Pacific Bell does not include invoice-ready message volumes in its separations allocator because that service is fundamentally different than the message platform. The invoice-ready billing service is a more customized service used by the carriers for their presubscribed interexchange carrier customers. Interexchange carriers capture recording information from their switches, rate the calls (including all appropriate taxes and discounts) and accumulate the billing information by month. Interexchange carriers forward to Pacific Bell an entire invoice for Pacific Bell to include on the end user's bill. The invoice is transferred once per billing cycle, pre-formatted and ready to be included in the end user's bill. In contrast, for message-ready billing service, messages are sent to Pacific Bell by the interexchange carrier on a daily or weekly basis. Pacific Bell accumulates the messages, calculates the taxes, and formats the information for the end user's bill. This is used predominantly for casual and nonsubscription services.

For invoice-ready billing services, cost is minimally affected by message count. Cost is most sensitive to (1) whether or not there is an interexchange carrier bill to include for a given end user that month and (2) the number of interexchange carrier bill pages. The number of bills rendered and number of pages rendered are the significant cost-related characteristics of invoice-ready billing. Therefore, Pacific Bell does not include invoice-ready messages in the counts to allocate toll OB&C expense. If invoice ready message volumes had been included in the message counts, the interstate allocation would have increased. [19] Most of that increase would have been borne by the interstate Billing and

[19]This conclusion presumes that the interstate jurisdictional split for invoice-ready message counts for years 1990 through 1995 is greater than the jurisdictional split in the existing message volumes used in separations.

Collection access category, which is detariffed. The balance of that increase would have gone to the access elements, which in the past would have only served to reduce any sharing liability.[20]

Paragraph 51(g)

> Identify any discrepancies that exist between the message counts provided in response to (d) above and those that were reported in ARMIS Report 43-04. Explain why these discrepancies occurred. Similarly, identify and explain any discrepancies that exist between the 1990 message counts provided in response to (d) above and those that were used to calculate interstate costs when initializing price caps.

Pacific Bell Response

There are no discrepancies between the message counts provided in response to Paragraph 51(d) above and the ARMIS Report 43-04 for those years. The 1990 message counts provided in response to Paragraph 51(d) above do not equal those used to calculate interstate costs in the 1990 filing. Counts for calendar year 1990 were not available at the time of the 1990 Annual Access Tariff filing in April, 1990. Counts used in that filing were based on the historical period of October 1989. A comparison of those two sets of counts is shown in Attachment OBC-5. The differences in the resulting percentage distributions to the jurisdictions between the two counts is less than 0.9% and are de minimus.

Paragraph 51(h)

> Explain and document how Carrier Billing and Collection Revenue was jurisdictionally separated during this period. If this revenue was separated based on toll message counts, identify these counts. In the event that such counts differ from the toll message counts discussed above, explain why. If an alternative methodology was used for separating these revenues, identify the measurements used as a basis of allocation.

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[20] The state allocation would have decreased but would have had no impact on rates because state prices are not tied to Separations results and Pacific Bell has never been close to having any shareable intrastate earnings.

Pacific Bell Response

Consistent with Section 36.215(b), Pacific Bell separates Carrier Billing and Collection (B&C) Revenue based on the jurisdictional character of the billing service provided. A billing service is broken down into rate elements which are allocated based on their jurisdictional characteristic. Attachment OBC-6 shows the rate elements that comprise total B&C revenues. The jurisdiction of messages is identified on the billing record. Rate elements that are not message related are separated using a fixed allocator.

Pacific Bell separates B&C revenue based on all third-party messages billed because revenue is received for all messages billed, not just toll messages. A billed message is any billable charge to an end user on behalf of a third party, usually an interexchange carrier. For example, non-toll messages include monthly rates, nonrecurring charges, and usage for Voice Mail, Paging, Internet, and Directory Publishing services.

Paragraph 51(i)

> Explain any instances where OB&C Expense is not categorized or apportioned according to the prescribed factors and provide revised separations results reflecting appropriate use of the prescribed factors.

Pacific Bell Response

Pacific Bell categorizes and apportions OB&C Expense according to the prescribed factors as described in its response to Paragraph 51(f).

Paragraphs 52(a)

> If any message counts or user counts that are used as a basis of allocation remain constant from one year to the next, explain why. ... Pacific Bell... should explain why, during calendar years 1994 through 1996, the interstate share of invoice-ready *billing service revenues* remained constant while the interstate share of related invoice-ready *toll message counts* varied substantially during the period. This

> disparity seems unreasonable because Pacific Bell asserts that it separated the revenues from its invoice-ready billing services based on the associated message counts.

Pacific Bell Response

The message counts and the user counts which were used as the basis for cost allocation did not remain constant from year to year, as shown by Attachments OBC-1 and OBC-3. Paragraph 52(a) refers in two footnotes to information provided in response to questions regarding Pacific Bell's Petition for Expedited Waiver, AAD 97-77. The 1994-1996 interstate invoice- ready billing service revenues remained constant in previously submitted information because 1996 jurisdictional data (the only information available at the time the response was due) was used to estimate the split for 1994 and 1995. (See response to Paragraph 51(f) and footnote 14). In addition, some estimation techniques were used on the message counts in those years. Revenues calculated at the time the bills were prepared were based on the actual jurisdictional split of the messages, shown by Attachment OBC-7. Attachment OBC- 4 presents actual data available for 1991 through 1996 that was located after Pacific Bell's initial data response.

Paragraph 52(b)

> Provide work papers showing the calculations of the OB&C exogenous change contained in the 1997 Price Cap filing.... If any errors in that calculation are discovered when responding to data requests in this order, provide a corrected calculation.

Pacific Bell Response

Attachment OBC-8 shows the calculation of the OB&C exogenous change. The change was calculated by comparing two views from Pacific Bell's ISAACS model. The "before" view was based on 1995 data, which also underlies Pacific Bell's ARMIS 43-01 and 43-04 reports for 1995. The

"after" view revised the logic for allocating OB&C expense to reflect the Commission's new fixed allocation methodology. Attachment OBC-8 includes both the before and after views and also includes a summary calculating their differences.[21]

Paragraph 55

> Pacific Bell [should] explain why the share of billed toll messages attributed to interstate calls changed greatly between 1990 and 1996. We seek this information because, at the end of that period, the interstate shares reported by GTE and Pacific Bell were far lower than those reported by any other RBOC. Whereas the other RBOCs attributed on average 46.6 percent of billed toll messages to interstate calls for the calendar year 1996, GTE and Pacific Bell attributed only 8.7 percent and 4.4 percent, respectively, to such calls.

Pacific Bell Response

Pacific Bell historically has high volumes of intraLATA toll in California due to the calling patterns within the San Francisco, Los Angeles, Sacramento and San Diego LATAs. At all times during the 1990-1996 period, the intraLATA toll that Pacific Bell carries end-to-end accounted for at least two-thirds of the billed message counts.

Pacific Bell's share of billed toll messages attributed to interstate calls declined from 1990 to 1996 because of the migration of the three largest interexchange carriers from a message-ready billing service[22] to an invoice-ready billing service,[23] and because of the "take back" of the billing function for certain classes of customers by those interexchange carriers. As explained above, Pacific includes in its allocation only messages billed for the message-ready billing service and excludes those billed

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[21] Attachment OBC-8 also provides a summary calculating the exogenous using 1996 data. The 1996 summary was not used for the exogenous cost change, but is provided here to assist in the analysis of the forward-looking projection of the Base Factor Portion revenue requirement as discussed in response to Paragraph 26 above.

[22] Attachment OBC-3 shows the decline in message ready billing service volumes.

[23] Attachment OBC-4 shows the increase in invoice-ready message volumes.

for invoice-ready service. Consequently, in 1996, the interstate messages billed on behalf of interexchange carriers included in the allocation factor had declined to less than 30% of the 1990 volumes of the message-ready billing service.

Paragraph 56

> Pacific Bell should explain why its reported interstate share of billed messages declined by approximately 66 percent in 1995 even though, during the same year, there was an increase in the share of Carrier Billing and Collection Revenues attributed to the billing of interstate calls.

Pacific Bell Response

Pacific Bell's interstate share of billed messages declined by approximately 66 percent in 1995 due to AT&T completing its migration from the message-ready billing service to the invoice-ready billing service that it began in 1994. While the revenue for invoice-ready service billed messages was reflected in Pacific Bell data, the associated invoice-ready message counts were not included as explained in response to Paragraph 51(f).

Paragraph 59

> Pacific Bell should also explain why it used 1995 data rather than 1996 data, in connection with the 1997 Annual Access Tariff filing, for purposes of calculating the exogenous changes associated with the separations rule change for OB&C Expense.

Pacific Bell Response

Pacific Bell used 1995 data as the basis for its OB&C exogenous cost change, as required by the Commission's Rules. Pacific Bell filed its letter updating its Price Cap Indices with the Commission prior to July 1, 1997. Section 61.45(c) requires a carrier to use base period 1995 for exogenous costs filed before July 1, 1997:

> Delta Z: the dollar effect of current regulatory changes when compared to the regulations in effect at the time the PCI was updated to PCI(t-1), measured at base period level of operations.[24]

Section 61.3(e) defines base period as " For carriers subject to §§61.41-49, the 12-month period ending six months prior to the effective date of annual price cap tariffs...."

Section 61.45(a) of the Commission's rules also requires Pacific Bell to maintain updated PCIs to reflect the effect of mid-year exogenous cost changes:

> Local exchange carrier subject to price cap regulation shall file adjustments to the PCI for each basket as part of the annual price cap tariff filing, and shall maintain updated PCIs to reflect the effect of mid-year exogenous cost changes.

These rules, in conjunction with the price cap formula require a carrier to use 1995 base period data for calculating "mid year" exogenous cost changes, i.e., those that take effect between July 1, 1996 through June 30, 1997.

Pacific Bell followed the procedures outlined by the Bureau and submitted a letter to update its Price Cap indices. Pacific Bell did not file a transmittal letter and cost support since it was not revising any rates or regulations in its tariff at the time it filed the letter. The Bureau has repeatedly stated that it does not want cost support filed for mid-year exogenous cost adjustments until the LEC revises its tariff. Pacific Bell's tariff subsequently was revised for the OB&C adjustment on July 1, 1997.

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[24]Section 61.45(c).

IV. CONCLUSION

Based upon the preceding information, the SBC Companies respectfully request that the Commission conclude the investigation of the SBC Companies' 1997 Annual Access Tariff Filings and dissolve the accounting order on those filings without further change to those transmittals.

Respectfully submitted,

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NEVADA BELL

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September 2, 1997

Exhibit REVEFF

SOUTHWESTERN BELL

Common Line Issue % Differences

Tariff Year	BFP Diff. Worksheet 3	Demand Diff. Exhibit 1sw	BFP/Line Diff. Exhibit UNITRR	Actual Rev. Diff. * Worksheet 3A
1991-92	-3.27%	- .92%	-2.41%	- .99%
1992-93	-10.26%	-1.72%	-8.63%	-3.34%
1993-94	-2.47%	- .68%	-1.83%	- .75%
1994-95	-3.43%	- .16%	-3.28%	- .63%
1995-96	-8.08%	-1.22%	-6.84%	- .96%
1996-97	-9.80%	-1.70%	-8.21%	0%

* Does not include any effect of the demand differences. Inclusion of these demand differences would have the effect of further reducing the actual revenue differences.

NOTE: Negative % indicates that forecast < actual. % difference = difference/actual

SWBT

Worksheets

1 through 8

WORKSHEET 1

SOUTHWESTERN BELL
(000)

Appendix B Calculation of BFP Revenue Requirement
Actual Revenue Requirements for Calendar Years 1991 - 1996

Ln #	ARMIS Ln #	Description	Source	1991	1992	1993	1994	1995	1996
		Actual Revenue Requirement Calculation							
1.	1190	Total Operating Exp		455,928	472,983	571,969	619,782	681,603	745,046
2.	1490	Total Other Taxes	Ln 30	31,731	35,267	39,166	44,570	46,924	46,052
3.		FIT	Ln 21	39,190	45,598	58,160	62,519	71,343	74,198
4.	1910	Average Net Inv		1,383,790	1,453,588	1,600,283	1,699,967	1,790,900	1,840,590
5.		Auth Rate of Return	.01125	0.1125	0.1125	0.1125	0.1125	0.1125	0.1125
6.		Return on Investment	Ln 4 x Ln 5	155,676	163,529	180,032	191,246	201,476	207,066
7.	1060	Uncollectible Revenues	Ln 28	3,946	3,643	3,200	3,661	3,454	4,128
8.	1040	Misc. Revenues	Ln 26	1,874	1,671	1,442	1,831	1,653	1,877
9.	1290	Other Oper Inc/Loss		288	224	583	298	185	262
10.	1390	Total Non-Oper Items		1,964	1,673	2,918	2,758	2,880	2,654
11.		Revenue Requirement	Note 1	686,273	720,798	853,419	922,407	1,005,841	1,077,006
12.		Percent change from Prior Year		NA	5.03%	18.40%	8.08%	9.05%	7.08%
		FIT Calculation							
13.	1910	Avg Net Inv		1,383,790	1,453,588	1,600,283	1,699,967	1,790,900	1,840,590
14.		Auth Rate of Return	0.1125	0.1125	0.1125	0.1125	0.1125	0.1125	0.1125
15.		Return on Investment	Ln 12 x Ln 13	155,676	163,529	180,032	191,246	201,476	207,066
16.	1510	Fixed Charges		49,039	46,070	46,983	48,125	47,289	49,023
17.	1520	Irs Income Adjustments		(5,384)	(4,704)	(1,993)	(5,040)	(2,220)	(3,316)
18.	1530	FCC Taxable Inc Adj		447	473	392	416	144	0
19.	1540	ITC Amortization		8,713	8,403	8,203	7,837	6,866	5,926
20.	1550	FCC ITC Adj		0	0	0	0	0	0
21.		Tax Rate	(.35/.65)	0.515152	0.515152	0.538462	0.538462	0.538462	0.538462
22.		Calculated FIT	Note 2	39,190	45,598	58,160	62,519	71,343	74,198
		BFP Factor Development							
23.	1190	Total Oper Exp-BFP-Col K		455,928	472,983	571,969	619,782	681,603	745,046
24.	1190	Total Oper Exp-Total CCL-Col M		501,359	513,468	610,042	654,262	718,531	782,919
25.		Total Oper Exp-Ratio	Ln 22/Ln 23	0.9094	0.9212	0.9376	0.9473	0.9486	0.9516
26.	1040	Misc. Rev.-Total CCL-Col M		2,061	1,814	1,538	1,933	1,743	1,972
27.		Misc. Rev. - Calc BFP	Ln 25 x Ln 24	1,874	1,671	1,442	1,831	1,653	1,877
28.	1060	Uncollectible Rev-Total CCL-Col M		4,339	3,955	3,413	3,865	3,641	4,338
29.		Uncollectible Rev-Calc BFP	Ln 27 x Ln 24	3,946	3,643	3,200	3,661	3,454	4,128
30.	1490	Total Other Taxes-Total CCL-Col M		34,893	38,286	41,773	47,050	49,466	48,393
31.		Total Other Taxes-Calc BFP	Ln 29 x Ln 24	31,731	35,267	39,166	44,570	46,924	46,052

Note 1: L1+L2+L3+L6+L7-L8-L9+L10

Note 2: [{L15-L16+L17+L18-L19-L20}xL21]-L19-L20

Note 3: Appendix B requires LECs to cacluate the average net investment by taking the average of each year's quarterly data. Since 4th quarter data is an average of all four quarters only this data is reported for the calendar year revenue requirement calculation.

Note 4: All data is sourced from the ARMIS 43-01, Column K unless otherwise noted.

WORKSHEET 2

SOUTHWESTERN BELL
(000)

Appendix B Calculation of BFP Revenue Requirement
Actual Revenue Requirements for Tariff Years 1991/92 - 1996/1997

Ln #	ARMIS Ln	Description	Source	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
		Actual Revenue Requirement Calculation							
1.	1190	Total Operating Exp		466,455	497,002	611,114	649,623	704,315	803,062
2.	1490	Total Other Taxes	Ln 30	32,256	36,602	43,573	45,611	46,365	47,669
3.		FIT	Ln 21	42,813	45,171	63,152	62,926	73,032	73,626
4.	1910	Average Net Inv		1,414,614	1,458,635	1,648,625	1,698,117	1,808,722	1,846,499
5.		Auth Rate of Return	.01125	0.1125	0.1125	0.1125	0.1125	0.1125	0.1125
6.		Return on Investment	Ln 4 x Ln 5	159,144	164,096	185,470	191,038	203,481	207,731
7.	1060	Uncollectible Revenues	Ln 28	3,700	3,061	3,428	3,522	3,539	4,556
8.	1040	Misc. Revenues	Ln 26	1,413	1,862	1,165	2,025	1,814	1,617
9.	1290	Other Oper Inc/Loss		304	278	609	209	218	313
10.	1390	Total Non-Oper Items		1,986	2,194	2,671	2,781	2,786	2,724
11.		Revenue Requirement	Note 1	704,637	745,986	907,635	953,267	1,031,487	1,137,438
12.		Percent change from Prior Year		NA	5.87%	21.67%	5.03%	8.21%	10.27%
		FIT Calculation							
13.	1910	Avg Net Inv		1,414,614	1,458,635	1,648,625	1,698,117	1,808,722	1,846,499
14.		Auth Rate of Return	0.1125	0.1125	0.1125	0.1125	0.1125	0.1125	0.1125
15.		Return on Investment	Ln 12 x Ln 13	159,144	164,096	185,470	191,038	203,481	207,731
16.	1510	Fixed Charges		46,989	45,432	47,437	48,421	48,273	50,564
17.	1520	Irs Income Adjustments		(3,897)	(7,500)	2,101	(5,583)	(1,160)	(4,072)
18.	1530	FCC Taxable Inc Adj		450	414	445	325	0	0
19.	1540	ITC Amortization		8,704	8,124	8,154	7,174	6,446	5,726
20.	1550	FCC ITC Adj		0	0	0	0	0	0
21.		Tax Rate	(.35/.65)	0.515152	0.515152	0.538462	0.538462	0.538462	0.538462
22.		Calculated FIT	Note 2	42,813	45,171	63,152	62,926	73,032	73,626
		BFP Factor Development							
23.	1190	Total Oper Exp-BFP-Col K		466,455	497,002	611,114	649,623	704,315	803,062
24.	1190	Total Oper Exp-Total CCL-Col M		510,181	535,158	645,248	686,338	741,747	827,707
25.		Total Oper Exp-Ratio	Ln 22/Ln 23	0.9143	0.9287	0.9471	0.9465	0.9495	0.9702
26.	1040	Misc. Rev.-Total CCL-Col M		1,546	2,005	1,230	2,139	1,911	1,667
27.		Misc. Rev. - Calc BFP	Ln 25 x Ln 24	1,413	1,862	1,165	2,025	1,814	1,617
28.	1060	Uncollectible Rev-Total CCL-Col M		4,047	3,296	3,620	3,721	3,727	4,696
29.		Uncollectible Rev-Calc BFP	Ln 27 x Ln 24	3,700	3,061	3,428	3,522	3,539	4,556
30.	1490	Total Other Taxes-Total CCL-Col M		35,280	39,412	46,007	48,189	48,829	49,132
31.		Total Other Taxes-Calc BFP	Ln 29 x Ln 24	32,256	36,602	43,573	45,611	46,365	47,669

Note 1: L1+L2+L3+L6+L7-L8-L9+L10

Note 2: [{L15-L16+L17+L18-L19-L20}xL21]-L19-L20

Note 3: Average Ner Investment represents an average of fourth quarter (year 1) and second quarter (year 2) net investment.

Note 4: All data is sourced from the ARMIS 43-01, Column K unless otherwise noted.

Note 5: Tariff period data represents 4th Quarter (year 1) less 2nd Quarter (year 1) plus 2nd Quarter (year 2).

WORKSHEET 3

SOUTHWESTERN BELL

Comparison of Forecast to Actual

(000)

Ln #	Tariff Period (a)	Forecast Source (b)	Amount (c)		Actual Source (d)	Amount (e)	Difference (f)	% (g)
1.	1991-92	Attachment 1.1	681,597		Worksheet 2	704,637	(23,040)	-3.27%
2.	1992-93	Attachment 1.2	669,479		Worksheet 2	745,986	(76,507)	-10.26%
3.	1993-94	Attachment 1.3	885,246	*	Worksheet 2	907,635	(22,389)	-2.47%
4.	1994-95	Attachment 1.4	920,554		Worksheet 2	953,267	(32,713)	-3.43%
5.	1995-96	Attachment 1.5	948,126		Worksheet 2	1,031,487	(83,361)	-8.08%
6.	1996-97	Attachment 1.6	1,026,025		Worksheet 2	1,137,438	(111,413)	-9.80%

* Reflects 1993-94 BFP forecast adjusted to reflect impact of GSF rule change shown on Attachment 1.7, and submitted in Transmittal No. 2283, filed in Docket No. 92-222.

Note: The percentage differences shown in Column G are large enough that SWBT does not pass the +/- 10 percentage change threshhold discussed in Paragraph 17 of the Commission's Order for any of the tariff periods.

SOUTHWESTERN BELL

Comparison of Base Period EUCL Revenue

Base Period	Filed Revenue	Revised Revenue*	Difference	% Difference
1991	$522.2M	$527.4M	($5.2M)	(.99%)
1992	$530.2M	$548.5M	($18.3M)	(3.34%)
1993	$591.6M	$596.1M	($4.5M)	(.75%)
1994	$616.0M	$619.9M	($3.9M)	(.63%)
1995	$638.9M	$645.1M	($6.2M)	(.96%)
1996	$676.6M	$676.6M	0	(0.00%)

* Revised revenue results from the recalculation of EUCL rates based on the actual tariff period revenue requirements shown on Worksheet 3, column e.

See: Transmittal 2097 (5/2/91) Figures 5-1 and 6-1
Transmittal 2187 (4/2/92) Figures 5-1 and 6-1
Transmittal 2283 (6/17/93) Figures 3.1-1 and 3.1-3
Transmittal 2344 (4/1/94) Figures 5-1 and 6-1
Transmittal 2458 (5/9/95) Figures 5-1 and 6B-1
Transmittal 2544 (4/2/96) Figures 5-1 and 6-1

Exhibit UNITRR

SOUTHWESTERN BELL

Comparison of BFP Rev. Req. Per Line

Tariff Year	Forecasted BFP/Line*	Actual BFP/Line**	Difference	% Difference
1991-92	$4.86	$4.98	($ .12)	(2.41%)
1992-93	$4.66	$5.10	($ .44)	(8.63%)
1993-94	$5.90	$6.01	($ .11)	(1.83%)
1994-95	$5.90	$6.10	($ .20)	(3.28%)
1995-96	$5.86	$6.29	($ .43)	(6.84%)
1996-97	$6.04	$6.58	($ .54)	(8.21%)

* Worksheet 3 column c / Exhibit 1sw average inservice forecast / 12

** Worksheet 3 column e / Exhibit 1sw average inservice actual / 12

NOTE: EUCL rates capped at $3.50 Single line and $6.00 Multiline. 1996-97 differential would have caused no EUCL rate or revenue change

SOUTHWESTERN BELL
(000)

Appendix B Calculation of BFP Revenue Requirement
Normalized Actual Revenue Requirements for Calendar Years 1991 - 1996

Ln #	Description	Source	1991	1992	1993	1994	1995	1996
1.	Actual Rev Req	Worksheet 1	686,273	720,798	853,419	922,407	1,005,841	1,077,006
2.	GSF	Worksheet 5	90,097	94,630	47,149	N/A	N/A	N/A
3.	SPF	Worksheet 5	(6,118)	(3,059)	N/A	N/A	N/A	N/A
4.	DEM	Worksheet 5	1,070	358	N/A	N/A	N/A	N/A
5.	Normalized Rev Req, Series 1	Ln 1..4	771,322	812,727	900,568	922,407	1,005,841	1,077,006
6.	Percent change from Prior Year		NA	5.37%	10.81%	2.43%	9.05%	7.08%
7.	RAO 20 (OPEB)	Worksheet 6	-	-	-	9,212	14,886	2,171
8.	OPEB Expense Impact	Worksheet 7	-	-	(31,695)	-	-	-
9.	Normalized Rev Req, Series 2	Ln 5 + Ln7+ Ln 8	771,322	812,727	868,873	931,619	1,020,727	1,079,177
10.	Percent change from Prior Year		NA	5.37%	6.91%	3.45% *	9.56%	5.73%

* This percentage was calculated based on the 1993 amount unadjusted for OPEB ($900,568). This allows for consistency since 1994 and subsequent years include the OPEB expense impact.

SOUTHWESTERN BELL

GSF Adjustment

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Ln #	Description	Source	1991	1992	1993
1.	BFP Rev Req with 12 mo. of GSF Change	Attachment 2.1	NA	NA	812,562
2.	BFP Rev Req without GSF Change	Attachment 2.2	NA	NA	718,265
3.	Annual GSF Impact to BPF	Ln 1-Ln 2	NA	NA	94,297
4.	Six month 1993 BFP Rev Req due to GSF change	Ln 3 x .5	NA	NA	47,149
5.	Ratio of Ln 1 to Ln 2 to Gross up 92 & 91	Ln 1/Ln 2	NA	NA	1.1313
6.	1992 Actual BFP Rev Req	Worksheet 1		720,798	
7.	1992 BFP Rev Req grossed up for GSF	Ln 6 x Ln 5		815,427	
8.	Additional '92 BFP Rev Req due to GSF change	Ln 7 - Ln 6		94,630	
9.	1991 Actual BFP Rev Req	Worksheet 1	686,273		
10.	1991 BFP Rev Req grossed up for GSF	Ln 9 x Ln 5	776,370		
11.	Additional '91 BFP Rev Req due to GSF change	Ln 10 - Ln 9	90,097		

Calculation of SPF Phase Down Effect on BFP

$000

	REVENUE REQUIREMENT	SOURCE	
12.	91 Actuals with 91/92 SPF	Attachment 3.1	662,499
13.	91 Actuals with 92/93 SPF	Attachment 3.2	659,440
14.	Difference		(3,059)
15.	1991 Requires 2 Adj to get to .25 SPF	Ln 3 * 2	(6,118)
16.	1992 Requires 1 Adj to get to .25 SPF	Ln 3	(3,059)

Note: The 1993 Actuals contain a 25% Interstate SPF.
The 1992 Annual Tariff Filing Exogenous impacts were used to calculate the 1991 and 1992 SPF Adjustments.
The CCL SPF Exogenous adjustment, Ln 3, ties to the 1992 EXG-1.

Calculation of Transitional DEM Effect on BFP

$000

	REVENUE REQUIREMENT	SOURCE	
17.	91 Actuals with 91/92 DEM	Attachment 3.1	662,499
18.	91 Actuals with 92/93 DEM	Attachment 4	663,034
19.	Difference	Ln 2 - Ln 1	535
20.	1991 Requires 2 Adj to get to full DEM	Ln 3 * 2	1,070
21.	1992 Requires .67 Adj to get to full DEM	Ln 3 * .67	358

Note: The 1993 Actuals contain a full DEM (transition complete).
The 1992 Annual Tariff Filing Exogenous impacts were used to calculate the 1991 and 1992 DEM Adjustments.

WORKSHEET 6

SOUTHWESTERN BELL

(000)

Calculation of BFP Revenue Requirement Associated with Account 4310

Ln #		Source	1994	1995	1996
1.	4310 Amount	ARMIS 43-01, Ln 1880	(53,224)	(86,007)	(12,543)
2.	ROR	0.1125	0	0	0
3.	Net Return Impact	Ln 1 X Ln 2	(5,988)	(9,676)	(1,411)
4.	FIT Impact	Ln 1 X (.35/.65)	(3,224)	(5,210)	(760)
5.	BFP Rev Requirement Inpact	Ln 3 + Ln 4	(9,212)	(14,886)	(2,171)

WORKSHEET 7

SOUTHWESTERN BELL

(000)

OPEB Expense

Ln #		
1.	OPEB 1993 TBO Amort	171,941
2.	1993 Accrual	247,825
3.	Benefits Paid	(136,017)
4.	Net OPEB Expense (over Pay-As-You-Go)	283,749
5.	BFP Factor (93 BFP/Total RR)	0.1117
6.	93 OPEB Expense Impact	31,695

Note: All OPEB amounts obtained from Company Accounting Records.

WORKSHEET 8

SOUTHWESTERN BELL
(000)

Payphone Adjustment

Ln #	Description	Source	1996
1.	SWBT 1996 Base Year BFP	Worksheet 1	1,077,006
2.	SWBT 1996 Base Year BFP Adjusted for Payphone	Transmittal No 2640 D&J, Figure 2A-1	1,095,336
3.	Payphone Impact	Ln 2 / Ln 1	18,330

Attachment 1.1

SWBT

91/92 Forecasted BFP Revenue Requirement

Transmittal 2090

Description & Justification

Figure 5-B-1

COMPANY: SOUTHWESTERN BELL TELEPHONE COMPANY

STUDY PERIOD: JULY 1991 THROUGH JUNE 1992
COSA: SOUTHWESTERN BELL TOTAL COMPANY

		BPF	TOTAL
	REVENUES		
1010	BASIC LOCAL SERVICE	N/A	N/A
1020	NETWORK ACCESS SERVICE	$693,096	$740,351
1030	TOLL NETWORK SERVICE	N/A	$0
1040	MISCELLANEOUS REVENUES	$3,230	$3,429
1050	SETTLEMENTS	N/A	$0
1060	UNCOLLECTIBLES	$2,579	$2,717
1090	NET REVENUES	$693,747	$741,063
	EXPENSES		
1110	EQUAL ACCESS EXPENSE	N/A	N/A
1120	PLANT SPECIFIC	$9,812	$10,671
1130	PLANT NON-SPECIFIC	$6,228	$6,469
1140	CUSTOMER OPERATIONS MARKT	$19,690	$20,727
1150	CUSTOMER OPERATIONS SERV	$16,929	$20,879
1160	CORPORATION OPERATIONS	$62,970	$69,071
1170	ACCESS	$0	$0
1180	DEPRECIATION/AMORTIZATION	$160,819	$171,225
1185	FCC EXPENSE ADJUSTMENT	$127	$134
1190	TOTAL OPERATING EXPENSE	$464,936	$504,701
	OTHER OPERATING ITEMS		
1290	OTHER OPERATING INC/LOSS	$0	$0
	NON-OPERATING ITEMS		
1320	INC EFFECT/JURISDIC. DIFF	N/A	N/A
1330	EXTRAORDINARY ITEMS	$0	$0
1340	AFUDC	$0	$0
1350	SPECIAL CHARGES	$260	$272
1360	ALL OTH NON-OPERAT ITEMS	$0	$0
1370	FCC NON-OPERATING ADJUSTM	$0	$0
1390	TOTAL NON-OPERAT. ITEMS	$0	$0
	OTHER TAXES		
1410	STATE AND LOCAL INCOME	$3,351	$3,435
1420	OTHER STATE AND LOCAL	$30,440	$32,012
1490	TOTAL OTHER TAXES	$33,791	$35,447
	FEDERAL INCOME TAXES		
1510	FIXED CHARGES	$53,634	$56,483
1520	IRS INCOME ADJUSTMENT	$4,697	$4,952
1530	FCC TAXABLE INC_ADJUST	$0	$0
1540	ITC AMORTIZATION	$7,871	$8,286
1550	FCC ITC ADJUSTMENT	$0	$0
1590	FEDERAL INCOME TAXES	$38,515	$39,045

COMPANY: SOUTHWESTERN BELL TELEPHONE COMPANY

STUDY PERIOD: JULY 1991 THROUGH JUNE 1992
COSA: SOUTHWESTERN BELL TOTAL COMPANY

		BPF	TOTAL
	PLANT-IN-SERVICE		
1610	EQUAL ACCESS INVESTMENT	N/A	N/A
1620	SUPPORT PLANT	$121,492	$145,621
1630	OPERATOR SYSTEM EQUIPMENT	N/A	N/A
1640	COE-SWITCHING	N/A	N/A
1650	COE-TRANSMISSION	$344,963	$351,271
1660	CABLE AND WIRE FACILITY	$2,169,098	$2,208,448
1670	IOT EQUIPMENT	$59,327	$132,419
1680	AMORTIZABLE ASSETS	$3,064	$3,449
1690	TOTAL PLANT	$2,698,034	$2,841,208
	OTHER INVESTMENTS		
1705	OTHER JURISD. ASSETS-NET	N/A	N/A
1710	PROPERTY HELD-FUTURE USE	$0	$0
1720	PLANT UNDER CONSTRUCTION	$21,397	$22,502
1730	PLANT ACQUISITION ADJUST	$0	$0
1740	INVEST-NON-AFFILIATED COS	$0	$0
1750	OTHER DEFERRED CHARGES	$0	$0
1760	INVENTORIES	$11,564	$12,191
1770	CASH WORKING CAPITAL	$3,075	$3,273
1780	FCC INVESTMENT ADJUSTMENT	$13,549	$14,295
1790	TOTAL OTHER INVESTMENT	$50,577	$53,267
	RESERVES		
1820	ACCUMULATED DEPRECIATION	$1,104,935	$1,178,906
1830	ACCUMULATED AMORTIZATION	$1,999	$2,353
1840	DEFERRED FIT	$249,544	$273,351
1850	CUSTOMER DEPOSITS	$3,290	$3,463
1870	OTHER DEFERRED CREDITS	$0	$0
1880	OTH JUR LIAB & DEF CR-NET	$0	$0
1885	FCC RESERVE ADJUSTMENT	$0	$0
1890	TOTAL RESERVES	$1,359,768	$1,458,073
	RETURN DATA		
1910	AVERAGE NET INVESTMENT	$1,388,843	$1,436,429
1915	NET RETURN	$156,245	$161,598
1920	RATE OF RETURN	11.25%	11.25%
1925	FCC ORDERED REFUND	N/A	N/A
1930	NET RET INCL FCC REFUND	N/A	N/A
1935	RATE OF RET INCL REFUND	N/A	N/A

Attachment 1.2

SWBT

92/93 Forecasted BFP Revenue Requirement

Transmittal 2187

Description & Justification

Figure 5-B-1

STUDY AREA: SOUTHWESTERN BELL TELEPHONE COMPANY
PERIOD: JULY 1992 THROUGH JUNE 1993
COSA: SOUTHWESTERN BELL TELEPHONE COMPANY

($000)

	BFP	TOTAL COMMON LINE
INVESTMENT		
1 GSF	114,090	134,505
2 COE-CAT1	N/A	N/A
3 COE-CAT2&3	N/A	N/A
4 COE-CAT4	341,220	347,285
5 IOT	62,345	127,362
6 C&W	2,136,749	2,174,927
7 TANGIBLE ASSETS	2,635	2,913
8 INTANG ASSETS	(5)	(5)
9 **TPIS**	2,657,034	2,786,987
15 PHFTU	0	0
16 TPUC	18,644	19,542
17 M&S	10,345	10,854
18 CWC	3,431	3,575
19 OTH JUR ASSETS	N/A	N/A
20 FCC INV ADJUSTMENT	12,625	13,244
21 **TOT OTH INV**	45,045	47,215
26 ACC DEPR	1,145,561	1,207,746
27 ACC AMORT	2,450	2,791
28 NET DEF OPR INC TAX	230,371	240,979
29 CUSTOMER DEPOSITS	3,073	3,222
30 OTH DEFERRED CREDIT	0	0
31 OTH RESV ITEMS	0	0
32 FCC RESV ADJUSTMENT	14,309	14,996
33 **TOTAL RESERVES**	1,395,764	1,469,734
39 **AVG NET BK COST**	1,306,315	1,364,468
40 OTH OPR INC/LOSS	0	0
41 JURISDICTIONAL DIFF	0	0
42 AFDUC	2,615	2,739
43 ALL OTH	0	0
44 INT & REL ITEMS	496	524