

## Single-Line Residence

### Regression Analysis of Natural Logarithm of Average Inservice Data

	AVG-90	AVG-91	AVG-92	AVG-93	AVG-94	AVG-95	AVG-96	EST-97
LN ARMIS AVGI	16.349342	16.375771	16.404060	16.433887	16.468528	16.503108	16.537652	16.568150 (Filed estimate)
Annual % Growth		0.1617%	0.1727%	0.1818%	0.2108%	0.2100%	0.2093%	0.1844%

#### Estimated Average Lines In Service based On:

6 year trend (91-96)	15,680,889
5 year trend (92-96)	15,718,807
4 year trend (93-96)	15,748,604
3 year trend (94-96)	15,747,939
2 year trend (95-96)	15,747,571
Filed estimate	15,683,978

VALUE FOR 96	
Actual 96	Trended 96

#### Increase in Average Lines based on:

6 year trend (91-96)	468,022	503,037
5 year trend (92-96)	505,940	519,993
4 year trend (93-96)	535,737	535,391
3 year trend (94-96)	535,072	534,983
2 year trend (95-96)	534,704	534,704
filed estimate	471,111	471,111

#### Projected 97 % growth rate based on:

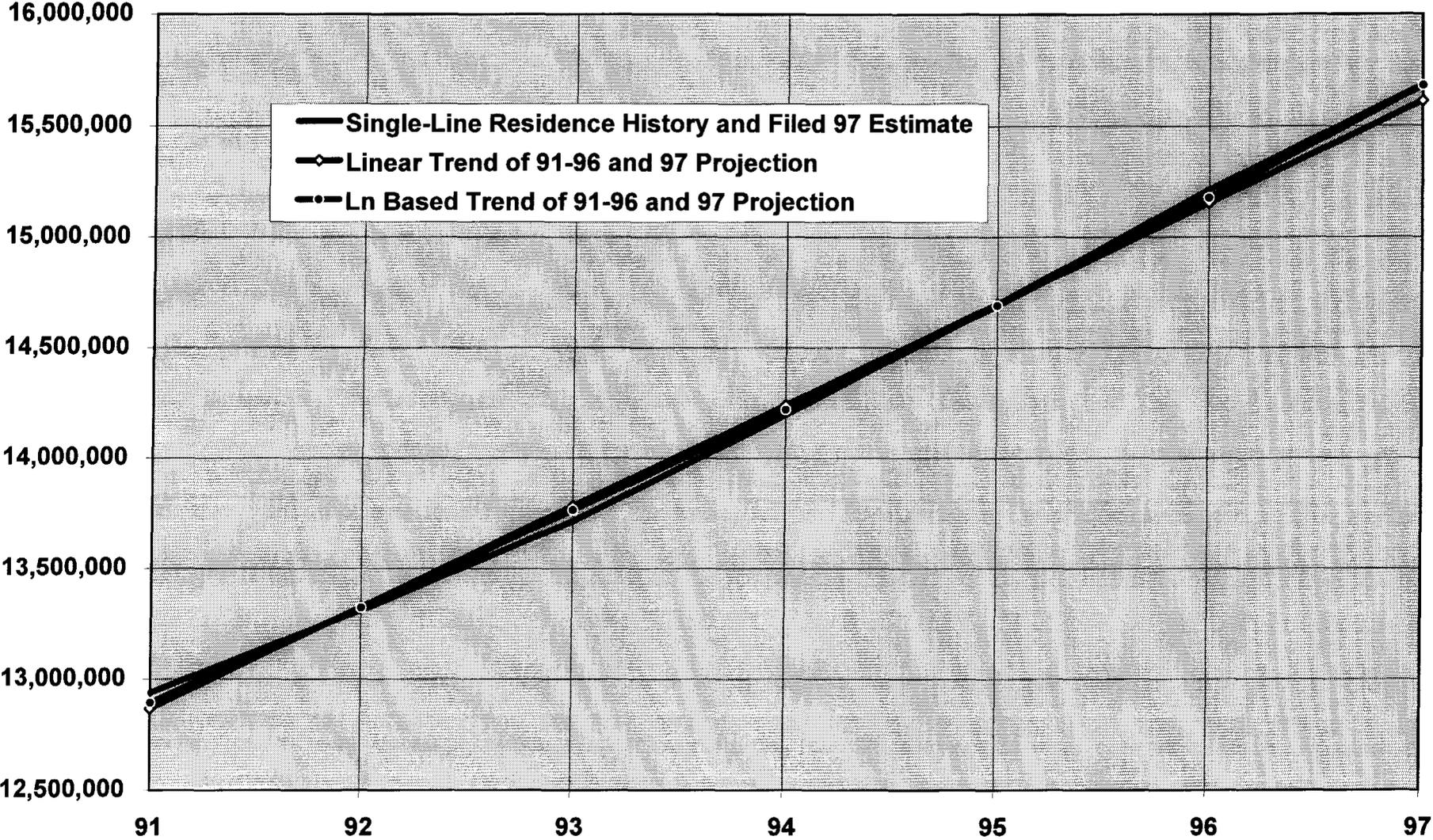
6 year trend (91-96)	3.08%	3.31%
5 year trend (92-96)	3.33%	3.42%
4 year trend (93-96)	3.52%	3.52%
3 year trend (94-96)	3.52%	3.52%
2 year trend (95-96)	3.51%	3.51%
filed estimate	3.10%	3.10%

#### % difference between filed and estimated

6 year trend (91-96)	-0.66%	7.02%
5 year trend (92-96)	7.39%	10.48%
4 year trend (93-96)	13.72%	13.64%
3 year trend (94-96)	13.58%	13.56%
2 year trend (95-96)	13.50%	13.50%

#### Required adjustment to balance between trended level and filed level

6 year trend (91-96)	(3,089)	31,926
5 year trend (92-96)	34,829	48,882
4 year trend (93-96)	64,626	64,280
3 year trend (94-96)	63,961	63,872
2 year trend (95-96)	63,593	63,593



**Multiline Business**

**Regression Analysis of Average Inservice Data**

	<b>AVG-90</b>	<b>AVG-91</b>	<b>AVG-92</b>	<b>AVG-93</b>	<b>AVG-94</b>	<b>AVG-95</b>	<b>AVG-96</b>	<b>EST-97</b>
<b>ARMIS AVGI</b>	3,926,035	4,179,308	4,435,035	4,743,265	5,126,922	5,572,732	6,065,511	6,596,156 (Filed estimate)
<b>Annual Increase</b>		253,273	255,727	308,230	383,657	445,810	492,779	530,645
<b>Annual % Growth</b>		6.45%	6.12%	6.95%	8.09%	8.70%	8.84%	8.75%

<b>Estimated Average Lines In Service based On:</b>		
	6 year trend (91-96)	6,343,238
	5 year trend (92-96)	6,415,819
	4 year trend (93-96)	6,480,245
	3 year trend (94-96)	6,526,977
	2 year trend (95-96)	6,558,290
	Filed estimate	6,596,156

**Increase in Average Lines based on:**

	<b>VALUE FOR 96</b>	
	<b>Actual 96</b>	<b>Trended 96</b>
6 year trend (91-96)	277,727	377,936
5 year trend (92-96)	350,308	409,042
4 year trend (93-96)	414,734	441,255
3 year trend (94-96)	461,466	469,295
2 year trend (95-96)	492,779	492,779
filed estimate	530,645	530,645

**Projected 97 % growth rate based on:**

6 year trend (91-96)	4.58%	6.34%
5 year trend (92-96)	5.78%	6.81%
4 year trend (93-96)	6.84%	7.31%
3 year trend (94-96)	7.61%	7.75%
2 year trend (95-96)	8.12%	8.12%
filed estimate	8.75%	8.75%

**% difference between filed and estimated**

6 year trend (91-96)	-47.66%	-27.58%
5 year trend (92-96)	-33.98%	-22.16%
4 year trend (93-96)	-21.84%	-16.48%
3 year trend (94-96)	-13.04%	-11.45%
2 year trend (95-96)	-7.14%	-7.14%

**Required adjustment to balance between trended level and filed level**

6 year trend (91-96)	(252,918)	(152,709)
5 year trend (92-96)	(180,337)	(121,603)
4 year trend (93-96)	(115,911)	(89,390)
3 year trend (94-96)	(69,179)	(61,350)
2 year trend (95-96)	(37,866)	(37,866)

## Multiline Business

### Regression Analysis of Natural Logarithm of Average Inservice Data

	AVG-90	AVG-91	AVG-92	AVG-93	AVG-94	AVG-95	AVG-96	EST-97
LN ARMIS AVGI	15.183141	15.245656	15.305046	15.372236	15.450016	15.533396	15.618129	15.701998 (Filed estimate)
Annual % Growth		0.4117%	0.3896%	0.4390%	0.5060%	0.5397%	0.5455%	0.5370%

#### Estimated Average Lines In Service based On:

6 year trend (91-96)	6,473,750
5 year trend (92-96)	6,530,295
4 year trend (93-96)	6,574,501
3 year trend (94-96)	6,595,911
2 year trend (95-96)	6,601,865
Filed estimate	6,596,156

VALUE FOR 96	
Actual 96	Trended 96

#### Increase in Average Lines based on:

6 year trend (91-96)	408,239	467,804
5 year trend (92-96)	464,784	494,428
4 year trend (93-96)	508,990	518,239
3 year trend (94-96)	530,400	531,768
2 year trend (95-96)	536,354	536,354
filed estimate	530,645	530,645

#### Projected 97 % growth rate based on:

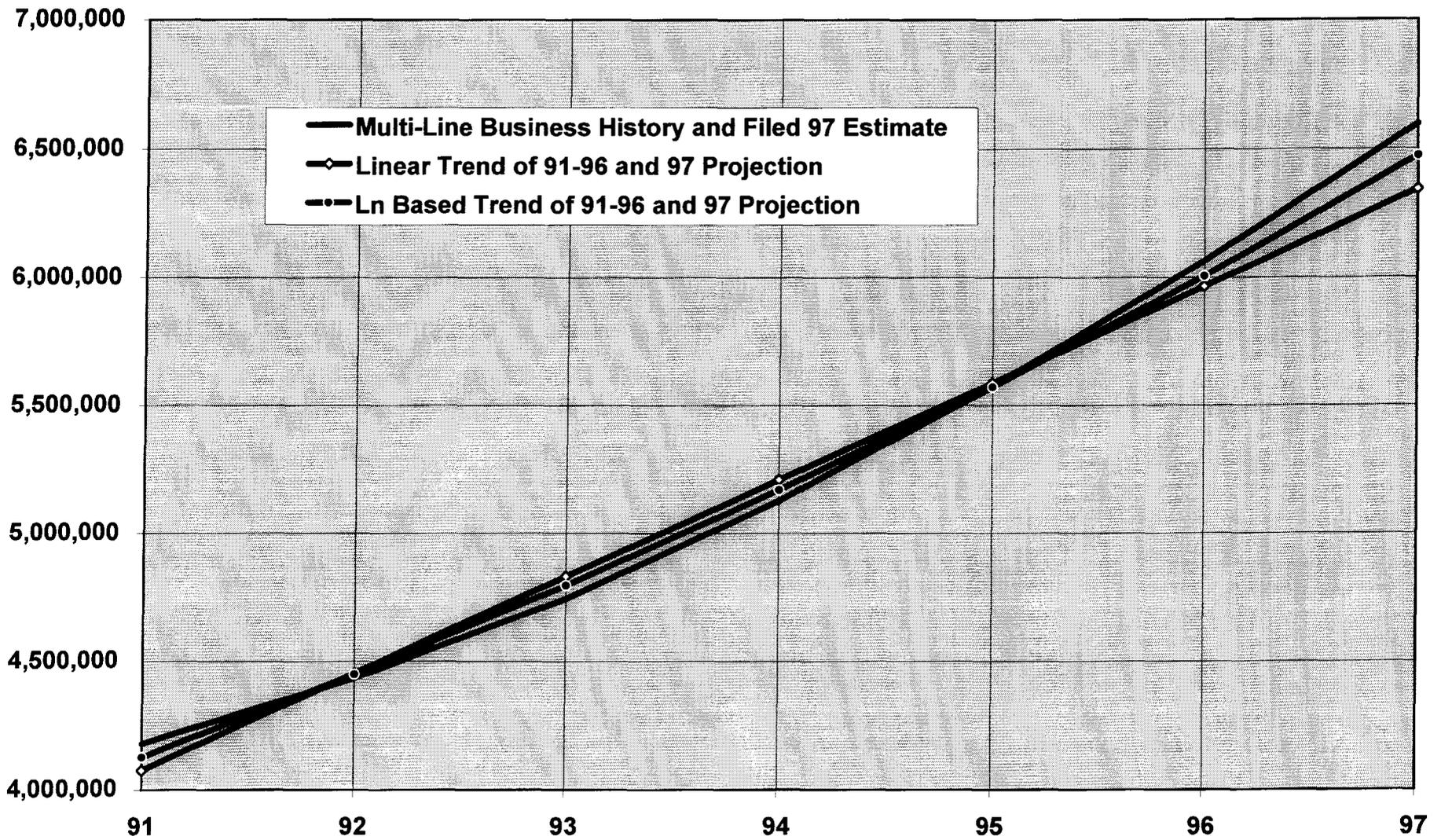
6 year trend (91-96)	6.73%	7.79%
5 year trend (92-96)	7.66%	8.19%
4 year trend (93-96)	8.39%	8.56%
3 year trend (94-96)	8.74%	8.77%
2 year trend (95-96)	8.84%	8.84%
filed estimate	8.75%	8.75%

#### % difference between filed and estimated

6 year trend (91-96)	-23.07%	-10.97%
5 year trend (92-96)	-12.41%	-6.37%
4 year trend (93-96)	-4.08%	-2.19%
3 year trend (94-96)	-0.05%	0.21%
2 year trend (95-96)	1.08%	1.08%

#### Required adjustment to balance between trended level and filed level

6 year trend (91-96)	(122,406)	(62,841)
5 year trend (92-96)	(65,861)	(36,217)
4 year trend (93-96)	(21,655)	(12,406)
3 year trend (94-96)	(245)	1,123
2 year trend (95-96)	5,709	5,709



**Single-Line Business**

**Regression Analysis of Average Inservice Data**

	AVG-90	AVG-91	AVG-92	AVG-93	AVG-94	AVG-95	AVG-96	EST-97
<b>ARMIS AVGI</b>	556,101	554,496	558,098	558,332	558,516	550,759	541,046	526,575 (Filed estimate)
<b>Annual Increase</b>		(1,605)	3,602	234	184	(7,757)	(9,713)	(14,471)
<b>Annual % Growth</b>		-0.29%	0.65%	0.04%	0.03%	-1.39%	-1.76%	-2.67%

<b>Estimated Average Lines In Service based On:</b>		
	6 year trend (91-96)	544,633
	5 year trend (92-96)	540,847
	4 year trend (93-96)	537,259
	3 year trend (94-96)	532,637
	2 year trend (95-96)	531,333
	Filed estimate	526,575

<b>VALUE FOR 96</b>	
Actual 96	Trended 96

<b>Increase in Average Lines based on:</b>	6 year trend (91-96)	3,587	(2,545)
	5 year trend (92-96)	(199)	(4,168)
	4 year trend (93-96)	(3,787)	(5,962)
	3 year trend (94-96)	(8,409)	(8,735)
	2 year trend (95-96)	(9,713)	(9,713)
	filed estimate	(14,471)	(14,471)
	<b>Projected 97 % growth rate based on:</b>	6 year trend (91-96)	0.66%
5 year trend (92-96)		-0.04%	-0.77%
4 year trend (93-96)		-0.70%	-1.10%
3 year trend (94-96)		-1.55%	-1.61%
2 year trend (95-96)		-1.80%	-1.80%
filed estimate		-2.67%	-2.67%
<b>% diff between filed and estimated</b>	6 year trend (91-96)	-124.79%	-82.41%
	5 year trend (92-96)	-98.63%	-71.20%
	4 year trend (93-96)	-73.83%	-58.80%
	3 year trend (94-96)	-41.89%	-39.64%
	2 year trend (95-96)	-32.88%	-32.88%
<b>Required adjustment to balance between trended level and filed level</b>	6 year trend (91-96)	18,058	11,926
	5 year trend (92-96)	14,272	10,303
	4 year trend (93-96)	10,684	8,509
	3 year trend (94-96)	6,062	5,736
	2 year trend (95-96)	4,758	4,758

## Single-Line Business

### Regression Analysis of Natural Logarithm of Average Inservice Data

	AVG-90	AVG-91	AVG-92	AVG-93	AVG-94	AVG-95	AVG-96	EST-97
LN ARMIS AVGI	13.228705	13.225815	13.232290	13.232709	13.233039	13.219053	13.201260	13.174149 (Filed estimate)
Annual % Growth		-0.0218%	0.0490%	0.0032%	0.0025%	-0.1057%	-0.1346%	-0.2054%

#### Estimated Average Lines In Service based On:

6 year trend (91-96)	544,603
5 year trend (92-96)	540,881
4 year trend (93-96)	537,364
3 year trend (94-96)	532,855
2 year trend (95-96)	531,504
Filed estimate	526,575

VALUE FOR 96	
Actual 96	Trended 96

#### Increase in Average Lines based on:

6 year trend (91-96)	3,557	(2,529)
5 year trend (92-96)	(165)	(4,111)
4 year trend (93-96)	(3,682)	(5,853)
3 year trend (94-96)	(8,191)	(8,534)
2 year trend (95-96)	(9,542)	(9,542)
filed estimate	(14,471)	(14,471)

#### Projected 97 % growth rate based on:

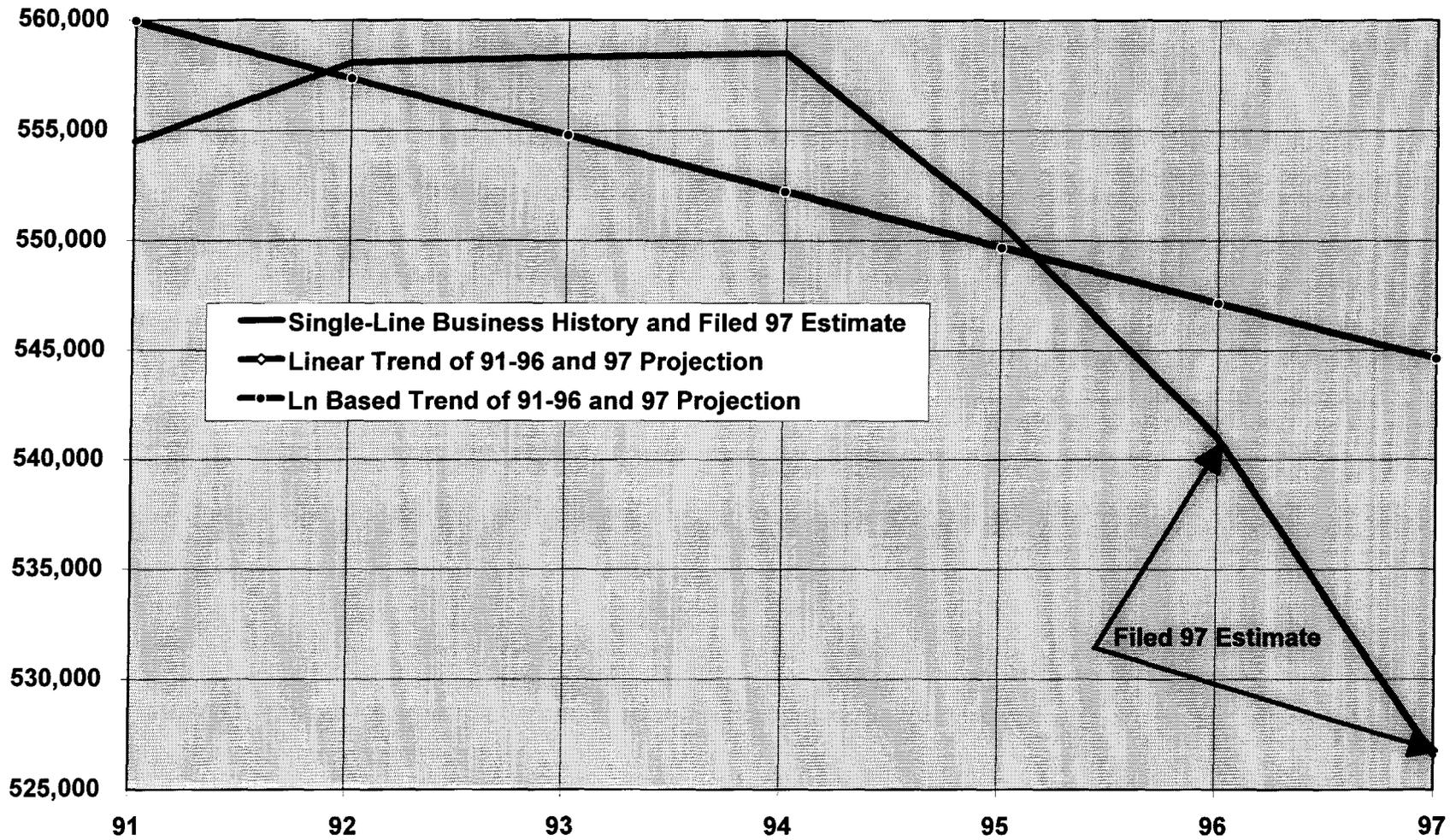
6 year trend (91-96)	0.66%	-0.47%
5 year trend (92-96)	-0.03%	-0.76%
4 year trend (93-96)	-0.68%	-1.08%
3 year trend (94-96)	-1.51%	-1.58%
2 year trend (95-96)	-1.76%	-1.76%
filed estimate	-2.67%	-2.67%

#### % diff between filed and estimated

6 year trend (91-96)	-124.58%	-82.52%
5 year trend (92-96)	-98.86%	-71.59%
4 year trend (93-96)	-74.56%	-59.55%
3 year trend (94-96)	-43.40%	-41.03%
2 year trend (95-96)	-34.06%	-34.06%

#### Required adjustment to balance between trended level and filed level

6 year trend (91-96)	18,028	11,942
5 year trend (92-96)	14,306	10,360
4 year trend (93-96)	10,789	8,618
3 year trend (94-96)	6,280	5,937
2 year trend (95-96)	4,929	4,929



### **General conclusions from trend analysis**

Billable access lines in BellSouth have experienced substantial changes in growth rates in the 1991-1996 period. For most items, this change has taken the form of higher rates of growth. For single-line business, the reverse has been true. Since a trend attempts to minimize the variance between all history points, the trends which included the earlier years tend to project rates of growth that are inconsistent with recent history. While a natural log transformation can in some situations adjust out much of this changing pattern (as evidenced by the closer match between trend versus estimates) the transformation is not a perfect correction and if the growth rate exceeds the log transformations ability to compensate it still generates conservative estimates, although better ones.

Generally, the projected values for BellSouth are trend based. However, the history used to develop the estimates is limited to recent history, usually three or four years to capture the most recent pattern of growth for the series being forecast. In some cases, such as single line business, where substantial year over year change is occurring, only two years was used to develop the forecast.

### **History test of trending accuracy**

To assess the accuracy of trending, the history from 1990 to 1995 was used to estimate the actual value for 1996. The same process which was used to assess the 1997 filing was applied. The results of this test which are summarized on this exhibit pages 2 through 4 confirm the pattern seen in the forecast analysis. On both the non transformed and Ln transformed data the poorest fit was generated by the longest trend (90-95) and accuracy was consistently improved with shorter trends. The Ln transformation yielded better results with trends of 4 or less years passing the 10% margin test.

## Total Billable Lines History Test to Validate Trending Methodology

### Regression Analysis of Average Inservice Data

	AVG-90	AVG-91	AVG-92	AVG-93	AVG-94	AVG-95	AVG-96
<b>ARMIS AVGI</b>	17,083,834	17,672,991	18,303,581	19,015,042	19,882,250	20,819,810	21,819,424 (Actual 96)
<b>Annual Increase</b>		589,157	630,590	711,461	867,208	937,560	999,614
<b>Annual % Growth</b>		3.45%	3.57%	3.89%	4.56%	4.72%	4.80%

<b>Estimated Average Lines In Service based On:</b>	6 year trend (90-95)	21,398,163
	5 year trend (91-95)	21,500,427
	4 year trend (92-95)	21,609,145
	3 year trend (93-95)	21,710,469
	2 year trend (94-95)	21,757,370
	(Actual 96)	21,819,424

VALUE FOR 95	
Actual 95	Trended 95

<b>Increase in Average Lines based on:</b>	6 year trend (90-95)	578,353	743,403
	5 year trend (91-95)	680,617	787,231
	4 year trend (92-95)	789,335	841,590
	3 year trend (93-95)	890,659	902,384
	2 year trend (94-95)	937,560	937,560
	(Actual 96)	999,614	999,614

<b>Estimated 96 % growth rate based on:</b>	6 year trend (90-95)	2.78%	3.47%
	5 year trend (91-95)	3.27%	3.66%
	4 year trend (92-95)	3.79%	3.89%
	3 year trend (93-95)	4.28%	4.16%
	2 year trend (94-95)	4.50%	4.31%
	(Actual 96)	4.80%	4.80%

<b>% difference between filed and estimated</b>	6 year trend (90-95)	-42.14%	-27.64%
	5 year trend (91-95)	-31.91%	-23.74%
	4 year trend (92-95)	-21.04%	-18.88%
	3 year trend (93-95)	-10.90%	-13.43%
	2 year trend (94-95)	-6.21%	-10.25%

<b>Required adjustment to balance between trended level and filed level</b>	6 year trend (90-95)	(421,261)	(256,211)
	5 year trend (91-95)	(318,997)	(212,383)
	4 year trend (92-95)	(210,279)	(158,024)
	3 year trend (93-95)	(108,955)	(97,230)
	2 year trend (94-95)	(62,054)	(62,054)

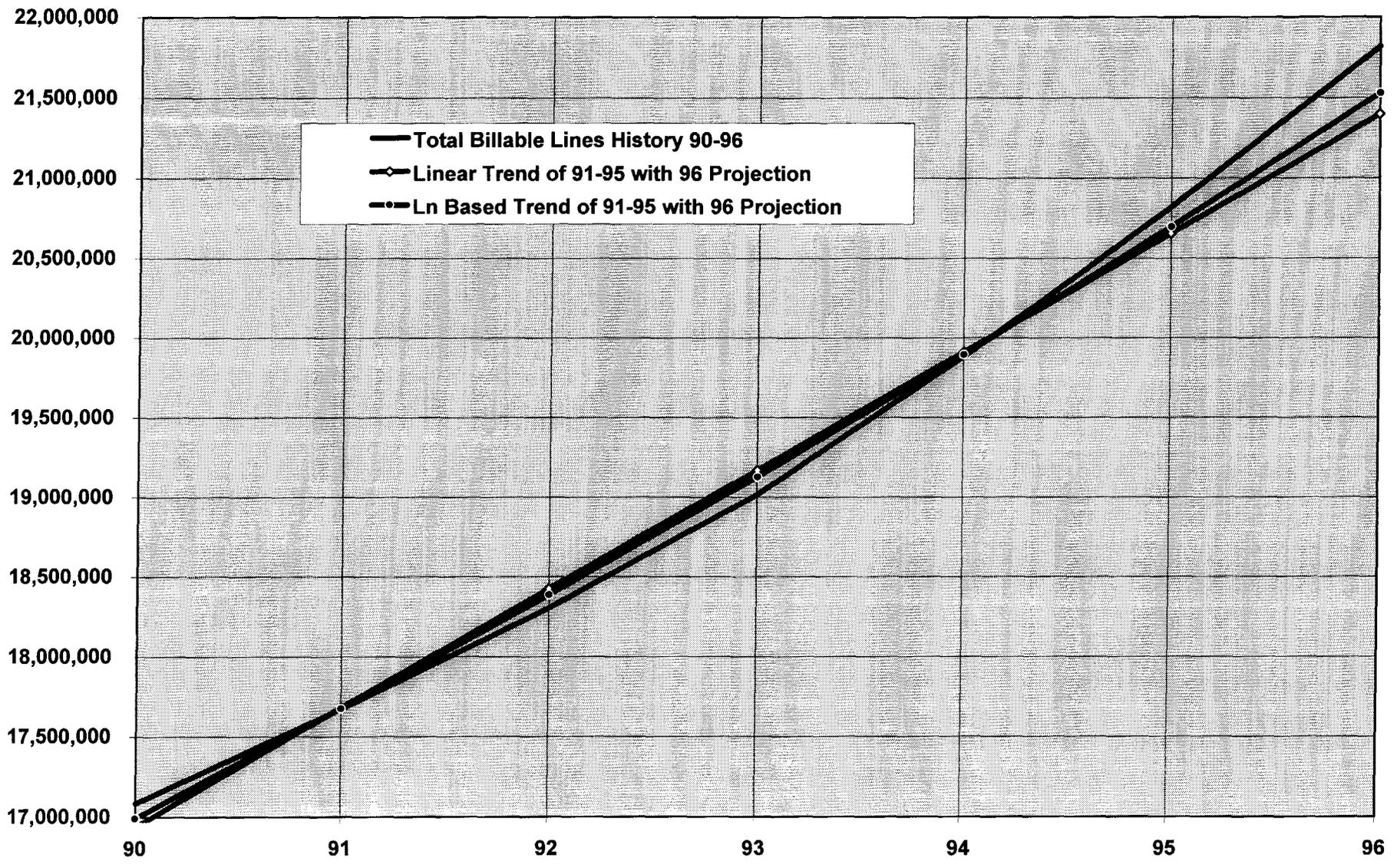
## Total Billable Lines History Test to Validate Trending Methodology

### Regression Analysis of Natural Logarithm of Average Inservice Data

	AVG-90	AVG-91	AVG-92	AVG-93	AVG-94	AVG-95	AVG-96
LN ARMIS AVGI	16.653643	16.687548	16.722607	16.760741	16.805338	16.851415	16.898311 (Filed estimate)
Annual % Growth	#DIV/0!	0.2036%	0.2101%	0.2280%	0.2661%	0.2742%	0.2783%

Estimated Average Lines In Service based On:		
	6 year trend (90-95)	21,529,155
	5 year trend (91-95)	21,610,062
	4 year trend (92-95)	21,699,089
	3 year trend (93-95)	21,780,073
	2 year trend (94-95)	21,801,581
	(Filed estimate)	21,819,424

		VALUE FOR 96	
		Actual 96	Trended 96
<b>Increase in Average Lines based on:</b>	6 year trend (90-95)	709,345	832,562
	5 year trend (91-95)	790,252	869,060
	4 year trend (92-95)	879,279	915,408
	3 year trend (93-95)	960,263	965,400
	2 year trend (94-95)	981,771	981,771
	(Filed estimate)	999,614	999,614
<b>Estimated 96 % growth rate based on:</b>	6 year trend (90-95)	3.41%	4.02%
	5 year trend (91-95)	3.80%	4.19%
	4 year trend (92-95)	4.22%	4.40%
	3 year trend (93-95)	4.61%	4.64%
	2 year trend (94-95)	4.72%	4.72%
	(Filed estimate)	4.80%	4.80%
<b>% difference between filed and estimated</b>	6 year trend (90-95)	-29.04%	-16.22%
	5 year trend (91-95)	-20.94%	-12.73%
	4 year trend (92-95)	-12.04%	-8.26%
	3 year trend (93-95)	-3.94%	-3.40%
	2 year trend (94-95)	-1.78%	-1.78%
<b>Required adjustment to balance between trended level and filed level</b>	6 year trend (90-95)	(290,269)	(167,052)
	5 year trend (91-95)	(209,362)	(130,554)
	4 year trend (92-95)	(120,335)	(84,206)
	3 year trend (93-95)	(39,351)	(34,214)
	2 year trend (94-95)	(17,843)	(17,843)



## **Treatment of Coin and ISDN for 1997 filing**

### **Coin**

With the migration of all Bell Public lines and semi-public lines to the multiline-business category, all coin lines reside in the multi-line business group. For the 1997-98 filing a forecast was only developed for total coin so no forecast was prepared for public or semi public single line. The history for each of these items can be reviewed on Exhibit 4 page 2.

### **ISDN**

For the 1997-98 filing primary rate ISDN was assumed to have an equivalent impact of 5 lines per each ISDN service.

## **Data and methodology for single-line business filing**

The Commission requires LECs whose projections are inconsistent with the historical trend to explain and document the data and methodology used to derive the projection. For BellSouth, the single-line business category is the only line type inconsistent with the trend analyses. See Exhibit 6. This exhibit provides the required data and methodology regarding this projection.

### **Data**

The 1997-98 filing for single-line business was developed using internal company data at the state level. Monthly in-service units were used from January 95 to January 97 which was the last month of actual data available at the time the forecast was prepared. Pages 2 thorough 5 of this exhibit show the history data and the monthly forecasts which were prepared from the history.

Page 6 of this exhibit shows the extraction from the calculation worksheet to cover the 1997-98 filing period. While the numbers look identical to those on the previous sheets, they have been rounded to minimize differences in summing and average calculations.

Page 7 of this exhibit shows a graph which was used to review the resulting forecast for reasonableness.

### **Methodology**

History data was available up through January 1997 when the forecast was developed. To estimate the February 1997 in-service quantity the formula used was:

$$\text{February 97} = (((\text{February 96}/\text{January 96}) - 1) \cdot .95) + 1) \cdot \text{January 97}$$

The formula was then copied across to estimate each succeeding month up to the last required fining month of June 1998. It could also be applied to each states history and the states summed to create the BST sum.

The basic concept of the approach is to multiply the growth rate for the same one month period from the previous year and applying a damping factor (.95) on the growth rate. This process captures the impact of the monthly change in growth rate in the annual average.

**WORKSHEET 1 STATE LEVEL HISTORY AND FORECAST**

		Reported Jan-95	Reported Feb-95	Reported Mar-95	Reported Apr-95	Reported May-95	Reported Jun-95	Reported Jul-95	Reported Aug-95	Reported Sep-95	Reported Oct-95	Reported Nov-95	Reported Dec-95
<b>ALABAMA</b>													
Single Line Business	Insv	44,687	44,752	45,041	45,062	44,740	44,580	44,573	44,576	44,592	44,658	44,724	44,556
<b>FLORIDA</b>													
Single Line Business	Insv	132,877	132,383	132,289	131,925	131,276	130,931	130,436	129,946	129,368	129,070	128,949	128,550
<b>GEORGIA</b>													
Single Line Business	Insv	91,209	91,366	91,201	91,111	91,099	91,054	90,802	90,724	90,716	90,796	90,771	89,984
<b>KENTUCKY</b>													
Single Line Business	Insv	31253	31202	31260	31175	31036	31004	31022	31006	31034	31006	31076	30879
<b>LOUISIANA</b>													
Single Line Business	Insv	52889	52906	52924	52843	52834	52811	52744	52517	52309	52160	52100	51942
<b>MISSISSIPPI</b>													
Single Line Business	Insv	41,786	41,811	42,000	41,979	41,932	42,003	41,907	41,948	42,005	41,980	41,875	41,725
<b>NORTH CAROLINA</b>													
Single Line Business	Insv	65,102	65,039	65,277	65,451	65,742	65,354	65,272	65,937	66,006	65,995	66,068	65,818
<b>SOUTH CAROLINA</b>													
Single Line Business	Insv	37,837	37,818	37,766	37,842	37,937	37,913	37,817	37,875	37,760	37,623	37,589	37,351
<b>TENNESSEE</b>													
Single Line Business	Insv	58,637	58,714	58,924	58,976	58,661	58,671	58,557	58,534	58,529	58,529	58,312	58,107
<b>BELLSOUTH</b>													
Single Line Business	Insv	556,277	555,991	556,682	556,364	555,257	554,321	553,130	553,063	552,319	551,817	551,464	548,912

**WORKSHEET 1 STATE LEVEL HISTORY AND FORECAST**

		Reported Jan-96	Reported Feb-96	Reported Mar-96	Reported Apr-96	Reported May-96	Reported Jun-96	Reported Jul-96	Reported Aug-96	Reported Sep-96	Reported Oct-96	Reported Nov-96	Reported Dec-96
<b>ALABAMA</b>													
Single Line Business	Insv	44,347	44,454	44,704	44,756	44,933	44,994	44,951	45,046	45,048	45,100	45,069	44,965
<b>FLORIDA</b>													
Single Line Business	Insv	128,337	127,812	127,618	127,418	127,119	127,118	126,579	126,271	125,891	125,636	125,514	124,956
<b>GEORGIA</b>													
Single Line Business	Insv	89,434	89,651	89,829	89,799	89,891	89,761	89,488	89,689	89,803	89,574	89,241	88,605
<b>KENTUCKY</b>													
Single Line Business	Insv	30739	30718	30774	30900	30932	30916	30935	30860	30795	30778	30759	30610
<b>LOUISIANA</b>													
Single Line Business	Insv	51861	51839	51810	51829	51852	51849	51710	51570	51441	51474	51324	51097
<b>MISSISSIPPI</b>													
Single Line Business	Insv	41,695	41,699	41,817	41,840	41,988	41,999	41,969	42,042	42,066	42,106	42,073	41,855
<b>NORTH CAROLINA</b>													
Single Line Business	Insv	65,627	62,071	62,244	62,264	62,313	62,277	62,136	61,452	61,219	61,269	61,263	60,944
<b>SOUTH CAROLINA</b>													
Single Line Business	Insv	37,244	37,214	37,227	37,255	37,116	37,077	37,116	37,286	37,121	37,073	37,041	36,880
<b>TENNESSEE</b>													
Single Line Business	Insv	58,025	58,074	58,176	58,298	58,404	58,353	58,210	58,124	58,186	58,262	58,144	57,796
<b>BELLSOUTH</b>													
Single Line Business	Insv	547,309	543,532	544,199	544,359	544,548	544,344	543,094	542,340	541,570	541,272	540,428	537,708

**WORKSHEET 1 STATE LEVEL HISTORY AND FORECAST**

		Reported Jan-97	Estimated Feb-97	Estimated Mar-97	Estimated Apr-97	Estimated May-97	Estimated Jun-97	Estimated Jul-97	Estimated Aug-97	Estimated Sep-97	Estimated Oct-97	Estimated Nov-97	Estimated Dec-97
<b>ALABAMA</b>													
Single Line Business	Insv	44,861	44,964	45,204	45,254	45,424	45,483	45,441	45,533	45,534	45,584	45,555	45,455
<b>FLORIDA</b>													
Single Line Business	Insv	124,487	124,003	123,824	123,640	123,364	123,364	122,867	122,583	122,232	121,997	121,884	121,370
<b>GEORGIA</b>													
Single Line Business	Insv	88,315	88,519	88,686	88,657	88,744	88,622	88,366	88,554	88,661	88,446	88,134	87,537
<b>KENTUCKY</b>													
Single Line Business	Insv	30580	30,560	30,613	30,732	30,762	30,747	30,765	30,694	30,633	30,617	30,599	30,458
<b>LOUISIANA</b>													
Single Line Business	Insv	50814	50,794	50,767	50,784	50,806	50,803	50,673	50,543	50,423	50,454	50,314	50,103
<b>MISSISSIPPI</b>													
Single Line Business	Insv	41,732	41,736	41,848	41,870	42,011	42,021	41,993	42,062	42,085	42,123	42,091	41,884
<b>NORTH CAROLINA</b>													
Single Line Business	Insv	60,573	57,455	57,607	57,625	57,668	57,636	57,512	56,911	56,706	56,750	56,744	56,464
<b>SOUTH CAROLINA</b>													
Single Line Business	Insv	36,720	36,692	36,704	36,730	36,600	36,564	36,600	36,759	36,605	36,560	36,530	36,379
<b>TENNESSEE</b>													
Single Line Business	Insv	57,524	57,570	57,666	57,781	57,881	57,833	57,698	57,617	57,676	57,747	57,636	57,308
<b>BELLSOUTH</b>													
Single Line Business	Insv	535,606	532,292	532,919	533,074	533,259	533,072	531,915	531,256	530,555	530,278	529,488	526,958

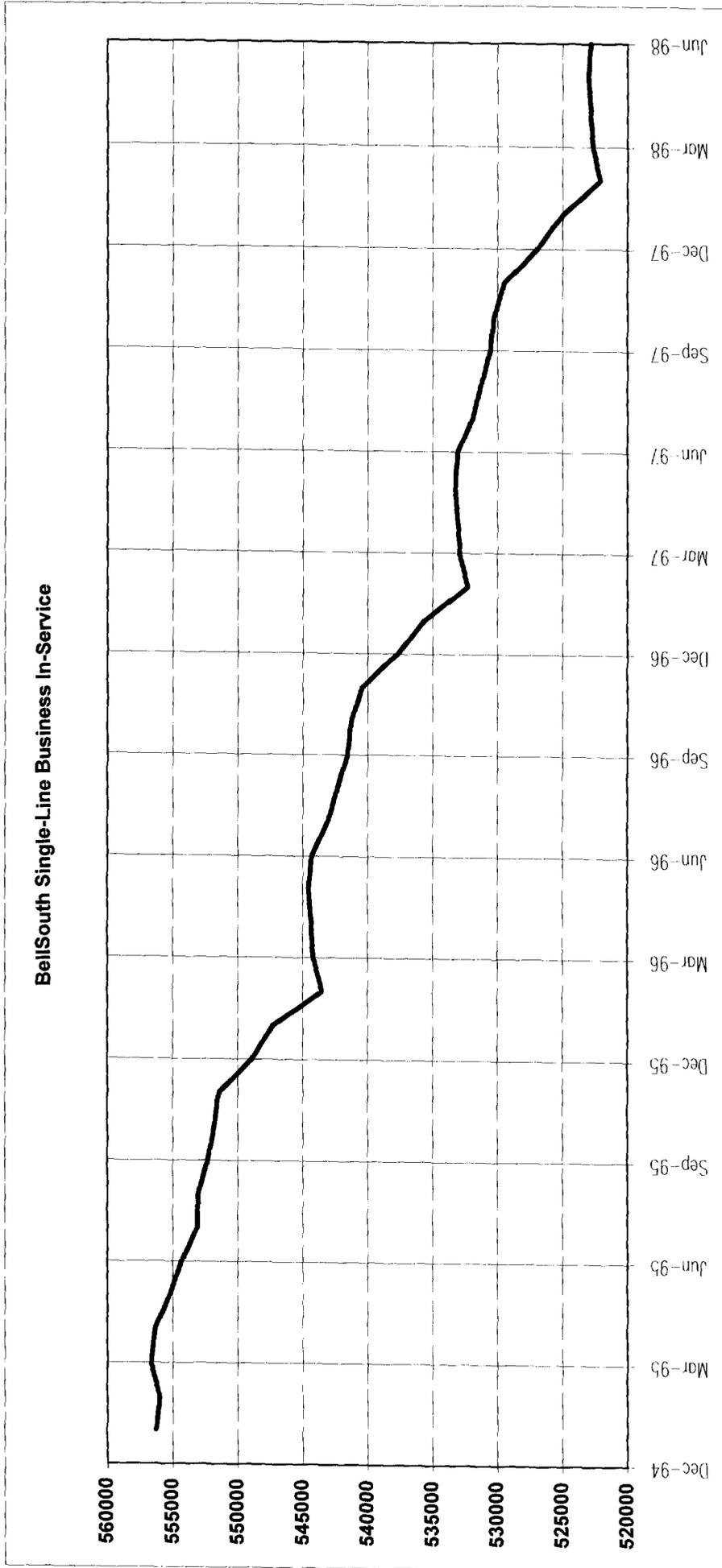
**WORKSHEET 1 STATE LEVEL HISTORY AND FORECAST**

		Estimated Jan-98	Estimated Feb-98	Estimated Mar-98	Estimated Apr-98	Estimated May-98	Estimated Jun-98
<b>ALABAMA</b>							
Single Line Business	Insv	45,355	45,454	45,684	45,732	45,896	45,952
<b>FLORIDA</b>							
Single Line Business	Insv	120,937	120,490	120,325	120,155	119,901	119,900
<b>GEORGIA</b>							
Single Line Business	Insv	87,265	87,456	87,613	87,587	87,668	87,553
<b>KENTUCKY</b>							
Single Line Business	Insv	30,430	30,411	30,461	30,574	30,602	30,588
<b>LOUISIANA</b>							
Single Line Business	Insv	49,839	49,820	49,795	49,811	49,831	49,829
<b>MISSISSIPPI</b>							
Single Line Business	Insv	41,767	41,771	41,878	41,898	42,032	42,042
<b>NORTH CAROLINA</b>							
Single Line Business	Insv	56,137	53,392	53,526	53,542	53,580	53,552
<b>SOUTH CAROLINA</b>							
Single Line Business	Insv	36,229	36,203	36,214	36,239	36,117	36,082
<b>TENNESSEE</b>							
Single Line Business	Insv	57,052	57,096	57,186	57,294	57,388	57,343
<b>BELLSOUTH</b>							
Single Line Business	Insv	525,011	522,092	522,683	522,832	523,014	522,841

**WORKSHEET 2 ROUNDED VALUES OF STATE FORECAST FOR FILING PERIOD**

		<b>Jul-97</b>	<b>Aug-97</b>	<b>Sep-97</b>	<b>Oct-97</b>	<b>Nov-97</b>	<b>Dec-97</b>	<b>Jan-98</b>	<b>Feb-98</b>	<b>Mar-98</b>	<b>Apr-98</b>	<b>May-98</b>	<b>Jun-98</b>
<b>ALABAMA</b>													
Single Line Business	Insv	45,441	45,533	45,534	45,584	45,555	45,455	45,355	45,454	45,684	45,732	45,896	45,952
<b>FLORIDA</b>													
Single Line Business	Insv	122,867	122,583	122,232	121,997	121,884	121,370	120,937	120,490	120,325	120,155	119,901	119,900
<b>GEORGIA</b>													
Single Line Business	Insv	88,366	88,554	88,661	88,446	88,134	87,537	87,265	87,456	87,613	87,587	87,668	87,553
<b>KENTUCKY</b>													
Single Line Business	Insv	30,765	30,694	30,633	30,617	30,599	30,458	30,430	30,411	30,461	30,574	30,602	30,588
<b>LOUISIANA</b>													
Single Line Business	Insv	50,673	50,543	50,423	50,454	50,314	50,103	49,839	49,820	49,795	49,811	49,831	49,829
<b>MISSISSIPPI</b>													
Single Line Business	Insv	41,993	42,062	42,085	42,123	42,091	41,884	41,767	41,771	41,878	41,898	42,032	42,042
<b>NORTH CAROLINA</b>													
Single Line Business	Insv	57,512	56,911	56,706	56,750	56,744	56,464	56,137	53,392	53,526	53,542	53,580	53,552
<b>SOUTH CAROLINA</b>													
Single Line Business	Insv	36,600	36,759	36,605	36,560	36,530	36,379	36,229	36,203	36,214	36,239	36,117	36,082
<b>TENNESSEE</b>													
Single Line Business	Insv	57,698	57,617	57,676	57,747	57,636	57,308	57,052	57,096	57,186	57,294	57,388	57,343
<b>BELLSOUTH</b>													
Single Line Business	Insv	531,915	531,256	530,555	530,278	529,487	526,958	525,011	522,093	522,682	522,832	523,015	522,841

**WORKSHEET 3 GRAPHIC OF HISTORY AND FORECAST USED TO REVIEW FORECAST**



## **APPENDIX E**

### **BellSouth's Per Line BFP Revenue Requirements**

## **Table of Contents**

Discussion of BellSouth's Per Line BFP Revenue Requirements

Exhibits:

1 Comparison of Actual and Projected BFP Cost Per Line

## **BELLSOUTH'S PER LINE BFP REVENUE REQUIREMENTS**

The Commission requires LECs to submit their actual and projected BFP revenue requirements on a per-line basis for each tariff year between 1991 and 1996. The revenue requirements must be calculated by dividing the actual BFP revenue requirement by total billable lines. The Commission then requires LECs to explain any differences between these actual per-line BFP revenue requirements and their per-line BFP revenue requirements projected in their Annual Access Tariff filing for each year.<sup>1</sup>

BellSouth has provided a detailed analysis of its actual and projected revenue requirements for the calendar years and tariff periods in question in Appendix A. In Appendix B, BellSouth makes adjustments to the calendar year information and provides further explanation of its actual results. Appendix C provides the methodology used by BellSouth in developing its 1997-1998 BFP revenue requirement. A complete analysis of BellSouth's end user demand forecasts is provided in Appendix D. In total, these Appendices provide a complete analysis of the factors which make up BellSouth's per-line BFP revenue requirement and the explanations of differences between actual and projected per-line costs as required by the Commission.

Exhibit 1 displays the calculation of BellSouth's actual and projected BFP cost per line for the 1991 through 1996 tariff periods as required by the Commission. The data presented graphically demonstrate the change in BellSouth's operating environment as a result of its reengineering and force reduction program. BellSouth has quantified the impacts of these changes in its actual results as well in the 1997 tariff period projection as described above.

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<sup>1</sup> Investigation Order, paragraph 34.

COMPARISON OF ACTUAL VS PROJECTED BFP COST PER LINE

BELLSOUTH REGION DATA

BellSouth  
Appendix E  
Exhibit 1

ACTUAL BFP COST PER LINE		91/92tp	92/93tp	93/94tp	94/95tp	95/96tp	96/97tp	97/98tp
Source:								
LN1	ACTUAL TARIFF PERIOD REVENUE REQUIREMENTS (\$000)	Appendix A, Exhibit 1	1,386,648	1,457,351	1,655,630	1,768,817	1,843,461	1,867,910
LN2	ACTUAL BILLABLE ACCESS LINES: AVERAGE MONTHLY COUNTS	Appendix D, Exhibit 1	17,469,296	18,125,555	18,857,556	19,733,634	20,675,452	21,697,325
LN3	ACTUAL BFP COST PER LINE	LN1x1000/12/LN2	6.61	6.70	7.32	7.47	7.43	7.17

BELLSOUTH ANNUAL ACCESS TARIFF FILING PROJECTION

LN1	PROJECTED ANNUAL REVENUE REQUIREMENTS FILED IN TRP (\$000)	Appendix A, Exhibit 2	1,356,340	1,401,481	1,648,032	1,665,010	1,843,371	1,915,960	1,906,588
LN2	BILLABLE ACCESS LINES FILED IN TRP: AVERAGE MONTHLY COUNTS	Annual Access Filing Workpaper CLPC-C	17,601,926	18,053,612	18,862,929	19,542,740	20,860,709	21,683,221	22,806,709
LN3	PROJECTED BFP COST PER LINE	LN1x1000/12/LN2	6.42	6.47	7.28	7.10	7.36	7.36	6.97