Summary of Adopted Adjustments to Net Operating Income and Rate Base
Pacific Bell Intrastate Regulated Operations
Phase 2B
1997

Joint Exhibit Index	Line Number	Adopted Adjustments to Net Operating Income	Pacific Bell Total Co.	Non-Reg (Below the Line)	Interstate Separations	Intrastate Reg Before Tax	Income Tax	Intrastate Regulated After Tax
		Phase 2B Net Operating Income						
39	1.	SBC Ops FAS 106 Merger Conforming Expense	-			-	-	-
40	2.	AMDOC Awards SBC Operations	-			-	-	-
41	3.	Excess Executive Compensation SBC Operations	-			-	-	-
42	4.	SBC Ops Sec. Alloc of Parent Mgt Fees	-			-	-	-
43	5.	SBC Ops Call Ctr Depreciation, Merger Implementation Exp.	-			-	-	-
44	6.	SBC Svcs "Excess" Executive Comp Expense	-			-	-	-
45	7.	SBC Svcs, CFL, TRI Sec. Alloc. of Parent Mgt Fees	-			-	-	-
46	8.	Parent "Excess" Executive Compensation Expense	3,146,751	17,745	643,633	2,485,373	(1,012,690)	1,472,683
47	9.	Parent Political and Legislative Influence Expense	18,219,042	-	3,747,639	14,471,403	(5,896,518)	8,574,885
48	10.	Parent Legal Expense	-			-	-	-
49	11.	Parent Public Relations & Corporate Sponsorship Expense	3,667,301	94,355	702,983	2,869,963	(1,169,395)	1,700,568
50	12.	Parent Corporate Development Expense	-			-	-	-
51	13.	Parent Strategic Planning Expense	3,630,668	70,541	732,315	2,827,812	(1,152,220)	1,675,592
52	14.	Parent Contributions, Memberships, Foundation Expense	342,104	-	70,370	271,734	(110,721)	161,013
53	15.	Parent Out of Period Expense	(7,415,911)	(100,845)	(1,504,702)	(5,810,364)	2,367,491	(3,442,873)
54	16.	Parent Merger Conforming Expense	-			-	-	-
55	17.	Parent Impact of Adjustments on Billings to PBD	1,301,134	-	-	1,301,134	(530,160)	770,974
56	18.	MSI USA "Excess" Executive Compensation Billed Directly	-			-	-	-
57	19.	Parent PB Employee Transfer Fees Billed Back to Pac Bell	1,350,777	19,407	273,862	1,057,508	(430,892)	626,616
59	20.	Nevada Bell Net Directory Revenue	-			-	-	-
62	24.	Customer Service Non-Productive Salary Allocations	(2,285,929)		(532,304)	(1,753,625)	714,532	(1,039,093)
64	26.	Non-regulated Tracking Code Direct Assignment Errors	15,926		3,441	12,485	(5,087)	7,398
65	27.	National-Local Strategy Implementation	-			-	-	-
66	28.	1997 Corporate Sponsorship Costs	2,083,333		371,135	1,712,198	(697,652)	1,014,546
67	29.	Customer Premise Equipment Costs	-			-	-	-
1	30.	Unsupported Contingent Liabilities - Revenues	40,463,493	-	-	40,463,493	(16,487,255)	23,976,238
2	31.	Bellcore Dividends	6,554,000	-	-	6,554,000	(2,670,493)	3,883,507
3	32.	Uncollectible Revenues - RCRMS (PacBell reports flows thru)	53,533,000			53,533,000	-	53,533,000
4	33.	Gain on Sale of Bellcore	19,642,499		4,246,767	15,395,732	(6,273,145)	9,122,587
5	34.	Local Number Portability Costs				-	-	-
7	36.	Merger Savings	-	-	-	-	-	-
8	37.	Advanced Communications Network	38,880,766	739,068	8,023,530	30,118,168	(12,271,949)	17,846,219
10	39.	Unsupported Contingent Liabilities - Operating Expense	91,639,150	2,472,834		89,166,316	(36,331,707)	52,834,609
12	41.	ISP-Bound Traffic Separations	(19,299,000)	(179,010)	-	(19,119,990)	7,790,631	(11,329,359)
13	42.	Uncollectible Settlements - RCRMS	35,300,000	-	7,261,210	28,038,790	(11,424,685)	16,614,105
16	43.	SFAS 112	12,600,000	521,250	2,484,599	9,594,151	(3,909,233)	5,684,918
18	45.	SAVR Delayed Retirements	10,031,046	62,192	-	9,968,854	(4,061,909)	5,906,945
20	47.	Equal Access IEMR Ratemaking Adjustment	-			-	-	-
22	48.	Ameritech Income Tax Misclass	-			-	-	-
23	49.	Income Tax Normalization - Phase 2B Issues	9,325,000	-	-	9,325,000	-	9,325,000
24	50.	Excess Deferred Income Tax	-			-	-	-
25	51.	Sales and Use Tax Accrual	1,000,000		222,590	777,410	(316,763)	460,647
26	52.	Employment Tax Error	-			-	-	-
68	53.	PIU Accrual	(14,673,001)			(14,673,001)	5,978,661	(8,694,340)
69	54.	USOAR Turnaround Accrual	(23,123,001)			(23,123,001)	9,421,698	(13,701,303)
70b	55.	LNP Depreciation				-	-	-
	57.	Total Phase 2B Net Operating Income	285,929,148	3,717,537	26,747,068	255,464,543	(78,479,462)	176,985,081
		Phase 2B Rate Base						
29	58.	SFAS 112 Liability						(213,204,405)
30	59.	Vacation Liability						(51,867,976)
31	60.	SFAS 106 Accrued Liability						124,000
32	61.	Accrued Contingent Liability						(28,039,000)
27	62.	Cash Working Capital						(142,169,000)
28	63.	Prepaid Directory Expense						-
35	64.	Restructure Reserve						(29,070,727)
36	65.	Accumulated Reserve for Depreciation						3,239,878
37	66.	Accumulated Deferred Income Tax						(57,788,323)
38	67.	Excess Deferred Income Tax						-
70a	68.	LNP Plant						
72	69.	PBOP Pre-Funding Plant Adj.						13,312,000
	70.	**Total Phase 2B Rate Base**						(505,463,553)

Summary of Adopted Audit Adjustments to Net Operating Income and Rate Base
Pacific Bell Intrastate Regulated Operations
Phase 2B
1998

Joint Exhibit Index No.	Line Number	Adopted Adjustments to Net Operating Income	Pacific Bell Total Co.	Non-Reg (Below the Line)	Interstate Separations	Intrastate Reg Before Tax	Income Tax	Intrastate Regulated After Tax
		Phase 2B Net Operating Income						
39	1.	SBC Ops FAS 106 Merger Conforming Expense	-			-	-	-
40	2.	AMDOC Awards SBC Operations	-			-	-	-
41	3.	Excess Executive Compensation SBC Operations	1,088,244	53,543	222,924	811,777	(330,767)	481,010
42	4.	SBC Ops Sec. Alloc of Parent Mgt Fees	660,252	32,486	135,251	492,515	(200,680)	291,835
43	5.	SBC Ops Call Ctr Depreciation, Merger Implementation Exp.	784,511	269,817	114,679	400,015	(162,990)	237,025
44	6.	SBC Svcs "Excess" Executive Comp Expense	364,804	12,115	77,783	274,906	(112,013)	162,893
45	7.	SBC Svcs, CFL, TRI Sec. Alloc. of Parent Mgt Fees	596,298	25,231	122,508	448,559	(182,770)	265,789
46	8.	Parent "Excess" Executive Compensation Expense	15,059,186	362,378	3,162,128	11,534,680	(4,699,921)	6,834,759
47	9.	Parent Political and Legislative Influence Expense	21,532,160	-	4,639,061	16,893,099	(6,883,262)	10,009,837
48	10.	Parent Legal Expense	981,611	37,545	203,397	740,669	(301,793)	438,876
49	11.	Parent Public Relations & Corporate Sponsorship Expense	19,455,535	833,439	4,136,395	14,485,701	(5,902,344)	8,583,357
50	12.	Parent Corporate Development Expense	6,859,066	257,693	1,422,273	5,179,100	(2,110,276)	3,068,824
51	13.	Parent Strategic Planning Expense	1,178,332	35,205	245,228	897,899	(365,858)	532,041
52	14.	Parent Contributions, Memberships, Foundation Expense	1,439,107	24,501	304,774	1,109,832	(452,212)	657,620
53	15.	Parent Out of Period Expense	7,415,911	187,881	1,556,204	5,671,826	(2,311,042)	3,360,784
54	16.	Parent Merger Conforming Expense	-			-	-	-
55	17.	Parent Impact of Adjustments on Billings to PBD	6,607,026	-	-	6,607,026	(2,692,099)	3,914,927
56	18.	MSI USA "Excess" Executive Compensation Billed Directly	-			-	-	-
57	19.	Parent PB Employee Transfer Fees Billed Back to Pac Bell	-			-	-	-
59	20.	Nevada Bell Net Directory Revenue	-			-	-	-
62	24.	Customer Service Non-Productive Salary Allocations	(7,450,229)		(1,769,429)	(5,680,800)	2,314,699	(3,366,101)
64	26.	Non-regulated Tracking Code Direct Assignment Errors	9,534,336		2,361,549	7,172,787	(2,922,624)	4,250,163
65	27.	National-Local Strategy Implementation	-			-	-	-
66	28.	1997 Corporate Sponsorship Costs	-			-	-	-
67	29.	Customer Premise Equipment Costs	22,721,475		5,680,369	17,041,106	(6,943,569)	10,097,537
1	30.	Unsupported Contingent Liabilities - Revenues	-			-	-	-
2	31.	Bellcore Dividends	-			-	-	-
3	32.	Uncollectible Revenues - RCRMS (PacBell reports flows thru)	-	-	-	-	-	-
4	33.	Gain on Sale of Bellcore	-			-	-	-
5	34.	Local Number Portability Costs	34,405,405	958,616	7,043,319	26,403,470	(10,758,358)	15,645,112
7	36.	Merger Savings	4,200,000	-	-	4,200,000	(1,711,332)	2,488,668
8	37.	Advanced Communications Network	10,034,385	573,833	2,230,593	7,229,959	(2,945,919)	4,284,040
10	39.	Unsupported Contingent Liabilities - Operating Expense	1,920,000	6,034		1,913,966	(779,865)	1,134,101
12	41.	ISP-Bound Traffic Separations	-			-	-	-
13	42.	Uncollectible Settlements - RCRMS	16,800,000		3,619,560	13,180,440	(5,370,502)	7,809,938
16	43.	SFAS 112	-	-	-	-	-	-
18	45.	SAVR Delayed Retirements	7,232,407	83,173	-	7,149,234	(2,913,027)	4,236,207
20	47.	Equal Access IEMR Ratemaking Adjustment	(10,931,000)			(10,931,000)	4,453,945	(6,477,055)
22	48.	Ameritech Income Tax Misclass	-			-		-
23	49.	Income Tax Normalization - Phase 2B Issues	98,472,000	-	-	98,472,000	-	98,472,000
24	50.	Excess Deferred Income Tax	38,408,000		8,783,910	29,624,090	-	29,624,090
25	51.	Sales and Use Tax Accrual	999,996		228,699	771,297	(314,273)	457,024
26	52.	Employment Tax Error	-			-	-	-
68	53.	PIU Accrual	-			-	-	-
69	54.	USOAR Turnaround Accrual	-			-	-	-
70b	55.	LNP Depreciation	-			-	-	-
	57.	Total Phase 2B Net Operating Income	310,368,818	3,753,490	44,521,175	262,094,153	(54,598,851)	207,495,302
		Phase 2B Rate Base						
29	58.	SFAS 112 Liability						(236,462,847)
30	59.	Vacation Liability						(51,359,429)
31	60.	SFAS 106 Accrued Liability						(5,998,000)
32	61.	Accrued Contingent Liability						(20,106,000)
27	62.	Cash Working Capital						(91,320,000)
28	63.	Prepaid Directory Expense						-
35	64.	Restructure Reserve						(29,024,711)
36	65.	Accumulated Reserve for Depreciation						5,250,685
37	66.	Accumulated Deferred Income Tax						(55,160,036)
38	67.	Excess Deferred Income Tax						12,800,000
70a	68.	LNP Plant						-
72	69.	PBOP Pre-Funding Plant Adj.						13,312,000
	70.	Total Phase 2B Rate Base						(458,068,338)

Summary of Adopted Adjustments to Net Operating Income and Rate Base
Pacific Bell Intrastate Regulated Operations
Phase 2B
1999

Joint Exhibit Index No.	Line Number	Adopted Adjustments to Net Operating Income	Pacific Bell Total Co.	Non-Reg (Below the Line)	Interstate Separations	Intrastate Reg Before Tax	Income Tax	Intrastate Regulated After Tax
		Phase 2B Net Operating Income						
39	1.	SBC Ops FAS 106 Merger Conforming Expense	4,062,029	502,081	764,182	2,795,766	(1,139,163)	1,656,603
40	2.	AMDOC Awards SBC Operations	615,307	68,515	120,399	426,393	(173,738)	252,655
41	3.	Excess Executive Compensation SBC Operations	1,532,717	189,449	288,347	1,054,921	(429,838)	625,083
42	4.	SBC Ops Sec. Alloc of Parent Mgt Fees	663,868	82,057	124,892	456,919	(186,176)	270,743
43	5.	SBC Ops Call Ctr Depreciation, Merger Implementation Exp.	-	-	-	-	-	-
44	6.	SBC Svcs "Excess" Executive Comp Expense	310,190	20,703	62,363	227,124	(92,544)	134,580
45	7.	SBC Svcs, CFL, TRI Sec. Alloc. of Parent Mgt Fees	497,121	31,518	100,409	365,194	(148,802)	216,392
46	8.	Parent "Excess" Executive Compensation Expense	15,652,558	411,181	3,276,084	11,965,293	(4,875,378)	7,089,915
47	9.	Parent Political and Legislative Influence Expense	8,996,671	-	1,931,234	7,065,437	(2,878,883)	4,186,554
48	10.	Parent Legal Expense	483,922	28,214	97,823	357,885	(145,824)	212,061
49	11.	Parent Public Relations & Corporate Sponsorship Expense	20,210,683	714,200	4,614,691	14,881,792	(6,063,735)	8,818,057
50	12.	Parent Corporate Development Expense	8,007,868	473,146	1,617,643	5,917,079	(2,410,973)	3,506,106
51	13.	Parent Strategic Planning Expense	902,785	20,982	190,182	691,621	(281,808)	409,813
52	14.	Parent Contributions, Memberships, Foundation Expense	(6,557,997)	34,601	(1,415,174)	(5,177,424)	2,109,593	(3,067,831)
53	15.	Parent Out of Period Expense	-	-	-	-	-	-
54	16.	Parent Merger Conforming Expense	1,029,118	52,190	209,802	767,126	(312,573)	454,553
55	17.	Parent Impact of Adjustments on Billings to PBD	7,516,450	-	-	7,516,450	(3,062,653)	4,453,797
56	18.	MSI USA "Excess" Executive Compensation Billed Directly	4,558,803	251,564	928,959	3,378,280	(1,376,514)	2,001,766
57	19.	Parent PB Employee Transfer Fees Billed Back to Pac Bell	-	-	-	-	-	-
59	20.	Nevada Bell Net Directory Revenue	(16,179,000)	-	-	(16,179,000)	4,926,000	(11,253,000)
62	24.	Customer Service Non-Productive Salary Allocations	(10,327,231)	-	(2,203,666)	(8,123,565)	3,310,028	(4,813,537)
64	26.	Non-regulated Tracking Code Direct Assignment Errors	7,284,797	-	1,820,400	5,464,397	(2,226,523)	3,237,874
65	27.	National-Local Strategy Implementation	8,575,331	634,181	1,704,655	6,236,495	(2,541,122)	3,695,373
66	28.	1997 Corporate Sponsorship Costs	-	-	-	-	-	-
67	29.	Customer Premise Equipment Costs	7,803,311	-	1,950,828	5,852,483	(2,384,653)	3,467,830
1	30.	Unsupported Contingent Liabilities - Revenues	-	-	-	-	-	-
2	31.	Bellcore Dividends	-	-	-	-	-	-
3	32.	Uncollectible Revenues - RCRMS (PacBell reports flows thru)	-	-	-	-	-	-
4	33.	Gain on Sale of Bellcore	-	-	-	-	-	-
5	34.	Local Number Portability Costs	38,971,015	-	1,325,015	37,646,000	(15,339,239)	22,306,761
7	36.	Merger Savings	4,200,000	-	-	4,200,000	(1,711,332)	2,488,668
8	37.	Advanced Communications Network	5,363,702	465,820	1,140,353	3,757,529	(1,531,043)	2,226,486
10	39.	Unsupported Contingent Liabilities - Operating Expense	13,968,240	2,203,104		11,765,136	(4,793,822)	6,971,314
12	41.	ISP-Bound Traffic Separations	-	-	-	-	-	-
13	42.	Uncollectible Settlements - RCRMS	1,100,000	-	236,126	863,874	(351,994)	511,880
16	43.	SFAS 112	-	-	-	-	-	-
18	45.	SAVR Delayed Retirements	-	-	-	-	-	-
20	47.	Equal Access IEMR Ratemaking Adjustment	-	-	-	-	-	-
22	48.	Ameritech Income Tax Misclass	8,001,866	-	-	8,001,866	-	8,001,866
23	49.	Income Tax Normalization - Phase 2B Issues	(79,189,000)	-	-	(79,189,000)	-	(79,189,000)
24	50.	Excess Deferred Income Tax	38,408,000	-	8,736,668	29,671,332	-	29,671,332
25	51.	Sales and Use Tax Accrual	(5,520,320)	-	(3,114,901)	(2,405,419)	980,112	(1,425,307)
26	52.	Employment Tax Error	9,655,828	163,183	2,159,292	7,333,353	(2,988,048)	4,345,305
68	53.	PIU Accrual	-	-	-	-	-	-
69	54.	USOAR Turnaround Accrual	-	-	-	-	-	-
70b	55.	LNP Depreciation	-	-	-	-	-	-
	57.	Total Phase 2B Net Operating Income	100,598,632	6,346,689	26,666,606	67,585,337	(46,120,645)	21,464,692
		Phase 2B Rate Base						
29	58.	SFAS 112 Liability						(255,430,427)
30	59.	Vacation Liability						(45,735,145)
31	60.	SFAS 106 Accrued Liability						5,352,000
32	61.	Accrued Contingent Liability						(7,800,000)
27	62.	Cash Working Capital						(91,103,000)
28	63.	Prepaid Directory Expense						-
35	64.	Restructure Reserve						(28,975,159)
36	65.	Accumulated Reserve for Depreciation						4,021,615
37	66.	Accumulated Deferred Income Tax						(43,318,848)
38	67.	Excess Deferred Income Tax						38,400,000
70a	68.	LNP Plant						-
72	69.	PBOP Pre-Funding Plant Adj.						13,312,000
	70.	Total Phase 2B Rate Base						(411,276,964)