

declassified

Wayne Boston
Assistant Comptroller
and Assistant Secretary


Southern Company Services
a subsidiary of The Southern Company

**FREEDOM OF INFORMATION ACT
CONFIDENTIAL TREATMENT REQUESTED**

August 14, 1996

Securities and Exchange Commission
Washington, DC 20549



Re: *The Southern Company and
Southern Communications Services, Inc.
Certificate of Notification - File No. 70-8233
Request for Confidential Treatment*

Ladies and Gentlemen:

Pursuant to Rule 104 under the Public Utility Holding Company Act of 1935, as amended, The Southern Company (SOUTHERN), a registered holding company, and Southern Communications Services, Inc. (SOUTHERN COMMUNICATIONS), hereby request confidential treatment of the attached certificate of notification for the quarter and six-month period ended June 30, 1996. This certificate contains information which is proprietary and competitively sensitive. The public disclosure thereof would materially harm SOUTHERN and SOUTHERN COMMUNICATIONS.

As permitted by Rule 101(c)(1) of the General Rules and Regulations for Electronic Filings, 17 CFR 232.101(c)(1) the aforementioned confidential information is filed herewith in paper format only.

SOUTHERN hereby requests a hearing before any part thereof is made public to third parties requesting its disclosure.

Yours very truly,


Wayne Boston

Enclosures

cc: Freedom of Information Act Officer (w/enc.)
Robert Wason, Chief Financial Analyst (w/enc.)

x-ref 09648-96
DOCUMENT NUMBER-DATE

10188 SEP 24 1996

FPSC-RECORDS/REPORTING

CERTIFICATE OF NOTIFICATION

filed by

SOUTHERN COMMUNICATIONS SERVICES, INC.

Pursuant to order of the Securities and Exchange Commission dated December 30, 1994, in the matter of File No. 70-8233.

Southern Communications Services, Inc. (Southern Communications), pursuant to Rule 24, hereby provides the following information as required by the above-mentioned order:

Requested Response to IV.1:

- a. A copy of Southern Communications' balance sheet, income statement and statement of cash flow.

SOUTHERN COMMUNICATIONS
BALANCE SHEET
JUNE 30, 1996
(Unaudited) A B

ASSETS

Current Assets:

1	Cash	\$ 2,170,000	
	Accounts Receivable		
2	Affiliated	5,985,873	
3	Other	2,471,787	
4	Prepayments	179,776	
5	Materials & Supplies	<u>3,500,820</u>	
6	Total Current Assets		14,288,351
	Property & Equipment, Net		
7	System Infrastructure	130,612,089	
8	Office Furniture & Fixtures	1,377,745	
9	Construction Work in Progress	952,763	
10	Frequencies	3,720,506	
11	Organization Costs	<u>222,312</u>	
12	Total Property & Equipment, Net		136,885,172
13	Deferred Taxes & Other Assets		<u>2,218,303</u>
14	TOTAL ASSETS		<u>\$ 153,399,826</u>

CAPITALIZATION AND LIABILITIES

LIABILITIESAB

Current Liabilities:

1	Accounts Payable		
2	Affiliated	\$ 5,181,331	
3	Other	2,197,775	
4	Other Current & Accrued Liabilities	<u>3,957,4</u>	
5	Total Current Liabilities		10,874,820
6	Total Deferred Taxes & Other Liabilities		13,810,128

CAPITALIZATION

7	Common Stock		500
8	Additional Paid-in Capital		145,213,796
9	Retained Earnings	(16,433,581)	
10	Capitalized Lease	<u>136,163</u>	
11	Total Capitalization		<u>128,914,878</u>
12	TOTAL CAPITALIZATION & LIABILITIES		<u>\$ 153,399,826</u>

CONFIDENTIAL

SOUTHERN COMMUNICATIONS
INCOME STATEMENT
YEAR-TO-DATE, JUNE 1996
(Unaudited)

A

B

REVENUES

1	Affiliated	\$ 7,053,723	
2	Non-Affiliated	4,914,075	
3	Interest Income	4,614	
4	Total Revenues	<u>12,972,412</u>	

EXPENSES

5	Cost of Goods Sold	8,641,523	
6	Salaries	2,342,092	
7	Office Rents	323,505	
8	Depreciation & Amortization	2,918,860	
9	Travel	276,254	
10	Legal	65,791	
11	Billing Services	22,276	
12	Affiliate Companies	4,367,987	
13	Advertising	1,398,556	
14	Other	5,276,517	
15	Total Expenses	<u>26,229,311</u>	
16	NET INCOME BEFORE TAXES	(14,182,699)	
17	BENEFIT FOR INCOME TAXES	<u>5,443,659</u>	
18	NET INCOME AFTER INCOME TAXES	<u>(\$ 8,739,040)</u>	

CONFIDENTIAL

SOUTHERN COMMUNICATIONS
 CONSOLIDATED STATEMENT OF CASH FLOWS
 YEAR-TO-DATE, JUNE 1996
 (Unaudited)

A

CASH FLOWS FROM OPERATING ACTIVITIES:

1	Net Loss	\$ (<u>8,739,040</u>)
	Adjustments to reconcile net loss to net cash used in operating activities:	
2	Depreciation/Amortization	2,918,860
	Changes in operating assets and liabilities:	
3	Accounts Receivable	(5,807,285)
4	Deferred Income Taxes, Net	(568,949)
5	Prepays and Other Current & Deferred Assets	1,255,281
6	Accounts Payable and Other Accrued	
7	Liabilities	<u>13,504,355</u>)
8	Total Adjustments	(<u>15,706,448</u>)
9	Net Cash Used in Operating Activities	(<u>24,445,488</u>)
	CASH FLOWS FROM INVESTING ACTIVITIES:	
10	Project & Other Capital Investments	(<u>11,541,769</u>)
	CASH FLOWS FROM FINANCING ACTIVITIES:	
11	Additional Capital Contributions	38,069,476
12	Capital Lease	
13	Total Financing	<u>38,069,476</u>
14	INCREASE (DECREASE) IN CASH & TEMPORARY INVESTMENTS	<u>2,082,219</u>
15	CASH & TEMPORARY INVESTMENTS AT 1/1/96	87,781
16	CASH & TEMPORARY INVESTMENTS AT 6/30/96	<u>\$ 2,170,000</u>

- b. A schedule of reported revenues and expenses. Revenues will be identified by source, i.e., affiliated and non-affiliated. Expenses will be classified as relating specifically to either affiliated or non-affiliated customers, or common costs. Expenses believed to be associated with a feature, service or facility which is unique to a specific class of customers will be classified as relating specifically to that class of customers.

	A	B
Affiliated Revenues		
1	Equipment Sales, at Cost	\$ 4,802,772
2	Telecommunications Services	<u>2,251,451</u>
3	Total Revenues, Affiliated Companies	7,053,723
Non-Affiliated Revenues		
4	Equipment Sales	4,320,602
5	Telecommunications Services	<u>657,473</u>
6	Total Revenues, Non-Affiliated Companies	4,978,075
7	Interest Income	<u>14,814</u>
8	Total Revenues	<u>12,046,612</u>
9	Total Expenses	<u>26,224,311</u> **
10	Net Income Before Income Taxes	<u>(\$ 14,182,699)</u>

- ** The Southern Communications' telecommunications system was not fully implemented and operational at the affiliated companies at June 30, 1996. In view of this, and the immateriality and nature of company revenues for 1996 (the majority of which were subscriber unit equipment sales), expenses were not classified between affiliated and non-affiliated customers. Such a classification will be provided for the next required reporting period.

Requested Response to IV.3:

- a. A statement of revenues, distinguishing and setting forth non-associate revenues and revenues derived from each associate company.

	A	B
Affiliated Revenues		
Equipment Sales, at Cost		
1	Alabama Power	\$ 1,235,000
2	Georgia Power	3,197,000
3	Gulf Power	321,000
4	Mississippi Power	12,000
5	Southern Company Svcs.	33,000
6	Southern Nuclear	4,000
7	Total Equipment Sales	<u>5,002,000</u>
Telecommunications Services		
8	Alabama Power	639,000
9	Georgia Power	977,000
10	Gulf Power	294,000
11	Mississippi Power	41,000
12	Southern Company Svcs.	294,000
13	Southern Nuclear	<u>6,000</u>
14	Total Affiliated Revenues	2,251,000
Non-Affiliated Revenues		
15	Equipment Sales	4,321,000
16	Telecommunications Services	<u>657,000</u>
17	Total Non-Affiliated Revenues	4,978,000
18	Interest Income	<u>15,000</u>
19	Total Revenues	<u>\$ 12,046,000</u>

- b. The price charged to associates for each type of service rendered to associates.

20 Prices charged to associate companies for equipment sales were at actual
 21 manufacturer's invoice cost. Prices charged for dispatch and other services
 22 were at market, but substantially below the actual costs incurred by Southern
 23 Communications to provide such services.

- c. A statement as to whether the prices charged to associates were based upon market or cost.

24 N/A, See (b) above.

- d. An explanation of how the market or cost pricing utilized was derived.

25 N/A, See (b) above.

CONFIDENTIAL

Requested Response to IV.4:

a. The actual calculation used to calculate costs.

1 N/A, See IV.1 (b) above.

b. An explanation of how costs were allocated.

2 N/A, See IV.1 (b) above.

c. A description of the rationale and methodology employed in determining allocations of cost.

3 N/A, See IV.1 (b) above.

d. A categorical (associate vs. non-associate) analysis of corporate costs (1) depreciation, (2) outside services, (3) labor costs, (4) administrative and general expenses, (5) cost of capital, (6) costs of goods and materials, and (7) other costs, including an analysis of direct costs and common costs; and

4 N/A, See IV.1 (b) above.

e. An analysis of cost versus market pricing, comparing market pricing for associates to system-wide costs for associates and showing the basis for allocations to the associates. The foregoing information may be included in the report furnished pursuant to 1(b) above.

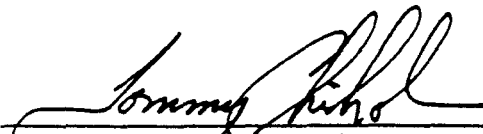
5 N/A, See IV.1 (b) above.

SIGNATURE

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, the undersigned company has duly caused this certificate to be signed on its behalf by the undersigned thereunto duly authorized.

SOUTHERN COMMUNICATIONS SERVICES, INC.

BY:



 Tommy Chilschm
 Corporate Secretary

Dated: August 14, 1996