

ORIGINAL



# Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: May 21, 1999

TO: Division of Legal Services (Beth Keating)

FROM: Division of Auditing and Financial Analysis (Freeman, Vandiver)

RE: Dockets 980946, 980947, 980948, 981011, 981012, 981250 -- Recommendation concerning confidential status of audit working papers, audit reports, and exhibits to the testimony of auditors' Welch and Young

This memorandum supersedes staff's May 13, 1999, recommendation on this matter in response to additional utility filings.

### History

An audit exit conference for these cases was held with BellSouth on March 25, 1999.

On March 23 and 24, 1999, staff filed 13 confidential volumes of working papers associated with these cases (Documents 03761-99, 03762-66, 03763-99, 03842-99, 03843-99, 03783-99, 03784-99, 03776-99, 03777-99, 03846-99, 03847-99, 03848-99, and 03780-99). The utility has filed for confidential protection for these working papers on April 9, 1999 and amended its filing on April 16, 1999. The utility filing included copies highlighting the confidential information (Document 04632-99) and copies redacting the confidential information (Document 04633-99).

On March 23 and 24, 1999, staff filed 6 confidential audit reports in these cases (Documents 03841-99, 03845-99, 03779-99, 03760-99, 03782-99 and 03775-99). These audit reports and above-mentioned portions of the staff working papers were identified as confidential by BellSouth at the audit exit conference.

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On April 9, 1999, staff filed the testimony and exhibits of staff auditors Welch and Young (Documents 4605-99 and 4607-99). The exhibits of the auditors' testimony contain copies of the staff audit reports as well as copies of several working papers and were filed by the staff as confidential documents. In response, BellSouth has filed for confidential protection for these documents on April 30, 1999, as amended on May 18, 1999. The utility filing included copies highlighting the confidential information (Document 05523-99) and copies redacting the confidential information (Document 05524-99).

On April 15, 1999, the Commission issued order PSC 99-0717-PCO-TL which prohibited distribution of BellSouth proprietary information absent a Commission Order.

DOCUMENT NUMBER - DATE

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FPSC-RECORDS/REPORTING

These audit reports, working papers and exhibits to the auditor's testimony are being held as confidential pending a ruling by the Prehearing Officer.

All audit information scheduled for use in the upcoming case hearing is contained in the exhibits to the testimony of staff auditors Welch and Young; therefore, this recommendation is restricted to only these exhibits. The confidential nature of this information is discussed within BellSouth's filing made on April 30, 1999, and as amended on May 18, 1999.

### Contents of the April 30, 1999 BellSouth Filing, as Amended May 18, 1999

BellSouth's filing for confidential protection covers not only information provided through prefiled testimony and exhibits from staff auditors Welch and Young but also confidential filings from other parties. Once again, this analysis and recommendation addresses only the information provided by the staff auditors.

Specifically, BellSouth filed for confidential protection for the following types of audit information:

#### A) Detailed Central Office Floor Plans

**BellSouth, in part, reports; "...These offices have limited access and are the central focal point of telecommunications in their geographic location. Public disclosure of this information would impair BellSouth's ability to keep these offices and the communications network secure...." Section 364.183(3)(c), F.S., allows security measures to be held as confidential and exempt from public access.**

#### B) Customer Specific Information

**BellSouth reports; "This information contains customer specific information that is entitled to confidential classification pursuant to Section 364.183, Florida Statutes." Staff notes the Commission has held a long standing policy to protect customer specific information.**

#### C) Information reporting trade secrets and competitive marketing strategies

**BellSouth, in part, reports; "...The release of this information would potentially damage BellSouth in that this would allow BellSouth's competitors to have free access to intellectual property which was developed at significant expense to BellSouth...." Section 364.183(3)(e), F.S., allows competitive information, the release of which would cause harm, to be held as confidential and exempt from public access.**

**Confidential Classification Period**

The utility's filing for confidential protection for portions of the staff exhibits does not specify a confidential classification period. Absent cause shown for allowing a longer term, Section 364.183(4), F.S., limits the term of protection to 18 months. Therefore, we recommend that any confidential classification period granted for these materials used at the hearing be limited to 18 months.

**Items Not Addressed by the Utility's Request**

The utility's filing for confidential protection does not address portions of the information contained in the staff auditors' exhibits and the utility has not filed "public use copies" for all pages in these exhibits. We have recommended that information be declassified wherever BellSouth's filing is silent.

**Items in the public record**

We note that one item was found in the public record. We are advised that measures will be taken to remove that document from the public record; however, as of the date of this memorandum, those measures have not been taken. We recommend accordingly.

**Staff Recommendation**

As found, and as discussed above, we recommend the utility's filing for confidential protection for portions of Documents 04605-99 and 04607-99 be approved for 18 months as follows:

Page	Lines	Recommendation	Reason
Documents 04605-99 and 05523-99			
Exhibit K LW-1 Pages 1-28	All	Declassify	BellSouth has not filed for confidential protection for this information.
Exhibit K LW-2 Pages 1-31	All	Declassify	BellSouth has not filed for confidential protection for this information.
Exhibit K LW-3 Pages 1-26	All	Declassify	BellSouth has not filed for confidential protection for this information.
Exhibit K LW-4 Pages 1-3	All	Declassify	BellSouth has not filed for confidential protection for this information.

Page	Lines	Recommendation	Reason
Documents 04605-99 and 05523-99			
Exhibit K LW-4 Page 4	All	Grant	This page refers to the 2 page Detailed Boca Raton Boca Teeca Central Office Floor Plan; Document 03842-99, work paper 16-1 (2 pages). This floor plan reveals sensitive information pertaining to plant security and therefore is confidential information.
Exhibit K LW-4 Page 5	All	Declassify	BellSouth has not filed for confidential protection for this information.
Exhibit K LW-4 Page 6	All	Grant	This page refers to the 2 page Detailed North Dade Golden Glades Central Office Floor Plan; Document 03846-99, work paper 16 (2 pages). This floor plan reveals sensitive information pertaining to plant security.
Exhibit K LW-4 Pages 7-11	All	Declassify	BellSouth has not filed for confidential protection for this information.
Documents 04607-99 and 05523-99			
Exhibit R KY-1 Pages 1-31	All	Declassify	BellSouth has not filed for confidential protection for this information.
Exhibit R KY-2 Pages 1-17	All	Declassify	BellSouth has not filed for confidential protection for this information.
Exhibit R KY-2 Pages 18-19	All	Grant	These documents reveal sensitive information pertaining to plant security.

Page	Lines	Recommendation	Reason
Documents 04607-99 and 05523-99			
Exhibit RKY-2 Pages 20-33	All	Declassify	BellSouth has not filed for confidential protection for this information.
Exhibit RKY-3 Pages 1-30	All	Declassify	BellSouth has not filed for confidential protection for this information.
Exhibit RKY-4 Page 1	All	Declassify	BellSouth has not filed for confidential protection for this information.
Exhibit RKY-4 Page 2	4	Grant	This data pertains to specific customer information.
Exhibit RKY-4 Page 3	All	Declassify	BellSouth has not filed for confidential protection for this information.
Exhibit RKY-4 Page 4	6	Grant	This data pertains to specific customer information.
Exhibit RKY-4 Pages 5-37	All	Declassify	BellSouth has not filed for confidential protection for this information.
Exhibit RKY-4 Pages 38-76	All	Grant	This information contains information pertaining to the competitive business of BellSouth. Release of this information to the public would harm the competitive business of BellSouth
Exhibit RKY-4 Page 77	All	Declassify	BellSouth has not filed for confidential protection for this information.

July 21, 1999

Memorandum for the Director  
BellSouth Collocation Audits  
Page 6

Page	Lines	Recommendation	Reason
Documents 04607-99 and 05523-99			
Exhibit RKY-4 Page 78	All Redacted Areas	Pending	This information can be found in the public record.
Exhibit RKY-4 Page 79-81	All	Declassify	BellSouth has not filed for confidential protection for this information.

For a limited time, a copy of this recommendation will be retained at I:05523-99.RAF.

CC: Division of Financial Analysis (Wright, Welch, Wilson, Pelt)  
Division of Records and Reporting (M. Sanders)