difference
			<u>Actual</u>	<u>Projected</u>	<u>Actual - Projected</u>
			(A)	(B)	(C = A - B)
LN1	1190 (m)	Total Operating Expenses Common Line	1,334,970		
LN2	1190 (k)	Total Operating Expenses BFP	1,286,016	1,228,859	57,157
LN3		BFP Allocator [1190(k) / 1190 (m)]	0.963329		
LN4	1490 (m)	Total Other Taxes Common Line	90,362		
LN5	1060 (m)	Uncollectible Revenues Common Line	12,159		
LN6	1040 (m)	Miscellaneous Revenues Common Line	5,617		
LN7		Total Other Taxes BFP	87,050	139,416	(52,366)
LN8		Uncollectible Revenues BFP	11,720		11,720
LN9		Miscellaneous Revenues BFP	5,410		5,410
LN10	1290 (k)	Other Operating Income/Loss	13		13
LN11	1390 (k)	Total Non-Operating Items	379		379
LN12	1910 (k)	Average Net Investment	3,040,309	3,039,856	
LN13		Authorized Rate of Return	0.1125	0.1125	
LN14		Return On Average Net Investment	342,035	341,984	51
LN15	1510 (k)	Fixed Charges	87,422	87,347	
LN16	1520 (k)	IRS Income Adjustments	(6,515)	14,151	
LN17	1530 (k)	FCC Taxable Income Adjustments	31		
LN18	1540 (k)	ITC Amortization	7,750	7,555	
LN19	1550 (k)	FCC ITC Adjustment			
LN20		FIT GrossUp Factor	.35/.65	0.538462	
LN21		Net Federal Income Taxes	121,684	133,109	(11,424)
LN22		BFP Revenue Requirements	1,843,461	1,843,367	94
		[LN2 + LN7 + LN21 + LN14+ LN8 - LN9 -LN10+LN11]			

BFP REVENUE REQUIREMENTS: PROJECTED DATA FOR HISTORICAL TARIFF YEARS
BELLSOUTH REGION DATA

ARMIS	Classification	Formula	Tariff Year	Tariff Year	BFP
			Jul 96 - Jun 97	Jul 96 - Jun 97	Difference
			<u>Actual</u>	<u>Projected</u>	<u>Actual - Projected</u>
			(A)	(B)	(C = A - B)
LN1	1190 (m)	Total Operating Expenses Common Line	1,326,421		
LN2	1190 (k)	Total Operating Expenses BFP	1,289,737	1,313,366	(23,629)
LN3		BFP Allocator [1190(k) / 1190 (m)]	0.972343		
LN4	1490 (m)	Total Other Taxes Common Line	91,224		
LN5	1060 (m)	Uncollectible Revenues Common Line	13,963		
LN6	1040 (m)	Miscellaneous Revenues Common Line	6,648		
LN7		Total Other Taxes BFP	88,755	113,266	(24,511)
LN8		Uncollectible Revenues BFP	13,527		13,527
LN9		Miscellaneous Revenues BFP	6,464		6,464
LN10	1290 (k)	Other Operating Income/Loss	242		242
LN11	1390 (k)	Total Non-Operating Items	(617)		(617)
LN12	1910 (k)	Average Net Investment	3,107,040	3,142,532	
LN13		Authorized Rate of Return	0.1125	0.1125	
LN14		Return On Average Net Investment	349,542	353,535	(3,993)
LN15	1510 (k)	Fixed Charges	84,543	90,198	
LN16	1520 (k)	IRS Income Adjustments	3,998	8,883	
LN17	1530 (k)	FCC Taxable Income Adjustments	380		
LN18	1540 (k)	ITC Amortization	7,395	7,012	
LN19	1550 (k)	FCC ITC Adjustment			
LN20		FIT GrossUp Factor	.35/.65	0.538462	0.538462
LN21		Net Federal Income Taxes	133,672	135,793	(2,121)
LN22		[(LN14 - LN15+LN16+LN17-LN18-LN19) X LN20]-LN18-LN19			
		BFP Revenue Requirements	1,867,910	1,915,959	(48,049)
		[LN2 + LN7 + LN21 + LN14+ LN8 - LN9 -LN10+LN11]			

COMPARISON OF PROJECTED TO ACTUAL GROWTH RATES FOR HISTORICAL PERIODS
BELLSOUTH REGION DATA

	Source:	91/92tp (A)	92/93tp (B)	93/94tp (C)	94/95tp (D)	95/96tp (E)	96/97tp (F)
LN1 ACTUAL TARIFF PERIOD REVENUE REQUIREMENTS(APPENDIXB)	Exhibit 1	1,386,648	1,457,351	1,655,630	1,768,817	1,843,461	1,867,910
LN2 ACTUAL TARIFF PERIOD GROWTH	BellSouth Appendix A (LN1B - LN1A, etc.)		70,703	198,279	113,187	74,644	24,448
LN3 ACTUAL PERCENT CHANGE [Growth/Previous Period Actual]	(LN2B/LN1A, etc.)		5.10%	13.61%	6.84%	4.22%	1.33%
LN4 PROJECTED TARIFF PERIOD REVENUE REQUIREMENTS	FCC FILING WORKPAPER CLPC-C	1,356,340	1,401,481	1,648,031	1,665,010	1,843,367	1,915,959
LN5 Projected Tariff Period Growth: Current Projection vs Previous Tariff Period Actual	(LN4B-LN1A, etc.)		14,833	190,680	9,380	74,550	72,498
LN6 Projected Percent Change: Current Projection vs Previous Actual	(LN5B/LN4A)		1.07%	13.08%	0.57%	4.21%	3.93%
LN7 Actual Year-to-Year Percentage Change plus 10%	(LN6 x 1.1)		5.61%	14.97%	7.52%	4.64%	1.46%
LN8 Actual Year-to-Year Percentage Change less 10%	(LN6 x .9)		4.59%	12.24%	6.15%	3.80%	1.19%
LN9 Is LN6 Greater than LN7 or Less than LN8? If Yes, Explanation Required			YES	NO	YES	NO	YES

Explanation of Tariff Year Projection Differences

In accordance with paragraph 17 of the Commission's Investigation Order, BellSouth has determined that "significant" differences between its annual BFP revenue requirements projection and actual BFP revenue requirements occurred for three annual tariff periods as referenced below. The primary reasons for "significant" differences in actual and projected tariff year revenue requirements include "misses" related to the forecast of total operating expenses subject to separations and assumptions related to jurisdictional separations and the allocation of interstate separated costs to the BFP element of the Common Line basket.

1992-1993 Tariff Year

Exhibit 3, Page 2 displays the difference in actual and projected BFP revenue requirements for the 1992-1993 tariff year. Based on Appendix B Methodology, BellSouth's 1992 tariff period actual BFP revenue requirements exceeded its projection by \$55.9M. The primary reasons for the miss include 1) BellSouth's total operating expenses subject to separations exceeded the projection during the period resulting in additional BFP expenses of \$22M, 2) differences in actual versus projected jurisdictional separations factors resulted in additional BFP expenses of \$16M for the period over the projection and 3) unrealized projected Federal Income Tax Adjustments contributed to FIT expense exceeding the forecast by approximately \$12M. The sum of these items represents approximately \$50M of BellSouth's \$55.9M under-estimation of BFP revenue requirements for the 1992-1993 tariff period.

1994-1995 Tariff Year

Exhibit 3, Page 4 displays the difference in actual and projected BFP revenue requirements for the 1994-1995 tariff year. BellSouth's actual BFP revenue requirements exceeded its projection by \$103.8M for the 1994 tariff period. The difference is attributable to assumptions regarding the assignment of investment and operating expenses to the BFP element, specifically related to the unseparated cost per loop used in the Part 69 allocation process. In March of 1994 and March of 1995, BellSouth introduced new basic studies of COE-Transmission Equipment which resulted in the assignment of significantly higher expenses to the BFP element of Common Line. These study changes were not captured in the projection of BFP requirements submitted for the April 1, 1994 Annual Filing.

1996-1997 Tariff Year

Exhibit 3, Page 6 displays the difference in actual and projected BFP revenue requirements for the 1996-1997 tariff year. For the period, BellSouth's projected BFP revenue requirements exceeded its actual results by \$48.0M. The \$23.6M difference in Total Operating Expense BFP is largely attributable to lower overall expense levels associated with the continued implementation of BellSouth's reengineering and force reduction initiatives. Actual operating expenses subject to separations were significantly lower during the period, primarily in the areas of Corporate Operations Expense and Customer Operations - Marketing. Total Other Taxes BFP represents the majority of the remaining difference between BellSouth's projected and actual results for the tariff period. Of the \$24.5M shown in Column C of Exhibit 3, estimates of Other Tax Expense and factors used to calculate taxable income (BellSouth methodology) account for the bulk of the difference.

APPENDIX B

Adjustments to BFP Revenue Requirements, Explanation of Changes and Alternative Methodologies

Table of Contents

Adjustments to BFP Revenue Requirements, Explanation of Changes and Alternative Methodologies

Exhibits:

- 1 List of Commission Rule Changes Affecting BFP Revenue Requirements**
- 2 Series 1 Adjustments (SPF, DEM, and GSF)**
- 3 Series 2 Adjustments (Series 1 plus OPEBs)**
- 4 1996 Payphone Adjustment**

**ADJUSTMENTS TO BFP REVENUE REQUIREMENTS, EXPLANATION
OF CHANGES AND ALTERNATIVE METHODOLOGIES**

The Commission requires LECs to submit their historical calendar year BFP revenue requirements adjusted for changes in the Commission's rules.¹ The Commission requires LECs to itemize each such rule change, the date on which it became effective, and the impact of such rule change for the calendar year in which it became effective.² LECs are required to calculate the effect which each rule change becoming effective on or before December 31, 1996 would have had in previous years, back to 1991, had the revised rule been in effect.³ Two series of data are required. The first series must show BFP revenue requirements adjusted for changes in the GSF allocation; the phase-in of SPF and DEM separations allocations rules; and the revision of the allocation of Other Billing and Collection expenses to reflect a five percent allocation to the common line revenue requirement. The second series must be adjusted for all of these changes, plus changes to the treatment of Account 4310 of the Uniform System of Accounts ("USOA"), Other Long Term Liabilities, especially with respect to Other Post-retirement Employee Benefits ("OPEBs"), as well as any other rule changes for which the LEC desires to make an adjustment.⁴

Exhibits 1 through 4 are attached hereto in response to these data requests. Exhibit 1 provides a list of all such rule changes for which BellSouth is making adjustments, the dates on which they become effective and the impact of each rule on BFP revenue requirements. Exhibit 2 shows the results of the first series adjusted for changes in the GSF allocation and the phase-in of SPF and DEM separations allocations rules. Since BellSouth has allocated no more than 5 % of OB&C expenses to Common Line, BellSouth has not included this in its adjustments. Exhibit 3 shows the results of the second required series. For BellSouth, this is limited to the adjustment for OPEBs. Finally, Exhibit 4 displays the calculation of the impact of the Payphone Reconsideration order on 1996 BFP revenue requirements. No adjustment to the 1996-1997 tariff period BFP revenue requirement is provided since BellSouth considered the impact of the Payphone Order in developing its projection.

The Commission next requires LECs to explain relatively large year-to-year changes in the adjusted series of their annual BFP revenue requirements. At a minimum, LECs are required to justify the inclusion of the BFP revenue requirements for those years with the

¹ Investigation Order, paras. 19-22.

² Id., para. 19.

³ Id., para. 20.

⁴ Id., para. 22. A LEC is required to make this showing for OB&C if it has not consistently allocated five percent to the common line revenue requirement on a historical basis.

highest and lowest percentage changes for the 1991-1996 period by showing that these results are likely to continue over time. In addition, LECs are required to identify changes resulting from one-time events or other isolated occurrences, explain the event and its impact, and calculate their BFP revenue requirements excluding the effects of the event. As illustrated in Exhibits 2 and 3, calendar year 1995 has the highest percentage change over the previous year with a 6.33 % increase. While not significantly greater than the 6.09 % change from 1994 to 1995, there are two main reasons for the increase. The first involves the introduction of new separations basic studies for COE transmission equipment during 1995 which increased the assignment of operating expenses to the BFP category by approximately \$22.6 million. The second factor affecting the 1995 results occurs from increased expense levels associated with the introduction of BellSouth's reengineering and force reduction initiative. As to the continuation of the impact of these changes on future periods, the separations study impacts will of course depend upon the actual usage of BellSouth's network. The additional 1995 expense levels associated with reengineering, while not specifically quantified, would not be expected to continue but result in lower operating expense levels in future periods. This effect is apparent in BellSouth's 1996 operating results and described below.

The lowest percentage change of 1.37 % occurs from 1995 to 1996. This significant reduction in growth was a direct result of the decreased operating expense levels associated with the continued implementation of BellSouth's reengineering and force reduction initiatives. The reduction in overall expense levels occurred despite increased expenses associated the one-time impacts of Hurricane Fran and the 1996 Olympics. While the BFP revenue requirement could be adjusted for the impacts of Hurricane Fran and the Olympics, rather than explaining the lower percentage growth this would actually increase the change from the previous year. The impact of each factor on 1996 operating expenses is provided in Appendix C, Exhibits 2 and 3 associated with BellSouth's justification of its 1997-1998 BFP revenue requirement.

As identified above, the overwhelming impact on the trend of BellSouth's BFP revenue requirements results from the Company's reengineering and force reduction initiatives. Since the impact on future expense levels is expected to continue, it would not be appropriate to adjust the trend data for these factors. In fact, it is precisely this situation that has led BellSouth to reject the use of a trend as an appropriate method for projecting its BFP revenue requirements.

BellSouth has traditionally used what the Commission describes as a "bottoms-up"

approach to forecast BFP revenue requirements.⁵ In this manner, BellSouth is able to forecast the financial impacts of changes such as reengineering and develop a highly reliable forecast of BFP revenue requirements by modeling the relationships of Part 36 and Part 69 allocations to the forecast. BellSouth submits that this approach is superior to a trend analysis or other methods where a LECs operating environment or cost structure is undergoing significant changes (this may be even more relevant to future filings). The BellSouth methodology is explained in more detail in its justification of the 1997-1998 BFP revenue requirement.

⁵ Id., para. 29. The Commission describes a bottoms-up approach as one where the LEC “estimates the value of factors, such as total operating and net investment, directly affecting BFP revenue requirements for the period of the projection” and uses those to develop the forecast. BellSouth believes that its methodology represents such an approach.

List of Commission Rule Changes Affecting BFP Revenue Requirements

The Commission requires each LEC to list each rule change affecting BFP revenue requirements, the date on which it became effective and the impact of such rule change for the calendar year in which it became effective. The rule changes reported by BellSouth are itemized below. A description of the methodology used to calculate the dollar impacts shown in Exhibits 2 and 3 is included.

1) Phase-in of Subscriber Plant Factor (SPF) Rule Change, Effective 1/1/88.

The SPF Adjustment displayed on BellSouth Appendix B, Exhibit 2 was determined using the details provided on the Tariff Review Plan (TRP) Form EXG-1 filed in each of BellSouth's Annual Access Tariff Filing submittals for the 1991, 1992 and 1993 tariff years. The following calculations were used to develop the annual impacts:

BellSouth Exhibit 2 (A)	Dollar Amount from TRP EXG-1, LN# Common Line (B)	BFP% (C)	BFP SPF Change (D = B x C)
LN 2 Operating Exp	100+110		
Depreciation	100	LN3	BFP \$
Exp less Depr	110	LN3	BFP \$
LN7 Total Oth Tax	120	LN3	BFP \$
LN12 Avg Net Inv	210	Local Records	BFP \$
LN13 Net Return	130	Local Records	BFP \$
LN21 Net FIT	140	Local Records	BFP \$

2) Phase-in of Dial Equipment Minutes (DEM) Rule Change, Effective 1/1/88.

BellSouth filed Exogenous Cost Changes for tariff year 1991 only, and 50% of the amount filed on the TRP EXG-1 Form was assigned to the BFP element on this Exhibit 2.

3) General Support Facilities (GSF) Rule Change, Effective 7/1/93.

BellSouth determined the impact of the GSF rule change on calendar year 1993, in accordance with Appendix B of the Commissions Investigation Order. Starting with the 1992 base period impact of the rule change, BellSouth obtained the BFP portion of the Common Line Exogenous Cost Change amount filed in the 1993 Annual Filing. In the case of BellSouth,

the 1992 Common Line impact of \$133.7M includes approximately \$7.6M of additional Common Line revenue requirements which were reassigned from the pay telephone element to the BFP element resulting in a BFP net change of \$141.3M. The \$7.6M reassignment to BFP was the result of combining BellSouth's Cat 1.3 investment which has a proportionately higher BFP allocation, with the investment amounts previously used to compute the GSF investment allocator prior to the rule change. BellSouth applied a 2.2% expense and 4.2% investment "subject to separations" growth factor to the tariff year 1993 Exogenous Cost Change amount to produce its revenue requirement calculation on a calendar year 1993 basis.

In accordance with Appendix B of the Investigation Order, BellSouth submits its 1993 calendar year BFP revenue requirements including and excluding an entire year of the GSF rule change. A ratio of these amounts was computed and multiplied by the unadjusted BFP revenue requirements of 1991 and 1992. Calculations are as follows:

	<u>Including Entire Year GSF</u>	<u>Excluding Entire Year GSF</u>
LN2 Total Operating Exp	1,104,598	999,428
LN7 Total Othr Tax	90,611	84,335
LN12 Avg Net Inv	2,920,166	2,463,290
LN13 Author ROR	.1125	.1125
LN14 Return on Avg Net Inv	315,669	289,969
LN15 Fixed Charges	87,455	80,285
LN16 IRS Income Adj	3,799	3,657
LN18 ITC Amortz	12,310	11,288
LN20 FIT Gross Up Factor	.538462	.538462
LN21 Net FIT	106,565	98,643
LN22 BFP Rev Rqmts	1,617,998	1,472,930
LN24 GSF Allocator	1.0985	

4) Other Postretirement and Employee Benefits (OPEBs) Rule Change, Effective 1/1/93.

The OPEBs rule change implemented with the 1993 tariff year reflects the annual revenue requirements related to the ongoing incremental cost of the adoption of revised accounting methodology. The 1993 tariff year Exogenous Cost Change amount is reflected in adjustments to calendar years 1991 and 1992.

BELLSOUTH
BFP ADJUSTED ACTUALS

SERIES 1 Adjustments (SPF,DEM, AND GSF)	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
1 Actual BFP Revenue Requirement	1,386,008	1,418,893	1,545,466	1,716,578	1,825,171	1,850,117
2 SPF Adjustment						
<i>rule change</i> <i>effective</i> 1991 Annual Filing Exog.= (14,375) 7/91-6/92	(6,718)					
1992 Annual Filing Exog.= (13,958) 7/92-6/93	(13,092)	(6,618)				
1993 Annual Filing Exog.= (7,608) 7/93-12/93	(7,122)	(7,204)				
3 DEM Adjustment						
1991 Annual Filing Exog. = 2,667 7/91-6/92	1,317					
4 GSF Adjustment						
1993 Annual Filing Exog. = 133,700 7/93-12/93	136,507	139,745	72,534			
5 BFP Restated for Completion of SPF and DEM Transition and GSF Rule Change	1,496,899	1,544,817	1,618,000	1,716,578	1,825,171	1,850,117
6 OPEBS (Not Applicable to Series 1)						
1993 Annual Filing Exog. = 1,152 7/93-6/94						
1995 Annual Filing Exog. = (1,152) 7/95-6/96						
7 BFP Restated for Completion of SPF and DEM Transition, GSF and OPEBS	1,496,899	1,544,817	1,618,000	1,716,578	1,825,171	1,850,117
8 BFP Year-over-Year Growth in Revenue Requirements		47,918	73,183	98,578	108,594	24,945
9 % BFP Growth		3.20%	4.74%	6.09%	6.33%	1.37%

Actual Calendar Year BFP Revenue Requirements
Adjusted for Rule Changes

SERIES 1: Calendar Year Actuals Adjusted for GSF, SPF, DEM Rule Changes

		ACTUAL	GSF RULE CHANGE	SPF RULE	SPF RULE	SPF RULE	DEM RULE CHANGE	ADJUSTED BFP	
		1991	TARIFF YEAR	TARIFF YEAR	TARIFF YEAR	TARIFF YEAR	TARIFF YEAR	REV RQMTS	
		(A)	JUL92-JUN93	JUL91-JUN92	JUL92-JUN93	JUL93-JUN94	JUL91-JUN92	(G=A+B+C+D+E+F)	
			(B)	(C)	(D)	(E)	(F)		
			FULL YEAR	HALF YEAR	FULL YEAR	FULL IMPACT			
			(LN2B x (LN23B-1), etc)						
ARMIS	Classification								
LN1	1190 (m) Total Operating Expenses Common Line	1,015,788	100,044						
LN2	1190 (k) Total Operating Expenses BFP	934,176	92,006	(4,424)	(8,288)	(4,798)	1,097	1,009,768	
LN3	BFP Allocator [1190(k) / 1190 (m)]	92%	92%						
LN4	1490 (m) Total Other Taxes Common Line	82,403	8,116						
LN5	1060 (m) Uncollectible Revenues Common Line	8,984	885						
LN6	1040 (m) Miscellaneous Revenues Common Line	4,878	480						
LN7	Total Other Taxes BFP	75,782	7,464	(292)	(651)	(304)	29	82,029	
LN8	Uncollectible Revenues BFP	8,262	814					9,076	
LN9	Miscellaneous Revenues BFP	4,486	442					4,928	
LN10	1290 (k) Other Operating Income/Loss	249	25					274	
LN11	1390 (k) Total Non-Operating Items	1,418	140					1,558	
LN12	1910 (k) Average Net Investment	98% 2,573,737	253,485	(13,548)	(28,536)	(13,968)	1,109	2,772,279	
LN13	Authorized Rate of Return	0.1125	0.1125						
LN14	Return On Average Net Investment	289,545	28,517	(1,524)	(3,210)	(1,571)	125	311,882	
LN15	1510 (k) Fixed Charges	89,933	8,857						
LN16	1520 (k) IRS Income Adjustments	(9,450)	(931)						
LN17	1530 (k) FCC Taxable Income Adjustments	533	52						
LN18	1540 (k) ITC Amortization	13,730	1,352						
LN19	1550 (k) FCC ITC Adjustment	0	-						
LN20	FIT GrossUp Factor	0.538462	0.538462						
LN21	NOTE Net Federal Income Taxes	81,559	8,033	(478)	(944)	(449)	66	87,788	
LN22	[(LN14 - LN15+LN16+LN17-LN18-LN19) X LN20]-LN18- BFP Revenue Requirements [LN2 + LN7 + LN21 + LN14+ LN8 - LN9 -LN10+LN11]	1,386,008	136,507	(6,718)	(13,092)	(7,122)	1,317	1,496,899	
LN23	1993 GSF Rule Change allocator		1.098489						

Actual Calendar Year BFP Revenue Requirements
Adjusted for Rule Changes

SERIES 1: Calendar Year Actuals Adjusted for GSF, SPF, DEM Rule Changes

ARMIS	Classification	ACTUAL 1992 (A)	GSF RULE CHANGE TARIFF YEAR JUL92-JUN93 (B) FULL YEAR (LN28 x (LN238-1), etc)	SPF RULE CHANGE TARIFF YEAR JUL92-JUN93 (C) HALF YEAR	SPF RULE CHANGE TARIFF YEAR JUL93-JUN94 (D) FULL IMPACT	ADJUSTED BFP REV REQMTS (E= A+B+C+D)
LN1	1190 (m) Total Operating Expenses Common Line	1,016,407	100,105			
LN2	1190 (k) Total Operating Expenses BFP	949,799	93,545	(4,211)	(4,875)	1,034,258
LN3	BFP Allocator [1190(k) / 1190 (m)]	0.934467	93%			
LN4	1490 (m) Total Other Taxes Common Line	86,503	8,520			
LN5	1060 (m) Uncollectible Revenues Common Line	6,135	604			
LN6	1040 (m) Miscellaneous Revenues Common Line	4,007	395			
LN7	Total Other Taxes BFP	80,834	7,961	(331)	(309)	88,156
LN8	Uncollectible Revenues BFP	5,733	565			6,298
LN9	Miscellaneous Revenues BFP	3,744	369			4,113
LN10	1290 (k) Other Operating Income/Loss	5	0			5
LN11	1390 (k) Total Non-Operating Items	1,649	162			1,811
LN12	1910 (k) Average Net Investment	98% 2,571,936	253,307	(14,268)	(13,968)	2,797,008
LN13	Authorized Rate of Return	0.1125	0.1125			
LN14	Return On Average Net Investment	289,343	28,497	(1,605)	(1,571)	314,663
LN15	1510 (k) Fixed Charges	81,502	8,027			
LN16	1520 (k) IRS Income Adjustments	3,531	348			
LN17	1530 (k) FCC Taxable Income Adjustments	303	30			
LN18	1540 (k) ITC Amortization	12,151	1,197			
LN19	1550 (k) FCC ITC Adjustment	0				
LN20	FIT GrossUp Factor	0.538462	0.538462			
LN21	NOTE Net Federal Income Taxes	95,285	9,385	(472)	(449)	103,749
LN22	[{ LN14 - LN15+LN16+LN17-LN18-LN19} X LN20]-LN18-LN19 BFP Revenue Requirements [LN2 + LN7 + LN21 + LN14+ LN8 - LN9 -LN10+LN11]	1,418,893	139,745	(6,618)	(7,204)	1,544,817
LN23	1993 GSF Rule Change allocator		1.098489			

Actual Calendar Year BFP Revenue Requirements
Adjusted for Rule Changes

SERIES 1: Calendar Year Actuals Adjusted for GSF, SPF, DEM Rule Changes

		ACTUAL 1993 (A)	GSF RULE CHANGE TARIFF YEAR <u>JUL92-JUN93</u> (B) HALF YEAR	ADJUSTED BFP REQUIREMENTS (F=A+B)
	ARMIS Classification			
LN1	1190 (m) Total Operating Expenses Common Line	1,097,256		
LN2	1190 (k) Total Operating Expenses BFP	1,052,013	52,585	1,104,598
LN3	BFP Allocator [1190(k) / 1190 (m)]	0.958767		
LN4	1490 (m) Total Other Taxes Common Line	91,235		
LN5	1060 (m) Uncollectible Revenues Common Line	4,364		
LN6	1040 (m) Miscellaneous Revenues Common Line	5,407		
LN7	Total Other Taxes BFP	87,473	3,138	90,611
LN8	Uncollectible Revenues BFP	4,184		4,184
LN9	Miscellaneous Revenues BFP	5,184		5,184
LN10	1290 (k) Other Operating Income/Loss	270		270
LN11	1390 (k) Total Non-Operating Items	1,827		1,827
LN12	1910 (k) Average Net Investment	2,691,728	114,219	2,805,946
LN13	Authorized Rate of Return	0.1125	0.1125	
LN14	Return On Average Net Investment	302,819	12,850	315,669
LN15	1510 (k) Fixed Charges	83,870	3,585	
LN16	1520 (k) IRS Income Adjustments	3,728	(71)	
LN17	1530 (k) FCC Taxable Income Adjustments	1,584		
LN18	1540 (k) ITC Amortization	11,799	511	
LN19	1550 (k) FCC ITC Adjustment	0		
LN20	FIT GrossUp Factor	0.538462	0.538462	
LN21	NOTE Net Federal Income Taxes	102,604	3,961	106,565
	[(LN14 - LN15+LN16+LN17-LN18-LN19) X LN20]-LN18-LN19			
LN22	BFP Revenue Requirements	1,545,466	72,534	1,618,000
	[LN2 + LN7 + LN21 + LN14+ LN8 - LN9 -LN10+LN11]			

BELLSOUTH
BFP ADJUSTED ACTUALS

BellSouth
Appendix B
Exhibit 3
Page 1 of 4
1996

SERIES 2 Adjustments (SPF,DEM, GSF AND OPEBS)	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
1 Actual BFP Revenue Requirement	1,386,008	1,418,893	1,545,466	1,716,578	1,825,171	1,850,117
2 SPF Adjustment						
1991 Annual Filing Exog.=	(14,375)		(6,718)			
1992 Annual Filing Exog.=	(13,958)		(13,092)	(6,618)		
1993 Annual Filing Exog.=	(7,608)		(7,122)	(7,204)		
3 DEM Adjustment						
1991 Annual Filing Exog. =	2,667	1,317				
4 GSF Adjustment						
1993 Annual Filing Exog. =	133,700	136,507	139,745	72,534		
5 BFP Restated for Completion of SPF and DEM Transition and GSF Rule Change	1,496,899	1,544,817	1,618,000	1,716,578	1,825,171	1,850,117
6 OPEBS						
1993 Annual Filing Exog. =	1,152	1/1/93	1,152	1,152		
7 BFP Restated for Completion of SPF and DEM Transition, GSF and OPEBS	1,498,051	1,545,969	1,618,000	1,716,578	1,825,171	1,850,117
8 BFP Year-over-Year Growth in Revenue Requirements		47,918	72,031	98,578	108,594	24,945
9 % BFP Growth		3.20%	4.66%	6.09%	6.33%	1.37%

Actual Calendar Year BFP Revenue Requirements
Adjusted for Rule Changes

SERIES 2: Calendar Year Actuals Adjusted for GSF, SPF, DEM and OPEBS Rule Changes

		ACTUAL 1991 (A)	GSF RULE CHANGE TARIFF YEAR JUL92-JUN93 (B) FULL YEAR	SPF RULE TARIFF YEAR JUL91-JUN92 (C) HALF YEAR	SPF RULE TARIFF YEAR JUL92-JUN93 (D) FULL YEAR	SPF RULE TARIFF YEAR JUL93-JUN94 (E) FULL IMPACT	DEM RULE CHANGE TARIFF YEAR JUL91-JUN92 (F)	OPEBS CHANGE (G)	ADJUSTED BFP REV REQMTS (H=A+B+C+D+E+F+G)
	ARMIS Classification								
LN1	1190 (m) Total Operating Expenses Common Line	1,015,788	100,044						
LN2	1190 (k) Total Operating Expenses BFP	934,176	92,006	(4,424)	(8,288)	(4,798)	1,097		1,009,768
LN3	BFP Allocator [1190(k) / 1190 (m)]	92%	92%						
LN4	1490 (m) Total Other Taxes Common Line	82,403	8,116						
LN5	1060 (m) Uncollectible Revenues Common Line	8,984	885						
LN6	1040 (m) Miscellaneous Revenues Common Line	4,878	480						
LN7	Total Other Taxes BFP	75,782	7,464	(292)	(651)	(304)	29		82,029
LN8	Uncollectible Revenues BFP	8,262	814						9,076
LN9	Miscellaneous Revenues BFP	4,486	442						4,928
LN10	1290 (k) Other Operating Income/Loss	249	25						274
LN11	1390 (k) Total Non-Operating Items	1,418	140						1,558
LN12	1910 (k) Average Net Investment	96% 2,573,737	253,485	(13,548)	(28,536)	(13,968)	1,109		2,772,279
LN13	Authorized Rate of Return	0.1125	0.1125						
LN14	Return On Average Net Investment	289,545	28,517	(1,524)	(3,210)	(1,571)	125		311,882
LN15	1510 (k) Fixed Charges	89,933	8,857						
LN16	1520 (k) IRS Income Adjustments	(9,450)	(931)						
LN17	1530 (k) FCC Taxable Income Adjustments	533	52						
LN18	1540 (k) ITC Amortization	13,730	1,352						
LN19	1550 (k) FCC ITC Adjustment	0							
LN20	FTI GrossUp Factor	0.538462	0.538462						
LN21	NOTE Net Federal Income Taxes	81,559	8,033	(478)	(944)	(449)	66		87,788
LN22	[{ LN14 - LN15+LN16+LN17-LN18-LN19} X LN20]-LN18- BFP Revenue Requirements [LN2 + LN7 + LN21 + LN14+ LN8 - LN9 -LN10+LN11]	1,386,008	136,507	(6,718)	(13,092)	(7,122)	1,317	1,152	1,498,051
			1.098489						

8/28/97