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ORIGINAL
FILE COPY

December 1, 1993

Mr. Steve C. Tribble
Director, Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32301

RE: Docket No. 920260-TL, 900960-TL, 910163-TL, 910727-TL

Dear Mr. Tribble:

Enclosed is an original and fifteen copies of a Southern Bell Telephone and Telegraph Company's Request for Confidential Classification. Please file this document in the above-captioned dockets.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served on the parties shown on the attached Certificate of Service.

Sincerely,

Sidney J. White, Jr. /AS
Sidney J. White, Jr.

Enclosures

cc: All Parties of Record
A. M. Lombardo
H. R. Anthony
R. D. Lackey

RECEIVED & FILED
89

DOCUMENT NUMBER-DATE

12875 DEC-18

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Comprehensive Review of)
the Revenue Requirements and Rate)
Stabilization Plan of Southern)
Bell Telephone and Telegraph)
Company)

Docket No. 920260-TL

In re: Show cause proceeding)
against Southern Bell Telephone)
and Telegraph Company for)
misbilling customers)

Docket No. 900960-TL

In re: Petition on behalf of)
Citizens of the State of Florida)
to initiate investigation into)
integrity of Southern Bell)
Telephone and Telegraph Company's)
repair service activities and)
reports)

Docket No. 910163-TL

In re: Investigation into)
Southern Bell Telephone and)
Telegraph Company's compliance)
with Rule 25-4.110(2), F.A.C.,)
Rebates)

Docket No. 910727-TL

Filed: December 1, 1993

SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY'S
REQUEST FOR CONFIDENTIAL CLASSIFICATION

COMES NOW BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company ("Southern Bell" or "Company"), pursuant to Rule 25-22.006(3)(a) and (4), Florida Administrative Code, and files its Request for Confidential Classification for certain information contained in Staff's Rate Case Audit workpapers.

1. During 1993, Staff conducted audit field work relating to its Rate Case Audit in this docket. This audit has also been referred to as the "1992 Update Audit." Staff has now completed its field work relating to these efforts.

DOCUMENT NUMBER-DATE

12875 DEC-18

FPSC-RECORDS/REPORTING

2. On November 10, 1993 a field audit exit conference was held in Miami, Florida with representatives of both Staff and Southern Bell present. At the field audit exit conference, Staff identified certain documents and information that it desired to include in its audit workpapers to support its audit in this docket. Also at the exit conference, Staff submitted a copy of its Audit Report to Southern Bell in order to afford the Company the opportunity to review the report to determine if it included any proprietary confidential business information.

3. Pursuant to Rule 25-22-006(3)(a) and (4), Florida Administrative Code, Southern Bell is hereby filing its Request for Confidential Classification for certain portions of Staff's Rate Case Audit workpapers. These documents contain information extracted from internal audit reports and related information, information relating to external audits and external auditors' auditing plans and controls, vendor specific contractual information and employee-specific information unrelated to compensation, duties, qualifications or responsibilities.

4. Pursuant to Rule 25-22.006(4)(c), Southern Bell has included three attachments with this filing:

5. Attachment A is a listing showing the location in the subject documents of the information designated by Southern Bell as confidential.

6. Attachment B contains two edited copies of the subject documents with the confidential information deleted. Copies of

Attachment B are not being served on the other parties in this proceeding.

7. Attachment C is a sealed package containing copies of the documents with the material which is confidential and proprietary highlighted. Copies of Attachment C are not being served on the other parties in this proceeding.

RATE CASE AUDIT REPORT

8. No proprietary confidential business information is contained in the Rate Case Audit Report.

RATE CASE AUDIT WORKPAPERS

A. Information Derived from Internal Audits

9. With respect to the portions of the documents contained in the Staff's workpapers for the Rate Case Audit, which are referenced in Attachment A as relating to information derived from internal audit reports, including the specific findings, conclusions, or recommendations contained in such reports, this information is entitled to confidential classification. Such information is expressly deemed to be proprietary confidential business information pursuant to Section 364.183(3)(b), Florida Statutes. Southern Bell has noted the readily identifiable portions of the workpapers which make specific reference to these internal audit findings, conclusions, recommendations and related information and requests that this information as indicated be classified as confidential information, and therefore exempt from the public inspection and examination provisions of Section

119.07(1)(a), Florida Statutes. The auditors extracted this information from a review of the internal audits themselves or from excerpts of such audits and findings found in the workpapers of Southern Bell's external auditors. In either case, since the reports of internal auditors themselves are deemed to be proprietary confidential business information, it logically follows that excerpts taken directly from such reports relating the findings, conclusions and the like is similarly entitled to the same protection. The Commission has previously recognized that this type of information is entitled to confidential classification. PSC-93-1062-CFO-TL, issued September 21, 1993 in these consolidated dockets. Order No. 25297, issued November 5, 1991 in Docket No. 890190-TL, and affirmed in Order No. PSC-92-0135-FOF-TL, issued March 31, 1992.

B. Employee Personnel Information Unrelated to Compensation, Duties, Qualifications or Responsibilities

10. With respect to the portions of the workpapers documents which are referenced in Attachment A as containing employee-personnel information unrelated to compensation, duties, qualifications, or responsibilities, such information is expressly included in Section 364.183(3)(f), Florida Statutes, as proprietary confidential business information. This information includes Company employees' social security numbers. The Commission has consistently classified such personal employee information as confidential information, and has recognized the legitimate privacy interests possessed by such employees as it relates to such information.

C. Audit Strategy, Controls, Work Programs
and Methodologies of External Auditors

11. With respect to the portions of the workpaper documents which are referenced in Attachment A as containing information relating to the auditing strategy, controls, work programs and methodologies used by Southern Bell's external auditors, this information is entitled to confidential classification on the basis that they constitute the proprietary work product of such firm and is considered competitively valuable by these external auditors. Thus, pursuant to Section 364.183(3)(e), Florida Statutes, this information is entitled for confidential classification.

12. These strategies, controls, work programs and methodologies are internally developed by Coopers and Lybrand (C&L), Southern Bell's external auditors, are unique to that firm and collectively represent the firm's audit program. Such information relates to the external auditor's competitive accounting practices and procedures employed to provide its services to clients and is not otherwise publicly available. Consequently, this is information relating to such competitive interests, the disclosure of which would harm C&L's competitive business interests if publicly disclosed. If C&L's competitors were to gain public access to its audit methodologies, C&L would be financially harmed. If the information came into the hands of a C&L competitor, that competitor would have the advantage of knowing a particular audit strategy and work program methodology which has been developed internally by C&L. Without this

information, C&L's competitors would have to spend its own money and resources in order to create similar work strategies and work program methodologies. Therefore, in accord with Section 364.183(e), Florida Statutes, this information should be kept confidential because it relates "to competitive interests, the disclosure of which would impair the competitive business of the provider of the information." The audit workpapers include much of the process-related steps employed by C&L in conducting their review of the Company. According to C&L, the excerpts from the Messages for Attention of Partner (MAPs) disclose the outside auditor's trade knowledge and details of its analytical processes utilized to conduct its review of Southern Bell. The Commission auditors apparently took copious notes from their review of these documents, and have consequently transferred C&L's work product and mental impressions into these notes. The information contained in these documents discloses the blueprint used by C&L to conduct its analyses, and has step-by-step procedures and analytical results from such procedures.

13. This Commission has previously held that such audit strategy and work program methodologies are entitled to confidential classification. PSC-93-1062-CFO-TL, issued September 21, 1993 in these consolidated dockets; Order No. 25297, issued November 5, 1991 in Docket No. 890190-TL; affirmed in Order No. PSC-92-0135-TL, issued March 31, 1992.

D. Vendor Specific Contractual Information

14. With respect to the portions of the workpaper documents which are referenced in Attachment A as containing vendor-specific contractual information, this information is entitled to confidential classification pursuant to Section 364.183(3) and (3)(d), Florida Statutes. The workpapers contain vouchers, leases and other references to vendor-specific pricing negotiated by Southern Bell as well as other details of competitive contracts. Public disclosure of this information would impair the Company's ability to contract for similar goods and services in the future on favorable terms. Southern Bell often has opportunities to negotiate bulk discounts or other favorable pricing with its vendors. These vendors require that the terms of these contractual arrangements be kept confidential in order to avoid undue pressure from other customers to reduce prices. Through public disclosure of such contractual information, these vendors providing crucial products and services to Southern Bell could likely react by increasing Southern Bell's prices rather than lower all other potential customers' prices for similar services or products. If vendor-specific information were subject to public disclosure, these vendors may withhold valuable information regarding proprietary product or service capabilities which must be available for proper evaluation by Southern Bell to fully analyze proposals from vendors in future negotiations. Moreover, if other vendors had access to the prices Southern Bell is currently paying for its services, such vendors would be in an

unfair bargaining position relative to Southern Bell in future contract negotiations. Any of these results would cause harm to Southern Bell in its operations and could tend to increase the Company's cost of doing business which, in turn, would be harmful to Southern Bell's ratepayers. Thus, Section 364.183(3)(d), Florida Statutes provides that this information is proprietary confidential business information exempt from the public inspection and examination provisions of Section 119.07(1), Florida Statutes. Finally, pursuant to private agreements entered into with its vendors, Southern Bell is under an obligation not to release this information to the public. Section 364.183(3), Florida Statutes, specifically provides that proprietary confidential business information includes information possessed by the Company which is subject to existing non-disclosure agreements with third parties, which if released, could be harmful to the Company.

E. Company Credit Card Account Information

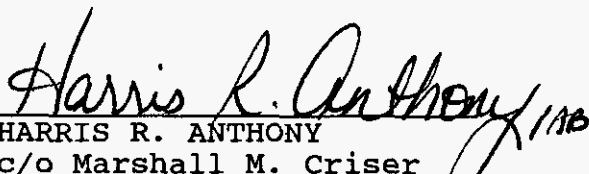
15. With respect to the portions of the documents which are referenced in Attachment A as relating to corporate credit card account numbers, this information is entitled to confidential classification pursuant to Section 364.183(3) and (3)(c), Florida Statutes. Public disclosure of Southern Bell's corporate credit card account numbers could result in damage to Southern Bell through credit card fraud. In order to maintain the security of these credit card accounts, the account numbers contained in the workpaper documents should be afforded confidential


classification. Credit card fraud is a serious problem and one that is facilitated through unauthorized access to account number information. Southern Bell maintains these credit card accounts as confidential, and does not publicly share account information with parties other than legitimate providers of services or products which are procured through use of such corporate credit cards.

WHEREFORE, based on the foregoing, Southern Bell moves the Prehearing Officer to enter an order declaring the information described above and contained in the indicated portions of the attachments to be confidential proprietary business information, and thus not subject to public disclosure.

Respectfully submitted this 1st day of December, 1993.

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AND TELEGRAPH COMPANY


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ATTACHMENT "A"
FPSC DOCKET 920260-TL
RATE CASE AUDIT-- 92 UPDATE WORKPAPERS
JUSTIFICATION FOR CONFIDENTIALITY REQUEST
TO BE FILED NOVEMBER 23, 1993

REASONS FOR PROPRIETARY CLASSIFICATION

- A. This information relates to internal audit controls and reports of internal auditors and includes information consisting of, or which incorporates, specific findings, conclusions, or recommendations from internal audits and/or workpapers of internal auditors. The information from internal audits should be treated as confidential because Section 364.183, Florida Statutes, cites internal audits as an example of the type of information that should be accorded confidential treatment.

- B. This information reflects employee personnel information unrelated to compensation, duties, qualifications or responsibilities. As such, this information is classified as confidential business information pursuant to Section 364.183, Florida Statutes, and is exempt from the Open Records Act.

- C. This information relates to the audit strategy, controls, work programs and methodologies of external auditors, Coopers & Lybrand, to perform their audits of BellSouth. These audit strategies, controls, work programs and methodologies are internally developed by Coopers & Lybrand and represent Coopers & Lybrand's audit program. Public release of this information would cause competitive harm to Coopers & Lybrand. Making this information public would provide these strategies, controls, work programs and methodologies to others "free of charge". PSC-93-1062-CFO-TL, issued September 21, 1993 held that Coopers & Lybrand's audit program is confidential.

- D. This information reflects vendor specific contractual pricing negotiated by Southern Bell. Public disclosure of this information would impair Southern Bell's ability to contract for goods and/or services on favorable terms. Pursuant to Section 364.183, Florida Statutes such information is classified as proprietary, confidential business information which is exempt from the Open Records Act.

- E. This information contains corporate credit card account numbers and is entitled to confidential classification pursuant to Section 364.183(3) and (3)(c), Florida Statutes. Public disclosure of Southern Bell's corporate credit card account numbers could result in damage to Southern Bell through credit card fraud.

**ATTACHMENT A
FPSC DOCKET 920260-TL
RATE CASE AUDIT-- 92 UPDATE WORKPAPERS**

**JUSTIFICATION FOR CONFIDENTIALITY REQUEST
LOCATION OF PROPRIETARY MATERIALS**

F01B97W 0000056	8-17	C
056	30-41	A
058	17-20	C
059	6-12, 16-28, 32-39	C
060	1-10, 12-27, 30-36	C
061	31-34	A
062	1-3, 9, 10, 15-18, 32-35	C
063	1-6, 12-15, 20-24, 32-35, 39-41	C
064	14-16, 20-23	C
064	29-39	A
065	1-8, 22-33	C
066	9-22, 28-40	C
067	1-7	C
067	14-24	A
069	35	C
070	12-27	C
071	1-6, 16-33, 39, 40	C
072	1-11	C
073	4-16, 22-25, 33, 34	C
074	9, 16-19, 25-27, 37	C
075	5, 6, 23-26, 33-41	C
076	10-13	C
077	10-14, 22-36	C
080	32-40	A
082	4-27, 29-39	A
083	1-21	A
084	3-5	C
084	26-43	A
085	1-38	A
086	1-41	A
087	1-15, 19-41	A
088	1-4, 6-10, 15-18	A
095	30-42	C
097	11-17	C
104	4-26, 37-42	C
109	15-23, 36-41, 49	A
110	7, 17-19, 31	A
111	7-27, 35-51	A
112	11-26, 32-36, 42	A
113	7-18, 25-47	A
114	8-10, 17, 24, 38-47	A
115	6, 13-22, 29-39	A
116	8-21, 28-44	A
117	9, 16-22, 31	A

ATTACHMENT A
FPSC DOCKET 920260-TL
RATE CASE AUDIT-- 92 UPDATE WORKPAPERS

JUSTIFICATION FOR CONFIDENTIALITY REQUEST
LOCATION OF PROPRIETARY MATERIALS

F01B97W 0000118	7-24,31-43	A
119	15-19,26-46	A
120	9-29,41-53	A
121	6,7,20-53	A
122	9-11,20-23,31,43	A
123	7-11,19-24,34,42,43	A
124	6-8,19,23,26-33	A
125	10-19,28,30,31,38-42	A
126	14,20	A
127	9,21,28	A
128	11-16	A
129	7-21,27-35	A
130	7-16,24-29,35-39	A
131	7-11,19-22,27,31-34	A
132	8-16,23-39	A
133	8-10,15-25,39-47	A
134	4,6,11-24,30-39	A
135	10,17,24-31,39-44	A
136	8-19,26-31,41-53	A
137	7,10,19-30,44-53	A
138	7-16,23,28,36,46	A
139	6,16,17,23,29,36-38	A
140	10,17-29,35	A
141	5-28,36-57	A
142	4-9,15-26,32,35-37,47,48	A
143	7-10,17-21,30-33,39,44,45,47	A
144	8-13,19,25-29,35-42	A
145	9-26	A
146	8-12,24,25,34,40	A
147	9,10,18-22,27,31-35	A
148	5-11	A
210	18	B
212	16,17	D
213	16,17	D
214	16-18	D
226	14,22-30	D
226	19	B
227	1,2	D
229	15-19,22-26	D

ATTACHMENT A
FPSC DOCKET 920260-TL
RATE CASE AUDIT-- 92 UPDATE WORKPAPERS

JUSTIFICATION FOR CONFIDENTIALITY REQUEST
LOCATION OF PROPRIETARY MATERIALS

F01B97W 0000230	7,10,11	D
240	9,11	B
242	20,36	E
270	COLUMNS K,O	B
271	19,35,51	B
272	COLUMN A	B
273	2	B
275	4,8,15,17	D
277	COLUMNS E,F	D
283	20	B
290	18,28,31	D
290	26	B
291	54-56	D
295	11,18,29	D
295	16	B
296	COLUMNS E,F	D
297	COLUMNS F,G	D
298	COLUMNS E,F	D
301	18	B
395-442	COLUMN A	B
1201	COLUMN E	E
1202	COLUMN E	E
1279	19	B
1292	15	E
1293	15,30	E
1294	15,30	E
1307	COLUMNS C,D	D
1308	COLUMNS C,D	D
1309	COLUMNS C,D,E	D
1310	COLUMNS C,D	D
1311	COLUMNS C,D	D
1312	COLUMNS C,D,E	D
1314	COLUMNS C,D	D
1315	COLUMNS C,D,E	D
1316	COLUMNS C,D	D
1317	COLUMNS C,E	D
1319	COLUMNS C,D,E,F	D
1320	COLUMNS C,D,E,F	D
1321	COLUMNS D,E	D
1325	REF # COLUMN	B
1325A	SOCIAL # COLUMN	B
1343A	SOCIAL # COLUMN	B
1426A	SOCIAL # COLUMN	B
1430	REF # COLUMN	B

ATTACHMENT A
FPSC DOCKET 920260-TL
RATE CASE AUDIT-- 92 UPDATE WORKPAPERS

JUSTIFICATION FOR CONFIDENTIALITY REQUEST
LOCATION OF PROPRIETARY MATERIALS

F01B97W 0001434	COLUMN D	D
1435-1439	COLUMN C	D
1440	COLUMN C,D	D
1441	COLUMN C	D
1442	COLUMN C	D
1448	BOX E TOTAL AMOUNT	D
1448	BOX E SOCIAL SECURITY	B
1448	BOX D SOCIAL SECURITY	B
1450A	SOCIAL # COLUMN	B
1451	SOCIAL # COLUMN	B
1453	BOX H,I	B
1455	20,35	E
1516	BOX E TOTAL AMOUNT	D
1516	BOX D,E	B
1518	FIXED CHARGE, AMOUNT COLUMNS	D
1523	FIXED RENTAL, LEASE RATE COLUMNS	D
1526	20	B
1527	20	B
1529	10,15	E
1532	BOX E,F	D
1532	BOX D,E	B
1533-1535	RATE, AMOUNT COLUMN D	D
1538	20	B
1538	7,9,11,13,15,17,19	D
1540-1548	COLUMNS C,D	D
1551	20	B
1551	7,9,11,13,17,19	D
1553-1559	COLUMNS C,D	D

ATTACHMENT "B"

Two copies of the document with the confidential information deleted.

ATTACHMENT "C"

One copy of the document with the material which is confidential and proprietary highlighted.

CERTIFICATE OF SERVICE

**Docket No. 920260-TL
Docket No. 900960-TL
Docket No. 910163-TL
Docket No. 910727-TL**

I HEREBY CERTIFY that a copy of the foregoing has been
furnished by United States Mail this 1st day of December, 1993 to:

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