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[21861001]

Although two Baby Bells showed strong growth in access lines, usage and unregulated business revenue, one reported a modest gain in third-quarter net while the other posted a small drop.

[21861002]

Ameritech Corp.'s earnings increased 2.8%, after strong revenue gains were offset somewhat by refunds and rate reductions imposed by regulators in its Midwest territory.

[21861003]

BellSouth Corp.'s third-quarter earnings dropped 3.8% as a result of debt refinancing, the recent acquisition of a cellular and paging property and rate reductions in its Southeast territory.

[21861004]

BellSouth

[21861006]

For the third quarter, total operating revenue grew 2.6% to \$ 3.55 billion from \$ 3.46 billion.

[21861007]

Total operating expenses increased 3.5% to \$ 2.78 billion from \$ 2.69 billion.

[21861008]

Overall access minutes of use increased 10.3% and toll messages jumped 5.2%.

[21861009]

BellSouth Chairman and Chief Executive Officer John L. Clendenin said three factors accounted for the drop in third-quarter earnings.

[21861010]

The refinancing of \$ 481 million in long-term debt reduced net income by \$ 22 million, or five cents a share, but in the long run will save more than \$ 250 million in interest costs.

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The company previously said that the recent acquisition of Mobile Communications Corp. of America would dilute 1989 earnings by about 3%.

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In addition, earnings were reduced by rate reductions in Florida, Kentucky, Alabama, Tennessee and Louisiana.

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Ameritech

[21861014]

At Ameritech, based in Chicago, customer access lines increased by 402,000, or 2.6%, and cellular mobile lines increased by 80,000, or 62.3%, for the 12-month period ended Sept. 30.

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[21861015]

For the third quarter, revenue increased 1.9% to \$ 2.55 billion from \$ 2.51 billion.

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[21861016]

Operating expenses increased 2.6% to \$ 2.04 billion, including one-time pretax charges of \$ 40 million for labor contract signing bonuses.

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[21861017]

Local service revenue increased 3.5% and directory and unregulated business revenue jumped 9.5%.

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[21861018]

But network access revenue dropped 4% and toll revenue dropped 1.4%.

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