

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 920260-TL
Filed: November 8, 1993

DIRECT TESTIMONY

OF

R. EARL POUCHER

On Behalf of the Citizens of The State of Florida

CONFIDENTIAL

Jack Shreve
Public Counsel

Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street
Room 812
Tallahassee, FL 32399-1400

(904) 488-9330

Attorney for the Citizens
of the State of Florida

NO REGULATORY-MEDIA
STATE LEGAL
AND

FAX _____ FED. X

DOCUMENT NUMBER-DATE

12864 DEC-18

FPSC-RECORDS/REPORTING

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

DIRECT TESTIMONY

R. EARL POUCHER

FOR

OFFICE OF PUBLIC COUNSEL

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 920260-TL

Q. Please state your name, business address and title.

A. My name is R. Earl Poucher. My business address is 111 West Madison St., Room 812, Tallahassee, Florida 32399-1400. My title is Legislative Analyst.

Q. Please state your business experience.

A. I graduated from the University of Florida in 1956 and I was employed by Southern Bell in July 1956 as a supervisor-trainee. I retired in 1987 with 29 years of service. During my career with Southern Bell, I held positions as Forecaster, Gainesville; Business Office Manager, Orlando; District Commercial Manager, Atlanta; General Commercial-Marketing Supervisor, Georgia; Supervisor-Rates and Tariffs, Florida; District Manager-Rates and Tariffs, Georgia; General Rate Administrator, Headquarters; Division Staff Manager-- Business Services, Georgia; Profitability Manager-Southeast Region, Business Services; Distribution Manager-Installation, Construction & Maintenance, Pensacola and LATA Planning Manager-Florida. In addition, I was assigned to AT&T in 1968 where I worked for three years as Marketing Manager in the Market and Service Plans organization. I joined the Office of Public Counsel in October 1991.

1 Q. Have you ever appeared before this Commission?

2 A. Yes I have. I testified on behalf of Public Counsel in United Telephone's Docket
3 No. 910980 on rate case matters and Docket No. 910725 on depreciation
4 matters, in GTE Docket 920188-TL on Inside Wire activities, and BellSouth's
5 depreciation Docket No. 920385-TL. In addition, as an employee of Southern
6 Bell I testified in rate case and anti-trust dockets before the Public Service
7 Commissions in Georgia and North Carolina.

8 Q. What is the purpose of your testimony?

9 A. The purpose of my testimony is to recommend to the Commission that it
10 abandon the existing BellSouth Rate Stabilization Trial and apply traditional rate
11 of return standards to the company.

12 Q. What is the basis of your proposal to return to traditional rate base regulation?

13 A. The time for experiments is past. The Rate Stabilization Trial should be
14 abandoned by the Commission and the company should be regulated under
15 traditional rate base regulation. The Rate Stabilization Trial has contributed to
16 a management mind-set in Southern Bell that encouraged the widespread abuse
17 of customers and the falsification of reports to this Commission. Southern Bell
18 was motivated during the Rate Stabilization Trial to produce higher earnings
19 while creating the false impression that the company was continuing to provide
20 high quality service. The company mismanaged both its maintenance and sales
21 responsibilities during the Rate Stabilization Trial and it should not be rewarded
22 by continuation of this regulatory experiment.

23

24 During the Rate Stabilization Trial, the company has failed to keep pace in
25 Florida with the improvements in the quality of service and the efficiency of

1 operations that others have been able to achieve under traditional regulation.
2 Today, the company's performance is declining and its costs per access line
3 have failed to improve as much as others have been able to achieve.

4
5 The company's current problems can be traced to the early days of the Rate
6 Stabilization Trial when management over-emphasized the financial goals of the
7 company at the expense of its service responsibilities. Southern Bell went
8 "over the edge" by force reductions that were over-ambitious. The company
9 reduced the ongoing investment required to maintain high quality service.
10 Southern Bell's Florida management demanded that their people deliver
11 acceptable results and failed to provide the resources with which to do so. The
12 end result was the compromise of the integrity of a large number of employees
13 during the Rate Stabilization Trial and a current rebuilding effort to expand the
14 work force required to bring service back up to acceptable levels. (Exhibit REP-
15 2, Pg. 1)

16
17 From the standpoint of the Florida consumers, the Rate Stabilization Plan fell
18 far short of reaching the goals intended by this Commission and instead,
19 produced a "negative dividend" that penalized its customers. The major
20 impacts resulting from the implementation of the Rate Stabilization Plan are as
21 follows:

- 22 (1) It produced a large group of customers who were abused by
23 company practices which resulted in maximized company profits and
24 false quality of service reports filed with the Commission.

25

1 (2) Based on procedures that violated company practices, the
2 company's management personnel were able to enjoy excessive and
3 undeserved salary bonuses while turning their backs on clear evidence
4 that customers were being cheated and repair reports were being
5 falsified and manipulated.

6
7 (3) The company's stockholders enjoyed higher return on their
8 investment than justified by traditional regulation during the conduct of
9 the Rate Stabilization trial, again, at the expense of the general customer
10 body.

11
12 (4) The company was never able to achieve earnings it could "share"
13 with its customers, despite the fraudulent sales and false service reports
14 to the PSC. Rate stability was the only benefit that accrued to the
15 customers, but this was the norm for Florida LECs during the past five
16 years.

17 Q. Why do you say the Rate Stabilization Plan produced the "negative dividend"?

18 A. I have already produced extensive testimony in Docket 900960-TL that clearly
19 demonstrates during the Rate Stabilization Trial, the company allowed its
20 employees to engage in outright fraud by adding additional services to customer
21 bills which were not ordered by its customers. Further, the company's
22 business office sales contacts continued to take advantage of customers and
23 abuse their rights as the company pursued its financial goals with greater
24 emphasis than service goals.

25

1 In my testimony in Docket 919163-TL, I have described for you the ways in
2 which the company allowed its maintenance organization to falsify repair
3 records and file false and misleading reports with the PSC.

4

5 In both of the above dockets, we have shown how higher management ignored
6 clear and compelling signals that company employees were engaging in the
7 above activities. These signals were largely ignored until such time as the
8 company was forced to acknowledge its problems and belatedly begin to
9 implement new standards and controls to eliminate widespread abuse.

10

11 As soon as the company began to deal with its problems in repair and sales, it
12 began to experience a decline in customer service.

13

14 These factors are all connected and relate to one another:

15 --Incentive Regulation (1988)

16 --Falsification of repair records (1985-1993)

17 --Fraudulent and abusive sales (1985-1993)

18 --Overly aggressive force reductions (1988-1991)

19 --Discipline of hundreds of employees (1992)

20 --Declining levels of service (1992-1993)

21 --Company forced to reverse previous reductions in maintenance
22 employees(1992-1993)

23 **Q. Have you produced an exhibit that demonstrates the major events that occurred**
24 **during the Incentive Regulation Trial and the company's performance in meeting**
25 **the PSC objectives for clearing out of service troubles?**

1 A. Yes. Exhibit REP-1a through REP-1f demonstrate how incentive regulation
2 impacted the company. Exhibit 1a shows the beginning of the Rate
3 Stabilization Trial when the reported results were generally above objectives
4 and top management was advising Florida managers that they needed to stay
5 there. At the same time, the Florida maintenance staff was implementing
6 changes to make it easier to meet the objectives. (Exhibits REP-3)

7
8 In 1989, (REP 1b) reported results improved and the company refused to
9 investigate reports of falsification in repair centers because the individual
10 reporting the falsification would not produce documents to prove it.

11
12 By late 1990, the reports of falsification of repair records was out of control.
13 The company Security Department found falsification of repair records in
14 investigations that were limited to North Dade and Gainesville. They also found
15 indications that seven of the 14 Maintenance Centers may have been
16 manipulating Test OK troubles in order to improperly build the base. (REP-1c)

17
18 In 1991, with pressure mounting from the Attorney General, the PSC and
19 Public Counsel, the company conducted an extensive investigation. By the
20 middle of 1991, PSC results were beginning to drop. (REP 1d)

21
22 In March, 1992, over one third of the management with maintenance
23 responsibilities were disciplined as a result of the investigation. From this point,
24 the reported results to the PSC began to drop significantly below objectives.
25 (REP-1e)

1 By 1993, the company had started to rebuild its maintenance forces, but the
2 necessity for honest reporting and an inadequate force produced unsatisfactory
3 results throughout the year in the repair of Out of Service troubles within the
4 24-hour objective. (REP-1f)

5

6 Q. How did the company's repair activities impact customers during the Rate
7 Stabilization Trial?

8 A. During the Rate Stabilization Trial, the company maintenance forces engaged
9 in a wide variety of practices which subverted existing quality of service
10 standards required by Commission rule. The company was thereby reporting
11 acceptable levels of service to the PSC while actually delivering a lower level
12 of service to its customers.

13 Q. Please describe the climate that existed in the maintenance organization at that
14 time.

15 A. When the company entered into the Rate Stabilization Plan with the PSC in
16 1989, it basically agreed to certain rate changes and to maintain service at
17 satisfactory levels. As an incentive, it was allowed to share revenues above
18 certain allowed rates of return with its customers. The company had made
19 significant efforts in the early 1980's to introduce new and better outside plant
20 facilities and procedures and its overall level of service was perceived to be
21 satisfactory. The major challenges to the company came from managing the
22 load during bad weather and in meeting PSC standards, particularly in the area
23 of timely repair of Out-of-Service trouble reports.

24

25 With the advent of the Rate Stabilization Plan, the company was motivated to

1 reduce expense to produce higher earnings and to maintain existing levels of
2 service. The company did just that. It reduced expense by imposing large cuts
3 in its craft and management forces. Its management personnel were given flat
4 ultimatums to maintain PSC service standards. It is my opinion that lower
5 management delivered exactly what higher management had demanded--the
6 appearance of good service. But in order to do so, it was necessary for them
7 to compromise the system at the expense of its customers.

8 Q. So, the result of these actions was that the company reported good results to
9 the PSC and the customers actually received lower levels of service?

10 A. Yes, the company went to extreme lengths to avoid having trouble reports fall
11 into the category that would count against them with the PSC objective interval
12 for the repair of Out-of-Service troubles. This was the single measurement
13 among all of the PSC objectives which was most difficult to achieve. In
14 compromising the system and company directives, the company was able to
15 avoid missing the PSC objective, but it also failed to provide refunds to
16 customers as required by PSC rules when service was out of order beyond the
17 24-hour time period. So the PSC was not only deceived, but customers were
18 cheated.

19
20 BellSouth personnel, when required to do so to meet objectives, have followed
21 procedures which produced bad service for customers and the appearance of
22 good statistical results for the company in fulfilling PSC standards. These
23 activities accelerated during the Rate Stabilization Trial and culminated in
24 extensive internal investigations and discipline.

25

1 Q. Was higher management aware of the extent of the deviations which were
2 occurring in the test centers?

3 A. It is my opinion that under the incentive regulation plan the focus of the
4 corporation was on higher profits, force cuts and maintaining results that were
5 required by the PSC. Higher management had to be aware of the shortcuts
6 that were being taken in the maintenance centers and we have submitted
7 testimony in the Repair Docket that supports our position.

8 Q. Why do you connect the defalcations in the repair centers and in sales with
9 Incentive Regulation?

10 A. I believe the evidence in both Dockets--Repair and Sales--is overwhelming.
11 These things happened within the largest and most respected telephone
12 company in Florida. You must ask yourselves, "What was it that caused a
13 good company to go astray?" One could easily point to ambitious management
14 and identify that as the source of the problem. But Florida's Southern Bell
15 operations team has always been directed by very ambitious, aggressive
16 managers. Within the Southern Bell management structure, Florida has always
17 been the proving ground where top executives made their marks. That
18 includes, the current BellSouth Telecommunications president, Duane
19 Ackerman, who started with the company as a trainee in Orlando.

20
21 There had to be something different during the late 1980's and into the 1990s
22 that caused higher management to turn its back on deviant behavior. There
23 had to be something other than ambitious or aggressive management.

24
25 What was different in Southern Bell's Florida scenario is that it was the first _

1 state to achieve revision of the traditional rate base regulation with a new plan
2 that allowed the company the opportunity to earn up to 16% return on equity.
3 The company started at ground zero in January 1988 and it was given the
4 opportunity to achieve 16% earnings through higher motivation and better
5 management.

6

7 Right out of the starting gate, the company reduced its maintenance
8 organization in 1988 by 524 people, the largest single cut in any single year.
9 (Exhibit REP-2) Below is the change in maintenance headcount from 1985 to
10 present:

11	1986	- 74
12	1987	-119
13	1988	-524
14	1989	- 97
15	1990	-165
16	1991	-149
17	1992	+241
18	1993	+209

19 It is my belief that the Florida management team seriously miscalculated its
20 ability to cut the budget and still provide quality service in 1988. Exhibit REP-2
21 shows the extent of the reduction of forces through the end of 1991, with
22 permanent force additions required in 1992 and 1993.

23 Q. But didn't Hurricane Andrew impact the force levels?

24 A. The company does not normally add permanent employees due to storms. The
25 added load due to hurricanes and storms has been historically made up from -

1 borrowed employees, contract employees, temporary employees and additional
2 overtime. The permanent force additions required in Florida are needed to
3 improve service because they are failing to meet PSC standards, not simply
4 because of the hurricane.

5 Q. Why didn't results go down immediately in 1988 when the company reduced
6 its maintenance employees so significantly?

7 A. There are two reasons why results didn't go down immediately. First, no one
8 knows what Southern Bell results have been for the past five years during the
9 Rate Stabilization Trial. There is no room for failure within the management
10 structure of Southern Bell. Company personnel vividly describe the "Shoot the
11 messenger" mentality that exists among higher management. Given the
12 mandate to maintain existing levels of service, lower management produced
13 exactly what was asked for, through sharp pencils, devious math, crazy logic
14 and when nothing else would work--outright fraud.

15

16 The second reason why results didn't plummet immediately is what I describe
17 as the "big boat" problem. Southern Bell is like a gigantic battleship. Change
18 is inexorably slow. You can't stop on a dime or steer left or right
19 instantaneously. Executive decisions trickle down through the 18,000
20 employees via committees and practice changes and directives and through
21 company publications. It takes years before a commitment to spend more or
22 to spend less results in better or worse service.

23

24 The reduced levels of service in late 1992 and throughout 1993 were the
25 product of the company's decisions to reduce the maintenance forces and to

1 hold back on rehabilitation of outside plant years earlier. By this time, the
2 mistakes had been recognized, employees were being added, and the rehab
3 budget was increased sharply. Ultimately, the proper balance will be achieved,
4 but it will take time.

5 **Q. What other evidence do you have that the company's force reductions caused**
6 **poor service?**

7 **A. Probably the best example came from Shirley Perring's deposition by the**
8 **Attorney General where she told about how she documented the need for 15**
9 **additional technicians in her South Florida maintenance group in 1990 and she**
10 **was told by her Operations Manager that she would have to work more**
11 **productively. At the time, she had the highest productivity in the area. (Pg. 59-**
12 **60) Ms. Perring could not understand why they continued to reduce the force**
13 **when there weren't enough people to do the job.**

14
15 The company continued to slice its maintenance forces by eliminating 165
16 technicians in 1990 and an additional 149 technicians in 1991. So going into
17 Hurricane Andrew, the company's maintenance forces were stretched to the
18 limit and service was already beginning to deteriorate. (See Exhibit REP-4,
19 Monthly Report Rate, Exhibit REP-5, Repeat Reports, Exhibit REP-6, Annual
20 Average Not Cleared Under 24 Hours)

21 **Q. Doesn't the company maintain that its service problems result from Hurricane**
22 **Andrew and that it's integrity problems were caused by just a "few bad**
23 **apples"?**

24 **A. Certainty, the company will attempt to blame its problems on external factors**
25 **and minimize the amount of its fraud, manipulations and customer abuse.**

1 However, the company can't sweep under the rug the report of the Statewide
2 Grand Jury. It cannot describe the largest discipline problem in the history of
3 the company as "just a few bad apples." Many, many customers were abused
4 and the PSC was deceived.

5

6 In the case of Hurricane Andrew, the results of Hurricane Andrew were
7 eliminated from the reported results and Florida still looks bad.

8 **Q. How would you describe Florida quality of service results during the Rate
9 Stabilization Trial?**

10 **A. I can't describe the Florida results during this time period because company
11 management was directing the falsification of reports that manipulated the data
12 sent to this Commission.**

13 **Q. Are there any conclusions you can draw at all?**

14 **A. Even if there were no manipulation of the results, Florida's maintenance results
15 have not kept pace with the improvements realized in other states. By almost
16 every measure, the company is falling behind the other states.**

17 **Q. But service has been improving, has it not?**

18 **A. During the early periods of the Rate Stabilization Trial, service results were flat
19 for Southern Bell in Florida and in late 1992 and throughout 1993 they
20 declined. Meanwhile, the other Southern Bell states generally experienced
21 improving levels of service. Generally, in Southern Bell, and in other
22 companies, improved quality of both cable and switching equipment has been
23 producing improved levels of service. This has not happened in Florida, and I
24 would fault the reductions in employees and the curtailment of the rehabilitation
25 program as the primary reasons.**

1 Q. What indicators show that the quality of service is declining in Florida?

2 A. My Exhibit REP-4, shows the increase in the report rate that has been rising
3 every year in Florida since 1988. When Frank Skinner, the Chairman of the
4 Board, released the details of the 1992 incentive compensation plan (EXCEL)
5 for the company, he described why one of the key measurements used in this
6 program was the report rate:

7

8 "Total Customer Trouble Report Rate is included as one of the EXCEL
9 measurements because of its importance as an indicator of the reliability
10 of customer's service. It is a simple, tangible measurement that is easily
11 understood. Improved trouble rate performance links directly to more
12 reliable customer service."

13

14 Prior to 1988, the Florida report rate was declining and service was improving.
15 The report rate has gone up every year since the beginning of Incentive
16 Regulation and service has been deteriorating. Once the leader among
17 BellSouth's nine states, Florida dropped to the bottom of nine states in both
18 1992 and 1993 in its EXCEL results. (See Exhibit REP-7 and 8) Florida's
19 performance would have been worse had adjustments not been made to
20 consider the impact from Hurricane Andrew.

21

22 Exhibit REP-8 shows the BellSouth 1992 EXCEL results by state. Florida ranks
23 consistently at the bottom in these measurements, which excluded analysis of
24 those areas affected by Hurricane Andrew.

25

1 Exhibit REP-10 shows how the overall Team Excellence Awards were given for
2 each state in 1992. Again, Florida is at the bottom of all Southern Bell states.
3 You can't blame this on Hurricane Andrew either, because the Hurricane
4 Andrew impacted areas were eliminated from the measurement plan. Florida
5 was also at the bottom of all BellSouth states in 1991, before the hurricane hit.

6
7 In 1993, through June, Florida continued to rank behind all of the other
8 BellSouth states in achieving its objectives. (Exhibit REP-8) Florida
9 management bonuses will be severely disadvantaged if they have not improved
10 their service significantly by year end.

11 Q. Have you compared Southern Bell's performance in Florida to that of other
12 major companies in the state?

13 A. Yes, I have. Once again, Southern Bell compares unfavorably. Exhibit REP-6
14 shows the total percentage of Out of Service troubles each company failed to
15 clear within the 24 hour objective for Southern Bell, GTE and United in Florida
16 from 1988 to date. Southern Bell's performance is much worse than GTE and
17 United during the entire six year period, even if you assume the company
18 reports are truthful. In addition, the deterioration in Southern Bell service since
19 1991 is very evident.

20 Q. Have you reviewed the analysis of OPC Witness, Steve Stewart, and have you
21 any opinions regarding his conclusions?

22 A. Mr. Stewart's recommendation is the same as mine. Incentive Regulation
23 should be abandoned as it relates to Southern Bell. Technology is driving
24 telephone company costs downward. The company needs no additional
25 incentives in order to take advantage of overall industry trends.

1 Mr. Stewart's comparisons between United, GTE and Southern Bell are
2 appropriate. Every company thinks it's unique and different, but the similarities
3 of operations among the three largest telephone companies in Florida far
4 outweigh their differences. All three of the companies have a mixture of highly
5 dense urban areas and rural, low density exchanges. All three are subject to
6 the same types of adverse environmental factors that are characteristic of all
7 Florida telephone operations. It may well be inappropriate to measure the cost
8 of service between highly different companies, such as a mountainous West
9 Virginia versus the flatlands of Texas, or a company with the density of New
10 York City versus a company operating in the rural areas of Wyoming. But that
11 is not the case in comparing the three largest companies in Florida. If Southern
12 Bell compares unfavorably to GTE or United, then it would be my thought that
13 it is due to the variances in the overheads within the organizations. Southern
14 Bell's failure to improve its comparative relationships with GTE and United
15 during the Rate Stabilization Trial is sufficient proof to conclude that the
16 experiment didn't work.

17 Q. You have talked about the willingness of Southern Bell managers to falsify
18 reports. Weren't company personnel aware of their responsibilities to the
19 public?

20 A. Prior to the two investigation dockets, the company devoted little, if any,
21 attention to ethics. One of the agreements reached with the Statewide
22 Prosecutor in 1992 was that the company would implement an ethics training
23 program for all employees in Florida. The statement that was released by the
24 Statewide Grand Jury made it fairly evident that this body felt that the
25 company's performance left a great deal to be desired in terms of ethical.

1 conduct. During the Incentive Regulation period, the company's focus on
2 revenues and PSC results accelerated in Florida and ethical conduct took a back
3 seat to the other objectives of corporate management.

4 **Q. Didn't the company have, in place, standards for ethical conduct?**

5 **A. Certainly. Company practices were expected to be followed. The company**
6 **also had a form, "A Personal Responsibility", that was supposed to be given to**
7 **each employee annually. This document outlined the company's expectations**
8 **for ethical conduct, but it's primary focus was to make sure that employees**
9 **didn't give out corporate data to competitors. Interviews of employees by a**
10 **private research company clearly indicate that the ethics booklet was simply**
11 **passed out every year without discussion and no emphasis. Employees signed**
12 **the form, usually in January, and it went into their personnel files. Many didn't**
13 **even read it and didn't even know what it said. For all intents and purposes,**
14 **the company had no ethics program, other than the distribution of the booklet,**
15 **which was ineffective.**

16 **Q. Should this Commission be concerned with the Ethics Program implemented by**
17 **the company?**

18 **A. Without doubt, the Commission should be very interested in the company's**
19 **future commitments to ethical conduct. And words are not enough. Change**
20 **comes slowly to a corporation as large as Southern Bell. One training program**
21 **will not change the corporate culture. The ethics training required for all of the**
22 **employees in the state of Florida should have a positive effect. It is important**
23 **to the company and to this Commission that each and every employee feels**
24 **strongly, emotionally, that their results must be reported honestly and**
25 **accurately, regardless of the impact on the results of the company. Employees**

1 must feel secure that when they fail to meet objective standards, they have an
2 obligation to report it. Otherwise, nothing ever gets fixed. This was not the
3 case in the past, and it has caused the company and its customers significant
4 harm. The Commission's order should require the Company to institute a
5 comprehensive Ethics Program, and also to present its program to the
6 Commission annually for review and approval.

7 Q. Considering the Grand Jury investigation, two PSC dockets and a number of
8 law suits, isn't it safe to assume that the company's conduct today and in the
9 future would be exemplary?

10 A. That assumption would be incorrect. Based on a 1992 survey by Ethics
11 Resource Center, Inc., I would question whether the employees are truly
12 committed by the direction and example of higher management to seek an
13 ethical standard that places them and their corporation above reproach.

14

15 Following is a quote in the Summer 1992 issue of BellSouth Magazine from
16 John Gunter, Vice President for Corporate Responsibility and Compliance:

17

18 "We need to avoid moral 'gray areas' and avoid actions or situations
19 that have even the appearance of not being right. We stand in the
20 spotlight now--whether or not we asked to--and people are watching to
21 see what we are made of, what we stand for, and how we intend to
22 conduct ourselves."

23

24 A review of the complaints logged in at the Ethics Hotline suggests that the
25 employees are still concerned about retribution. Some employees are afraid

1 that if they report a problem that management will target them for reprisals.
2 This is a legitimate problem that should be of concern to this Commission, as
3 well as the company.

4
5 In late 1992, two Ft. Pierce employees came forward about improper repair
6 activities, refusing to give their names. They did provide specific information
7 to the CWA vice president who reported it to the Ethics Hotline. Security
8 dropped its investigation of this matter because the employees would not give
9 their names. In early 1993, a borrowed technician working on the Hurricane
10 restoral reported irregularities with significant trepidation, while others in the
11 same work group were afraid to step forward. The company refused to provide
12 us with details of the charges he was making.

13
14 A 1992 BellSouth ethics assessment conducted by an independent organization
15 revealed that a large percentage of employees feared reprisals if they were to
16 report an ethics violation. Quoted below is the statement of the Behavior
17 Research Center, Inc., in January, 1993, regarding the comments of Florida
18 personnel about the Ethics Office:

19 "While most of the Florida comments regarding the Ethics Office were
20 similar to those in the rest of the company, the Florida participants
21 emphasized a fear of retribution and breach of confidentiality if they
22 approached the office...Some interviewees voiced concerns that their
23 jobs might be in jeopardy if they reported unethical conduct."(Exhibit
24 REP-11)

25 Q. You have mentioned that the company has done some research on ethics -

1 **within the company. Please describe the purpose of this research and the**
2 **results.**

3 **A.** **As a result of the settlement with the Statewide Prosecutor, the company was**
4 **required to implement ethics training program to all its employees in Florida.**
5 **Ethics Resource Center, Inc. conducted an ethics assessment for Florida and**
6 **for all of BellSouth Telecommunications during 1992. The findings of this**
7 **research were taken from individual interviews, conference calls, focus group**
8 **interviews and from a corporate survey. The focus group interviews were held**
9 **in Miami, Atlanta, Birmingham and Atlanta. Exhibit REP-11 is the Ethics**
10 **Assessment Summary for Florida. REP-12 is the Executive Summary for**
11 **BellSouth Telecommunications. REP-13 contains specific quotes from**
12 **employees regarding ethics and REP-14 contains specific quotes from**
13 **employees regarding quality of service.**

14 **Q.** **Does the company have a serious problem with ethics?**

15 **A.** **The survey results indicated that "during the past year, 30% of respondents**
16 **personally observed conduct that they thought violated BellSouth's ethical**
17 **standards. Of those who observed misconduct, 48% did not report it to**
18 **management, security or another appropriate department. Over half of these**
19 **people did not trust BellSouth to keep the report confidential and 50% feared**
20 **retribution from their supervisor." (Exhibit REP 12, Pg. 22) This would suggest**
21 **that Florida is not alone in the need to implement an ethics program, and it is**
22 **my understanding that all of BellSouth Telecommunications will be included in**
23 **future ethics training programs.**

24 **Q.** **Is there additional evidence to justify concern about the current status of ethics**
25 **in the company?**

- 1 A. Yes. The BellSouth Telecommunications Survey on Ethics and Business
2 Conduct, dated January, 1993 (Exhibit REP 12) includes the following results:
- 3 1. When asked how often BellSouth employees fulfill their ethical
4 responsibilities toward their residential customers, only 18.8% of the
5 respondents indicated Always.
- 6 2. When asked how often BellSouth employees fulfill their ethical
7 responsibilities toward their small business customers, only 21.7% of the
8 respondents indicated Always.
- 9 3. When asked how often BellSouth employees fulfill their ethical
10 responsibilities toward their large business customers, only 27% of the
11 respondents indicated Always.
- 12 4. When asked how often BellSouth employees fulfill their ethical
13 responsibilities toward regulators, 34.2% responded Always, and
14 38.2% responded Often. That leave 27.6% unaccounted for.
- 15 5. Only 17.4% of the respondents stated that they Always fulfilled their
16 ethical responsibilities toward management.
- 17 Q. Did the survey provide other comparisons regarding the company's
18 commitments to ethics, as opposed to service or profits?
- 19 A. Yes. One of the most interesting aspects of the survey was the comparisons
20 between "Customer Service", "Profitability" and "Ethics". These comparisons
21 showed that "Customer Service" was far more important to the employee than
22 to Company Management, that "Profitability" was far more important to
23 Company Management than to the individual employee, and that "Ethics" was
24 far more important to the individual employee than to Company Management.
25 Below are the results:

	More Important To Me	More Important To Management	Equally Important	
1				
2				
3				
4				
5	Customer Service	23.8%	2.6%	73.5%
6				
7	Profitability	4.8%	32.1%	63.2%
8				
9	Ethics	30.3%	2.8%	67.0%
10				

11 Q. Then what are your conclusions about future ethics programs for the company?

12 A. The Commission, and the company as well, should be concerned that the
 13 current ethics program is not treated by company employees like many other
 14 "fad" programs implemented by the company over the years. The Commission
 15 should expect to be monitoring the progress of the company in the modification
 16 of its corporate culture. This won't happen over night. The survey made by
 17 Behavior Research Center Inc. provided valuable insight into the state of ethical
 18 conduct in the company in 1992. Similar surveys should be required in the
 19 future in order to monitor the company's progress and the company should be
 20 required to share this information with the Commission.

21 Q. You are discussing actions the Commission should require in the future. Did
 22 the Ethics Survey provide information on past activities that differs from
 23 depositions you obtained from employees?

24 A. The Ethics Survey confirmed information we have largely gained from ex-
 25 employees. Higher management was looking for results, no matter what it
 26 took.

27

28

29

30

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

The Ethics Survey is not consistent with deposition statements we have taken from most active BellSouth employees. The anonymous nature of the survey, and the fact that it was company-sponsored, may contribute to the differences. In addition, fear of reprisals from management is a prominent factor mentioned by employees and I believe this has prevented many of them from coming forward.

Q. Did the Ethics Surveys provide further evidence that this Commission should know about?

A. Yes. The Behavior Research Center also captured verbatim comments from company employees during the course of the interviews, focus group interviews and surveys. Following are some of the comments regarding the issues in this docket:

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

This data, in my opinion, clearly demonstrates the contentions of Public Counsel in this docket. Company employees have regularly manipulated indexes to achieve the objectives of higher management as a way of business. . .

1 Customers have been abused and defrauded by the activities of the company.
2 It is not at all clear that the compromise of the integrity of individual employees
3 in the pursuit of company indices has been eliminated as a result of the
4 company's settlement with the Statewide Prosecutor. Only time will tell. The
5 decisions this Commission makes in regard to the company's sales and repair
6 activities will obviously have a major impact on the future.

7

8 My recommendation to the Commission is that it should treat BellSouth's
9 activities under the incentive regulation period as an insult to the regulatory
10 process and a violation of the public trust. I recommend three specific
11 solutions to insure that this never happens again in the State of Florida.

12 Q. What are your proposals?

13 A. My proposals are as follows:

14 (1) Return the company to traditional rate of return regulation. It has
15 demonstrated fully and completely that it cannot be trusted to manage its
16 operations for the benefit of its general body of customers under a system
17 which allows for looser regulation.

18 (2) Impose the penalties Public Counsel has recommended in the Repair and
19 Sales investigation dockets.

20 (3) Impose extensive surveillance programs over the operations of Southern
21 Bell during the next several years to insure that their obligation to serve takes
22 precedence over their desire to earn.

23 Q. Does the quality of service the company has rendered deserve application of
24 your recommended penalty?

25 A. The Commission can't possibly know what the real quality of service for

1 BellSouth's customers has been over the past several years due to the
2 compromises introduced into the system. The fact that the company has filed
3 reports with this Commission which are erroneous, overstated and self-serving,
4 is reason enough alone to take away the Incentive Regulation plan.

5 **Q. Does this conclude your testimony?**

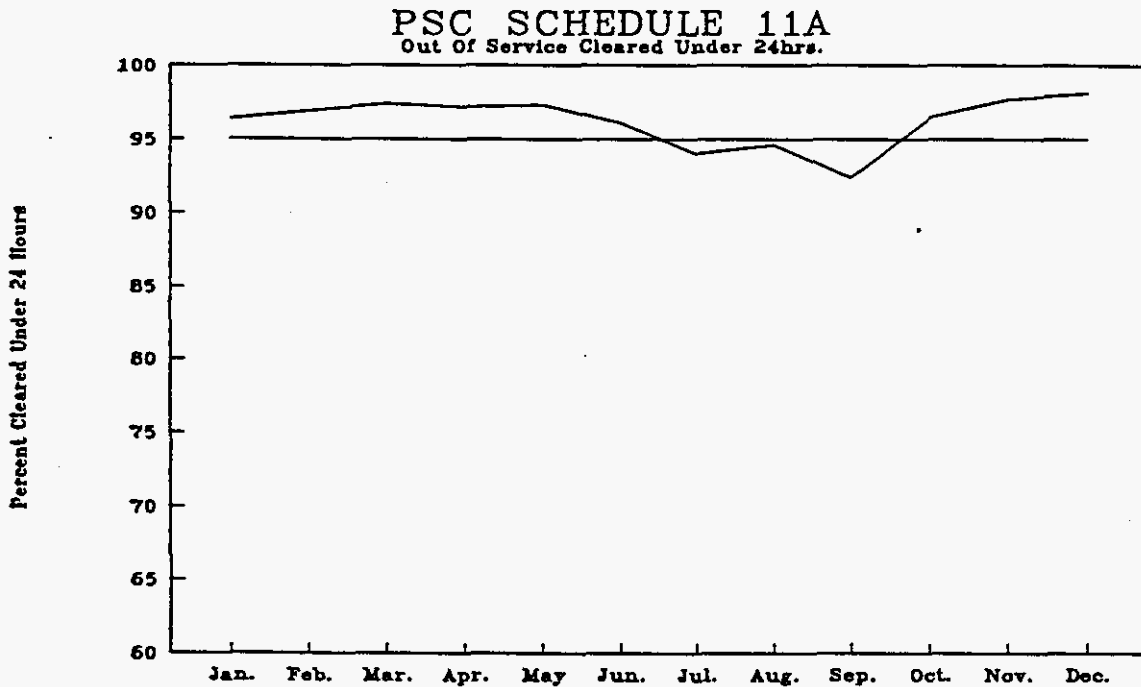
6 **A. Yes, it does.**

1

SOUTHERN BELL TIMELINE

1988

1. Incentive regulation starts. (Jan.)
2. North Dade Review shows PSC results manipulated. Gen. Mgr. takes no action. (June)
3. Costs are cut to increase profit margin.
4. Repair records are falsified to maintain PSC index.



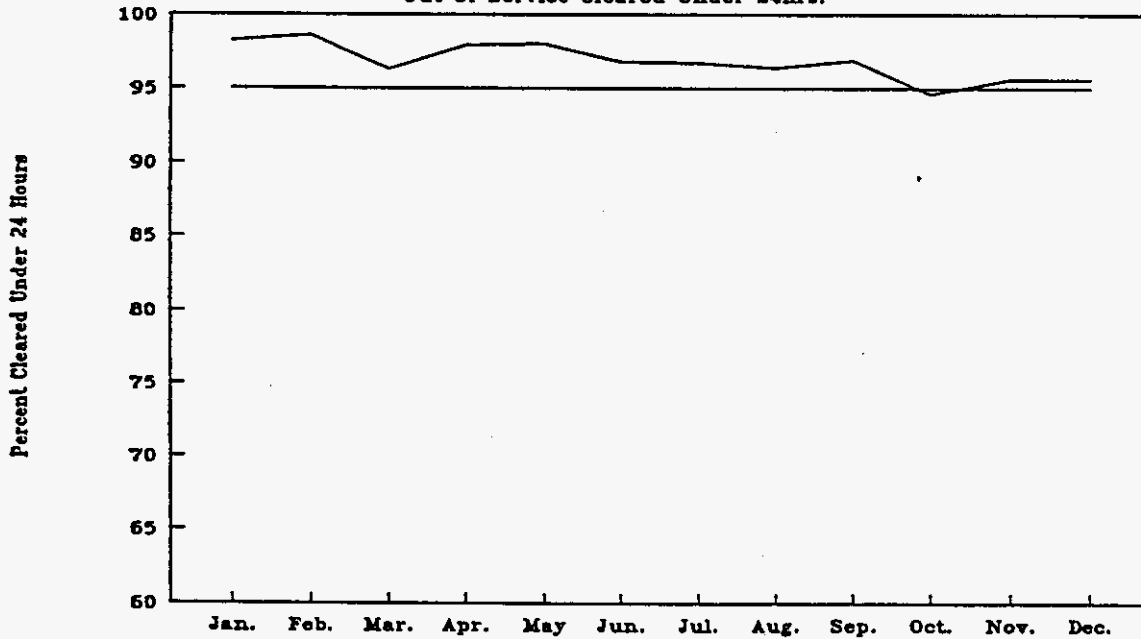
5. Pressure to meet PSC objectives increases.
6. Out of service >24 hour index remains above 95% due to falsification and measures to build the base.
7. Repeat reports increase due to failure to fix original reports.
8. Found-OK troubles excluded from rebates.

SOUTHERN BELL TIMELINE

1989

1. Frank Falsetti informs Security and Gen. Mgr. of repair fraud. Company refuses to investigate because Falsetti won't provide documents. (Jan.)
2. Dowdy produces manual on backing up time. (June)

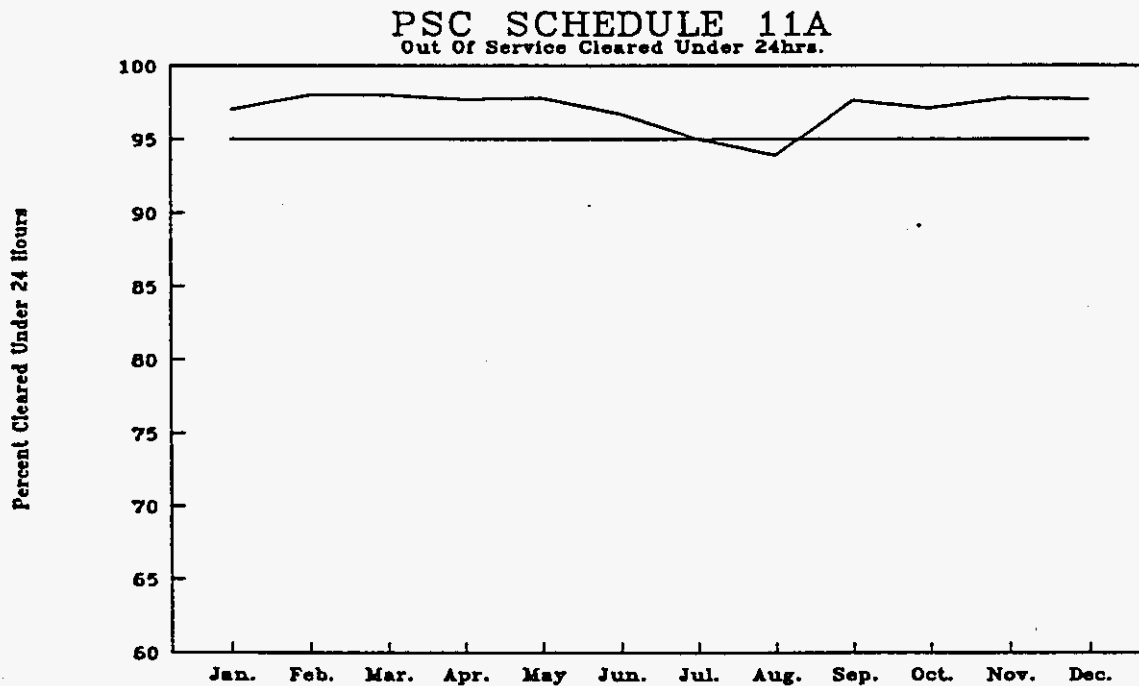
PSC SCHEDULE 11A
Out Of Service Cleared Under 24hrs.



SOUTHERN BELL TIMELINE

1990

1. Add message reports and company phone reports to Schedule 11c, so repeat and total trouble index it easier to make. (Feb.)
2. Southern Bell Staff memo exempts 28 different codes from PSC measurements only if missed. (Feb.)
3. Brenda Mitchell reports maintenance center problems to Gen. Mgr. (March).
4. Internal Reviews show Installation and Maintenance Center manipulation.

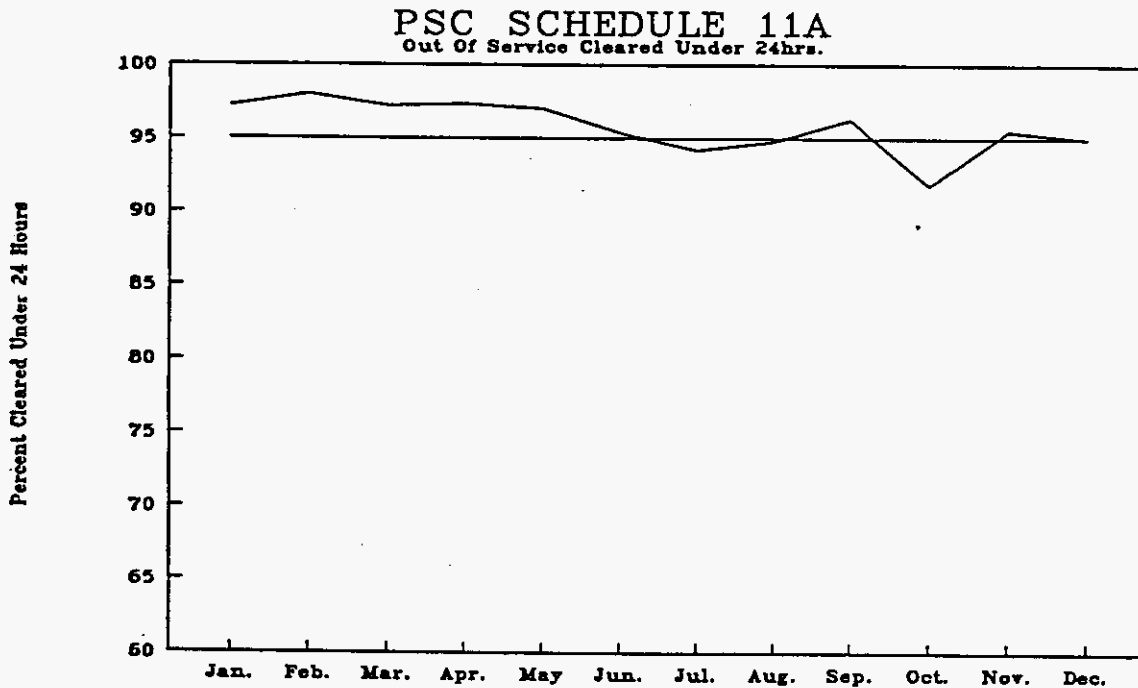


5. Public Counsel receives reports about falsification and starts investigation.. (Aug.)
6. Attorney General receives reports about falsification and starts investigation.. (Aug.)
7. North Dade terminations due to "building the base.". (Oct.- Nov.)
8. Network study indicates 7 of 14 divisions may be manipulating Test-OK status to build the out of service base. (Nov.)
9. Ft. Pierce Installation and Maintenance Center builds fake cable trouble to build out of service base. (Nov.)

SOUTHERN BELL TIMELINE

1991

1. DeLessio provides statement to Public counsel. Alleges she was directed to falsify reports. (Jan.)
2. Security completes Gainesville investigation. Phonebook used to falsify reports. Security unable to discover guilty parties. (Jan.)
3. Public Counsel files Motion for Show Cause. (Feb.)

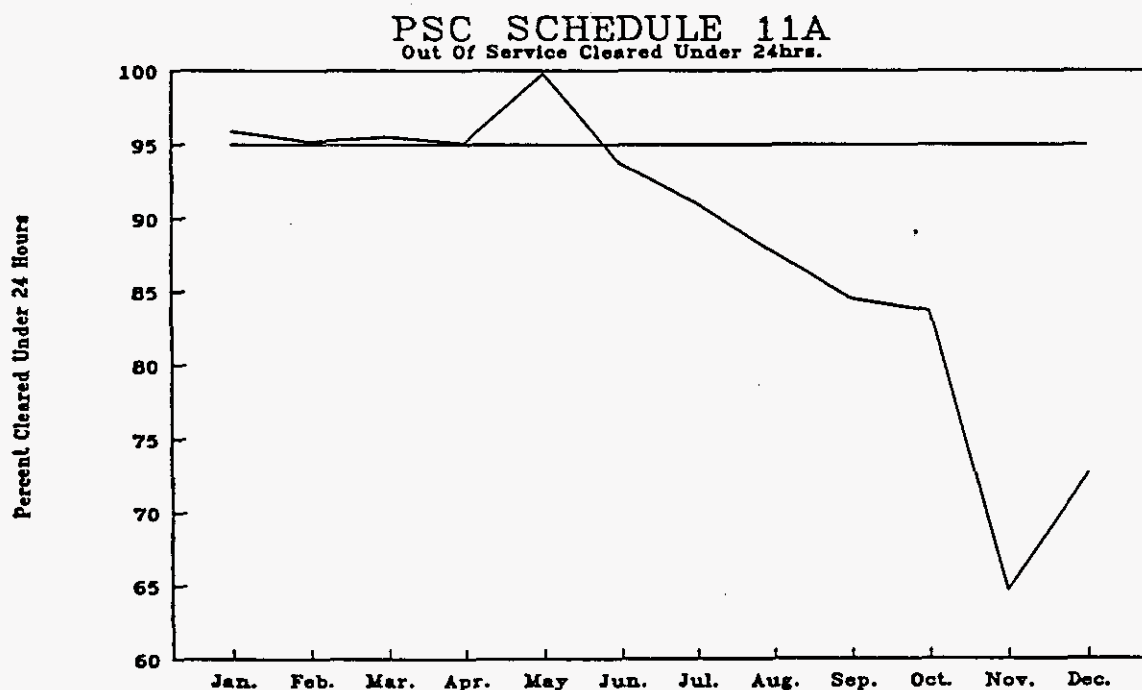


4. Bell begins investigation. (April)
5. Gainesville employee admits extensive fraud to Attorney General. (July)
6. Company implements new controls in Maintenance Centers, re: statusing, Wet Rules, eliminates Carry Over - No codes, etc.

SOUTHERN BELL TIMELINE

1992

1. Southern Bell disciplines 112 managers. (March)
2. Mechanical Out Of Service Adjustment reform imposes strict controls on rebate procedures. (May)
3. Service results reported to PSC start to decline. (June)
4. Bulk dispatch and Found-OK troubles removed from Mechanical Out Of Service Adjustment exclusion criteria. (June)



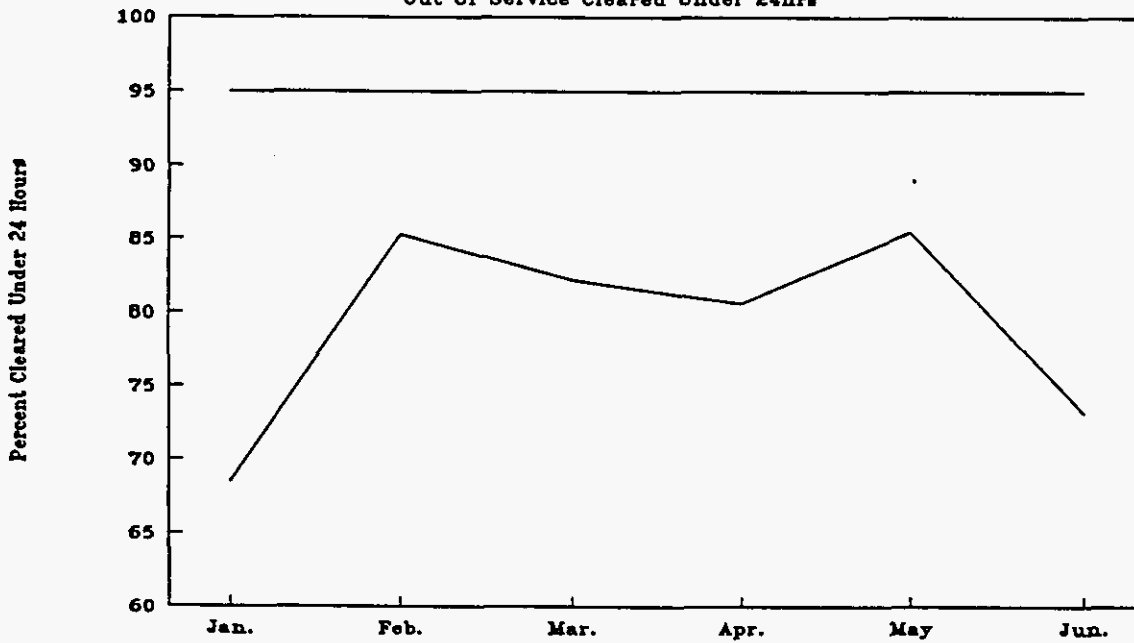
5. Statewide Prosecutor settles with Bell for \$16.6 Mill. refund. (Oct.)
6. Statewide Grand Jury states corporate executives "looked the other way."
7. Company implements changes to procedures required by settlement. (Oct.)
8. Service Technician allegation of fraud in Ft. Pierce. Security fails to pursue. (Oct.)
9. Performance remains poor relative to other telephone companies.

SOUTHERN BELL TIMELINE

1993

1. Drummond's letter states that proposal to give \$25 credit for a missed repair time would cost Bell \$35 million per year because of poor service capability.
2. Company adds to Network forces to manage load.
3. Company continues to fail to meet PSC Schedule 11a objective.
4. Company eliminates test center statusing of trouble reports. (May)

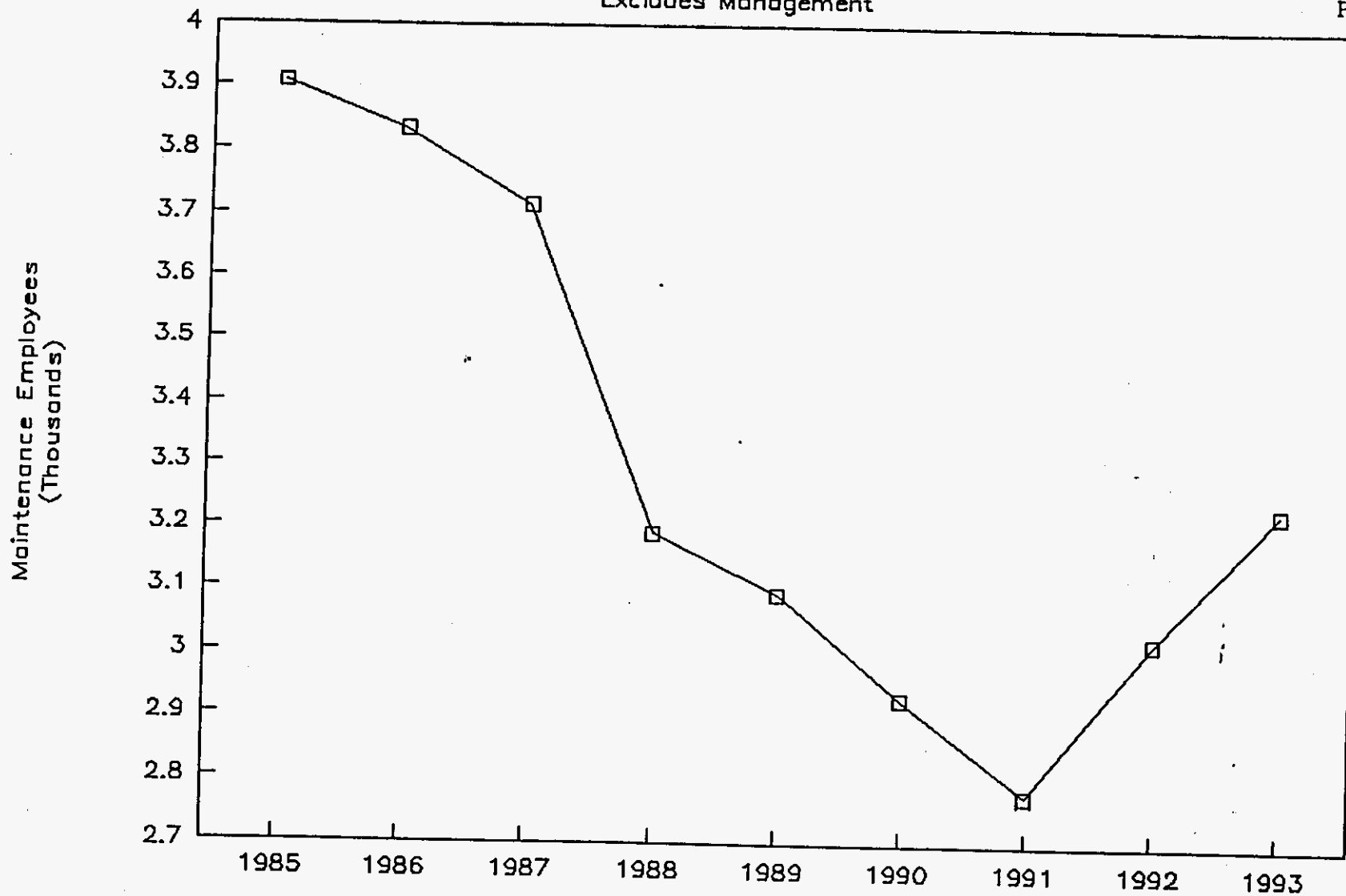
PSC SCHEDULE 11A
Out Of Service Cleared Under 24hrs



FLORIDA NETWORK MAINTENANCE FORCES

Excludes Management

Docket 920260-TL
REP-2
Page 1 of 1





Southern Bell

T. C. Taylor
Operations Manager - CSCC

Room 14J11 Southern Bell Tower
301 W. Bay Street
Jacksonville, Florida 32202
(904) 350-3586

November 30, 1988

Mr. D. T. Houston
Operations Manager
IMC Support
Atlanta, Georgia

Dear Sir:

This is to request your changing the current program for extracting out-of-service customer report data which is subsequently reported to the Public Service Commission.

Currently, all out-of-service reports are extracted from MTAS and processed utilizing a COBOL program for sorting and exclusion processing. The PSC rule allows the exclusion of certain out-of-service reports that are caused by acts of God, customer action or other causes beyond the Telco's control. These exclusions according to the rule can be exercised when a report exceeds the 24 hours before restoral. The current COBOL program is written to arbitrarily exclude all customer reports regardless whether they are cleared within 24 hours or have a longer duration. This request is to correct the program so that only those out-of-service reports that exceed 24 hour clearance duration are excluded from the base.

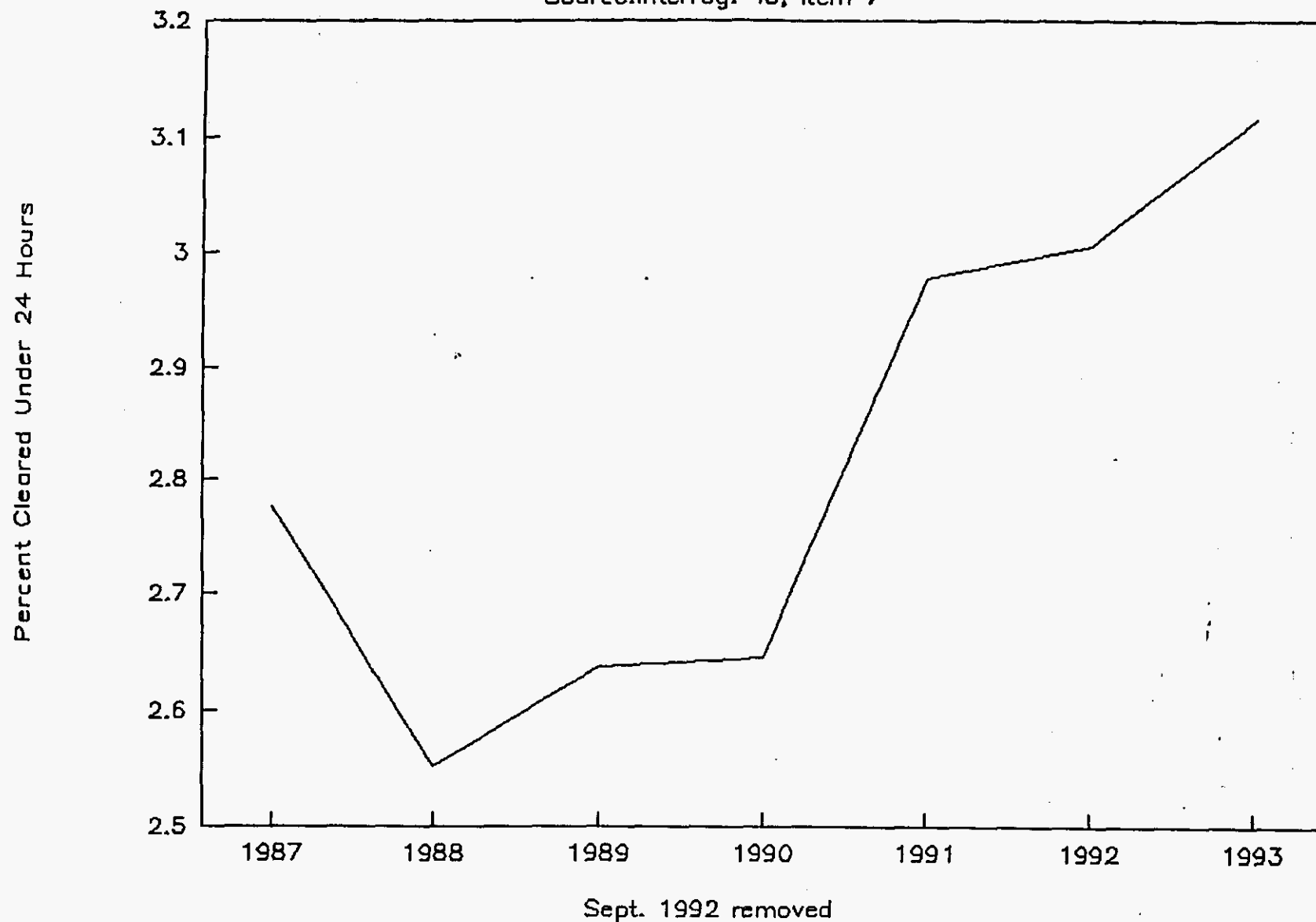
We would appreciate your assistance in accomplishing this correction to be effective with the January report month. If you have any questions, please contact myself or Jerry Pellegrini.

JWM/pj

cc: G. Fortner
J. Moore
G. Hall

ANNUAL AVERAGE, REPORT RATE

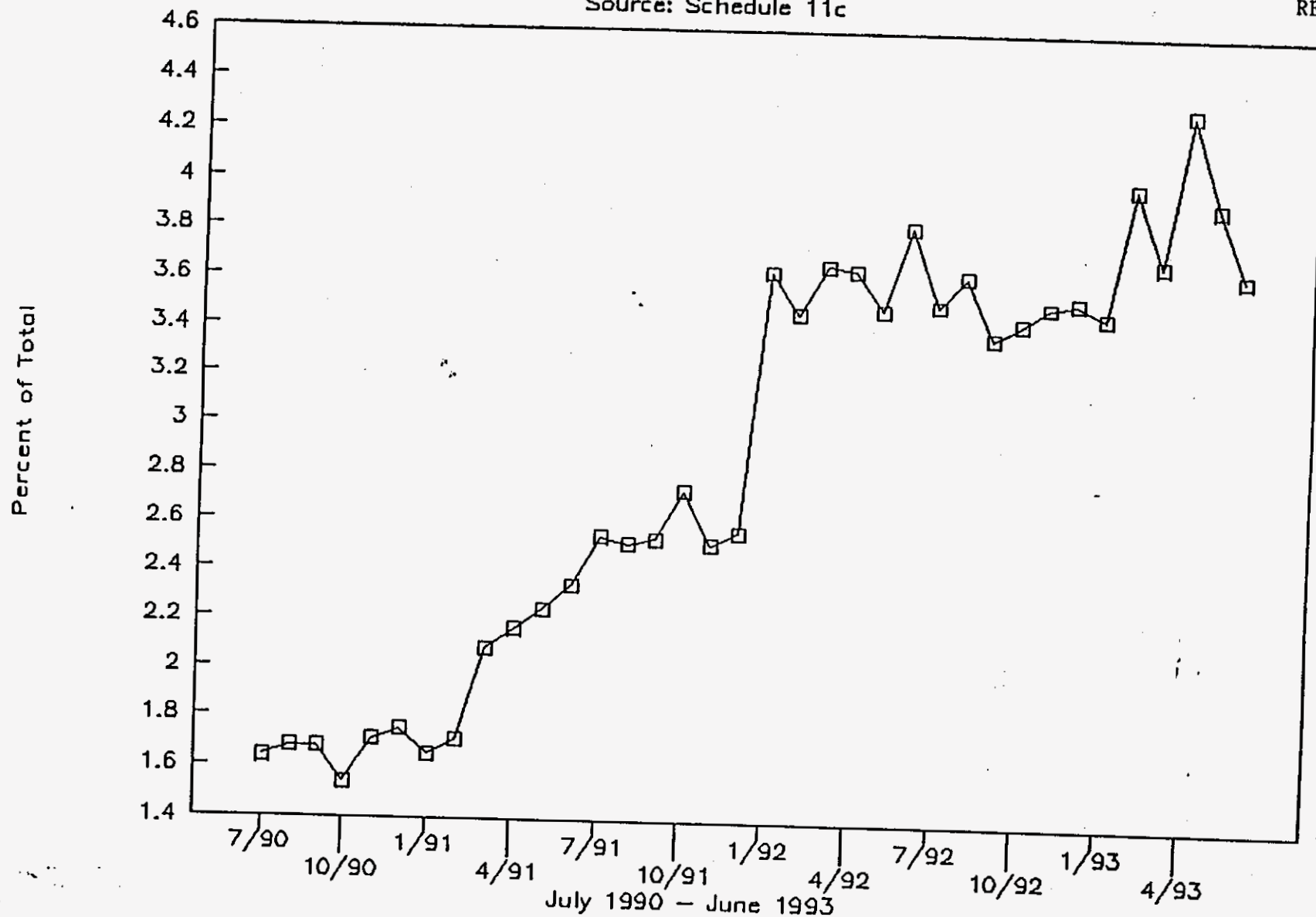
Source: Interrog. 43, Item 7



REPEAT REPORT RATE

Source: Schedule 11c

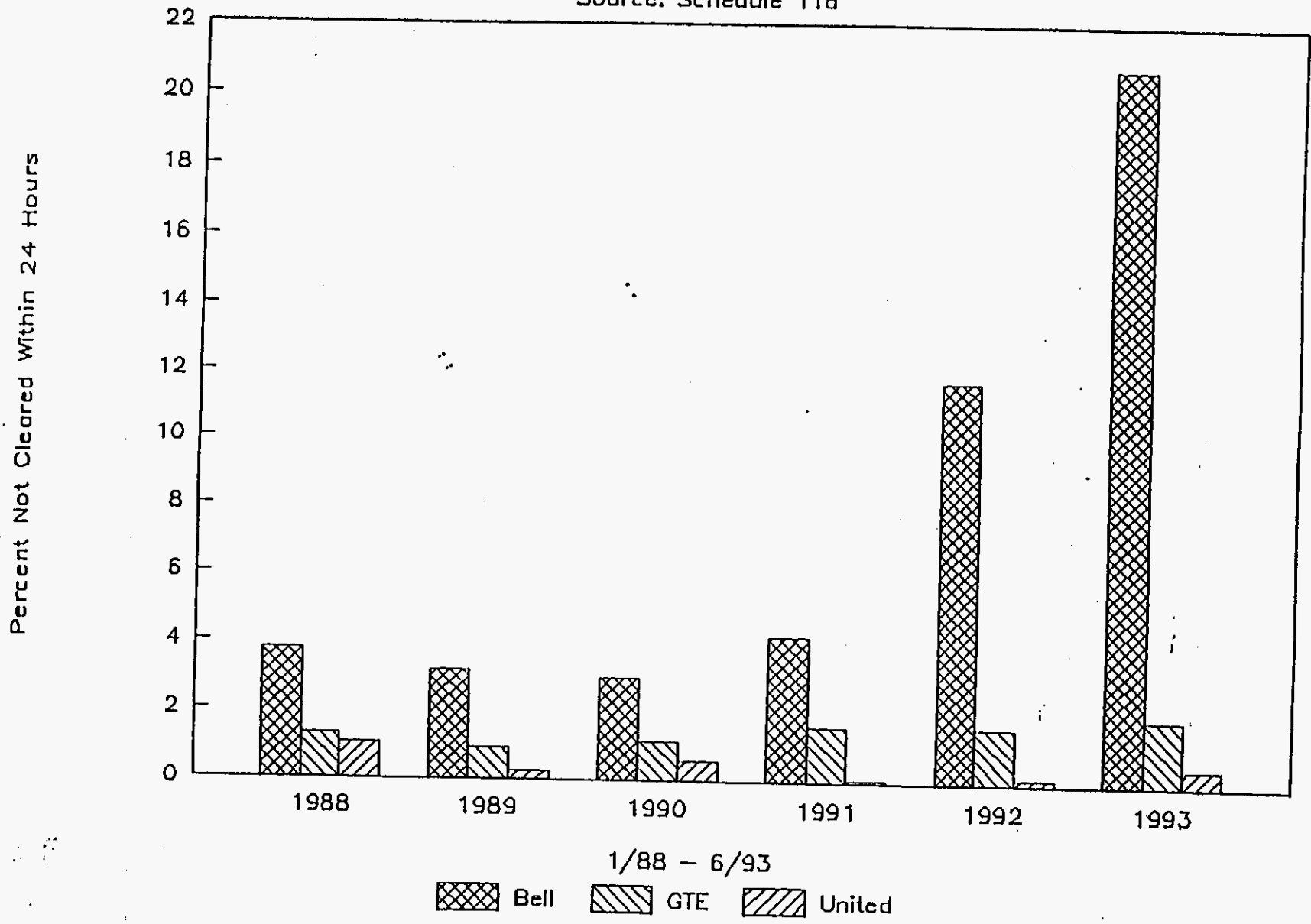
Docket 920260-TL
REP-5



ANNUAL AVERAGE NOT CLEARED UNDER 24-HRS

Doc # 920260-TL
REP-6

Source: Schedule 11a



EXPRESS

BellSouth announces management team excellence awards

BellSouth has approved Team Excellence Awards for Managers (TEAM), based on 1992 results.

Most managers can calculate their individual payments by multiplying the following percentages by the TEAM standard amount for their paygrade for 1992.

Alabama	123.4	Florida	107.3
Georgia	160.2	Kentucky	140.6
Louisiana	134.7	Mississippi	125.1
North Carolina	124.5	South Carolina	137.1
Tennessee	121.6	BST Headquarters	122.2

TEAM award payments will be made to all eligible managers on Friday, Feb. 26, 1993.

BST President and CEO Duane Ackerman said, "Force streamlining and re-engineering, combined with economic and competitive pressures, resulted in some tough challenges in 1992. But the TEAM award demonstrates that our hard work and commitment to quality have paid off. While 1993 promises to be even more challenging, I am confident our managers will continue to keep us on track in meeting and exceeding the expectations of our customers and investors." >

BST, CWA announce team incentive award for non-management employees

BST and the Communications Workers of America (CWA) have announced results for the 1992 Non-management Team Incentive Award (NTIA) for represented employees.

The 1992 NTIA factor for non-management employees is 3.67 percent. For most employees, this factor can be used to estimate individual payments by multiplying it by their 1992 eligible NTIA wages as reflected on their end-of-year paycheck stub. This factor reflects the increase of the NTIA standard award from 2 percent to 3 percent as a result of 1992 bargaining.

NTIA payments will be made to all eligible employees on Friday, Feb. 26, 1993.

Published for the employees
of BellSouth Telecommunications
by BST Public Relations
(205) 321-2190

continued on back

Service Award
Calculations
Through April, 1993

	A	B	C
	2 Point Scale Adj Factor	1 Point Scale Adj Factor	NO Scale Adj Factor
CURRENT SERVICE AWARD %			
ALABAMA	135.67	130.00	123.33
FLORIDA	83.33	76.67	70.00
GEORGIA	103.33	96.67	90.00
KENTUCKY	150.00	143.33	136.67
LOUISIANA	130.00	123.33	116.67
MISSISSIPPI	150.00	143.33	136.67
NO CAROLINA	143.33	136.67	130.00
SO CAROLINA	130.00	123.33	116.67
TENNESSEE	136.67	130.00	123.33
BELLSOUTH	129.33	122.67	116.00
ADJUSTMENT (ALL)	- 6.67	- 13.33	- 20.00

INTEROFFICE MEMORANDUM

920260
REP-8
Pg. 2

Date: 13-Jul-1993 03:50pm CDT
From: Charlotte E. PRICE
PRICE_CE
Dept: Corporate Measurements
Tel No: 404 529-0861

TO: R. G. Barrere
184 'TO' addressees

Subject: EXCEL RMZ-0220 YEAR-TO-DATE 9306

Attached are the EXCEL Year-to-Date results for June, 1993.
It contains 20 pages.

1993

07/12/93
16.15.57

NOTE	EXCEL	OBJECTIVE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD FAILURES
A	1. RESIDENCE CUSTOMER SERVICE	92	94	94	94	94	94	94							0
	-- REPAIR		89	89	90	91	91	90							
	-- DIRECTORY ASSISTANCE		95	95	95	95	95	95							
	-- PROVISIONING		95	95	95	96	96	96							
	-- BILLING INQUIRY		95	95	95	95	95	95							
A	2. SMALL BUSINESS CUSTOMER SERVICE	92	94	94	94	94	94	94							0
	-- REPAIR		93	93	93	93	93	92							
	-- DIRECTORY ASSISTANCE		95	95	95	95	95	94							
	-- PROVISIONING		92	92	92	92	93	93							
	-- BILLING INQUIRY		95	95	95	95	95	95							
A	3. MEDIUM BUSINESS CUSTOMER SERVICE	92	97	97	97	97	97	97							0
AC	4. LARGE BUSINESS CUSTOMER SERVICE	92	95	94	95	95	95	94							0
CD	5. MAJOR BUSINESS CUSTOMER SERVICE	90				92									0
E	-- VOICE					93									
E	-- DATA					96									
	6. INTEREXCHANGE CARRIER SERVICE MET		Y	Y	Y	Y	Y	Y							0
	7. NETWORK SERVICE QUALITY														
	A. BELLSOUTH (INTRALATA)	90	100	100	95	99	100	100							0
	B. CARRIER ACCESS (INTERLATA)	90	97	97	94	96	97	97							
A	8. TOTAL CUSTOMER TROUBLE REPORT RATE	5.3	3.6	3.4	3.7	3.5	3.7	3.6							0

YEAR TO DATE PERCENT OPPORTUNITIES MET 100.00

KEY TO FOOTNOTES

- A - THREE MONTH ROLL, ALL COMPONENTS
- B - JAN = 1 MO, FEB = 2 MO, MAR = 3 MO
- C - BST LEVEL ONLY
- D - FOUR MONTH RESULT, 1 OPPORTUNITY PER PERIOD
- E - INFORMATION ONLY, RESULTS NOT USED FOR EXCEL
- F - ONE MONTH IN ARREARS
- G - OBJECTIVE CANNOT BE MISSED FOR THREE CONSECUTIVE MONTHS
- H - ONLY THE BST RESULT IS OFFICIAL
THE STATE RESULT IS SHOWN FOR INFORMATION ONLY
ALL STATES FAIL IF THE BST RESULT IS ABOVE OBJECTIVE
- I - PROVISIONAL UNTIL JULY
- J - JAN AND FEB RESULTS HAVE BEEN ADJUSTED TO ACCOMMODATE
AN OBJECTIVE CHANGE DURING THE 3 MONTH ROLL PERIOD
ADJUSTED RESULTS ARE NOT VALID FOR TREND ANALYSIS
- K - NO JAN RESULT
- P - MISS EXCUSED AS A RESULT OF HURRICANE ANDREW
- * - INTX CARRIER SVC COMPONENT BREAKDOWN ON PAGE 2
- ALL MISSES WILL BE UNDERLINED.

1993

07/12/93
16.15.57

NOTE	OBJECTIVE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
FG	TRANS-PIC ACCURACY	99.0	99.6	99.6	99.6	99.7	99.7	99.8					
AFGI	TRANS-800/900:												
	A. 800 TRANSLATION	TBD	99.0	99.0	99.0	99.0	99.1						
	B. 900 TRANSLATION	TBD	98.8	99.0	98.9	99.1	99.3						
AGJP	MTCE-SPEC ACCESS SINGLE CIRCUIT	4.0	3.9	3.3	3.3	3.3	3.4	3.5					
AGJ	MTCE-SPEC ACCESS DS1	2.8	2.2	2.1	2.2	2.2	2.3	2.3					
AGJ	MTCE-SPEC ACCESS DS3	1.6	1.1	1.0	1.4	1.4	1.5	1.1					
ABG	MTCE-SINGLE CKT FAILURE RATE	3.9	2.6	2.5	2.7	2.7	2.8	2.8					
ABG	MTCE-DS1/DS3 FAILURE RATE	4.5	2.0	2.1	2.1	2.3	2.3	2.4					
FGK	BILLING-BILL REL DATA:												
	A. REL IN 7 DAYS	90.0	99.9	96.7	100.0	100.0	100.0						
	B. REL IN 8 DAYS	100.0	100.0	96.7	100.0	100.0	100.0						
FG	BILLING-CARRIER ACC USAGE	99.1	99.7	99.3	99.7	99.8	99.7	99.6					
GI	BILLING-SVC ORDER TIMELINESS	TBD	84.0	85.0	89.9	91.5	92.3	92.2					
FG	BLOCKING-CTTG:												
H	A. MBT-1 MONTH	2.0	.7	.8	1.0	.7	1.2	.8					
	B. DBO-3 MONTHS	1.0	.1	.2	.1	.0	.1	.1					
AG	PROV-SWITCH ACC & COMPLETED ON TIME	98	100	100	100	100	100	100					
AG	PROV-SPEC ACC SGL & COMPLETED ON TIME	98	99	99	99	99	99	99					
AG	PROV-SPEC ACC DS1/DS3 & COMPLETED ON TIME	98	100	100	100	99	99	99					
E	PROV-SWIT AC-& DDD MET												
E	PROV-SP AC SGL-& DDD MET												
E	PROV-SP AC DS-& DDD MET												
	TOTAL # OF COMPONENTS MET	9	12	12	11	12	12	12					
	# OF COMPONENTS EXCEEDING CONSECUTIVE MISS ALLOWANCE	0	0	0	0	0	0	0					
	INEX CARR SVC MET		Y	Y	Y	Y	Y	Y					

920260 REP-8
Pg. 5

CORPORATE MEASUREMENTS

BELLSOUTH TELECOMMUNICATIONS
EXCEL

RHZ-0220
PAGE 1 OF 2

ALABAMA
1993

07/12/93
16.05.33

NOTE	EXCEL	OBJECTIVE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD FAILURES
A	1. RESIDENCE CUSTOMER SERVICE	92	94	95	95	95	95	95							0
	-- REPAIR		88	90	91	93	92	90							
	-- DIRECTORY ASSISTANCE		94	94	94	94	95	96							
	-- PROVISIONING		96	97	97	96	97	97							
	-- BILLING INQUIRY		96	97	96	96	96	96							
A	2. SMALL BUSINESS CUSTOMER SERVICE	92	96	95	95	95	95	96							0
	-- REPAIR		95	94	94	94	94	95							
	-- DIRECTORY ASSISTANCE		96	95	94	94	94	95							
	-- PROVISIONING		96	95	95	95	95	95							
	-- BILLING INQUIRY		96	95	96	97	98	97							
A	3. MEDIUM BUSINESS CUSTOMER SERVICE	92	97	98	98	98	97	96							0
AC	4. LARGE BUSINESS CUSTOMER SERVICE	92													
CD	5. MAJOR BUSINESS CUSTOMER SERVICE	90													
E	-- VOICE														
E	-- DATA														
	6. INTEREXCHANGE CARRIER SERVICE MET	*	Y	Y	Y	Y	Y	Y							0
	7. NETWORK SERVICE QUALITY														
	A. BELLSOUTH (INTRALATA)	90	100	100	85	100	100	100							1
	B. CARRIER ACCESS (INTERLATA)	90	97	100	90	95	97	97							
A	8. TOTAL CUSTOMER TROUBLE REPORT RATE	5.3	3.4	3.1	3.7	3.7	3.9	3.4							0

YEAR TO DATE PERCENT OPPORTUNITIES MET 98.61

KEY TO FOOTNOTES

- A - THREE MONTH ROLL, ALL COMPONENTS
- B - JAN = 1 MO, FEB = 2 MO, MAR = 3 MO
- C - BEST LEVEL ONLY
- D - FOUR MONTH RESULT, 1 OPPORTUNITY PER PERIOD
- E - INFORMATION ONLY, RESULTS NOT USED FOR EXCEL
- F - ONE MONTH IN ARREARS
- G - OBJECTIVE CANNOT BE MISSED FOR THREE CONSECUTIVE MONTHS
- H - ONLY THE BEST RESULT IS OFFICIAL
THE STATE RESULT IS SHOWN FOR INFORMATION ONLY
ALL STATES FAIL IF THE BEST RESULT IS ABOVE OBJECTIVE
- I - PROVISIONAL UNTIL JULY
- J - JAN AND FEB RESULTS HAVE BEEN ADJUSTED TO ACCOMMODATE
AN OBJECTIVE CHANGE DURING THE 3 MONTH ROLL PERIOD
ADJUSTED RESULTS ARE NOT VALID FOR TREND ANALYSIS
- K - NO JAN RESULT
- P - MISS EXCUSED AS A RESULT OF HURRICANE ANDREW
- * - INTX CARRIER SVC COMPONENT BREAKDOWN ON PAGE 2
- ALL MISSES WILL BE UNDERLINED.

CORPORATE MEASUREMENTS

BELLSOUTH TELECOMMUNICATIONS
INTEREXCHANGE CARRIER COMPONENTS

ALABAMA
1993

07/12/93
16.05.33

NOTE	OBJECTIVE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
FG	TRANS-PIC ACCURACY	99.0	99.6	99.9	99.8	99.9	100.0	99.8					
AFGI	TRANS-800/900:												
	A. 800 TRANSLATION	TBD		98.1	97.7	97.9	98.3	99.1					
	B. 900 TRANSLATION	TBD		97.2	97.5	97.4	98.1	98.8					
AGJP	MTCE-SPEC ACCESS SINGLE CIRCUIT	4.0	2.7	2.6	2.5	2.5	2.9	3.0					
AGJ	MTCE-SPEC ACCESS DS1	2.8	2.3	2.2	2.0	1.8	2.0	2.3					
AGJ	MTCE-SPEC ACCESS DS3	1.6	.0	.0	.5	.5	.9	.4					
ABG	MTCE-SINGLE CKT FAILURE RATE	3.9	2.2	2.2	2.5	2.5	2.7	2.7					
ABG	MTCE-DS1/DS3 FAILURE RATE	4.5	1.5	1.6	1.7	1.8	1.7	1.6					
FGK	BILLING-BILL REL DATA:												
	A. REL IN 7 DAYS	90.0		100.0	100.0	100.0	100.0	100.0					
	B. REL IN 8 DAYS	100.0		100.0	100.0	100.0	100.0	100.0					
FG	BILLING-CARRIER ACC USAGE	99.1	100.0	99.6	100.0	99.9	99.9	99.8					
GI	BILLING-SVC ORDER TIMELINESS	TBD	91.9	87.4	90.0	94.9	89.1	91.3					
FG	BLOCKING-CYTG:												
H	A. MBT-1 MONTH	2.0	1.3	.0	.9	.8	1.7	2.4					
	B. DBO-3 MONTHS	1.0	.0	.0	.0	.0	.0	1.2					
AG	PROV-SWITCH ACC & COMPLETED ON TIME	98	99	99	99	100	100	100					
AG	PROV-SPEC ACC SGL & COMPLETED ON TIME	98	100	100	100	100	100	99					
AG	PROV-SPEC ACC DS1/DS3 & COMPLETED ON TIME	98	99	99	99	99	100	98					
E	PROV-SWIT AC-& DDD MET												
E	PROV-SP AC SGL-& DDD MET												
E	PROV-SP AC DS-& DDD MET												
	TOTAL # OF COMPONENTS MET	9	12	12	12	12	12	11					
	# OF COMPONENTS EXCEEDING CONSECUTIVE MISS ALLOWANCE	0	0	0	0	0	0	0					
	INTX CARR SVC MET		Y	Y	Y	Y	Y	Y					

CORPORATE MEASUREMENTS

BELLSOUTH TELECOMMUNICATIONS
EXCEL

FLORIDA
1993

07/12/93
16.05.33

NOTE	EXCEL	OBJECTIVE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD FAILURES
A 1.	RESIDENCE CUSTOMER SERVICE	92	91	92	92	93	93	93							1
	-- REPAIR		85	85	86	88	89	88							
	-- DIRECTORY ASSISTANCE		94	94	93	94	94	94							
	-- PROVISIONING		93	94	94	95	96	96							
	-- BILLING INQUIRY		93	93	93	93	93	94							
A 2.	SMALL BUSINESS CUSTOMER SERVICE	92	91	91	92	92	92	92							2
	-- REPAIR		90	90	91	90	91	90							
	-- DIRECTORY ASSISTANCE		93	92	93	93	93	92							
	-- PROVISIONING		89	89	89	90	91	91							
	-- BILLING INQUIRY		93	94	94	95	94	93							
A 3.	MEDIUM BUSINESS CUSTOMER SERVICE	92	97	96	95	95	96	96							0
AC 4.	LARGE BUSINESS CUSTOMER SERVICE	92													
CD 5.	MAJOR BUSINESS CUSTOMER SERVICE	90													
E	-- VOICE														
E	-- DATA														
	6. INTEREXCHANGE CARRIER SERVICE MET		Y	Y	Y	Y	N	Y							1
	7. NETWORK SERVICE QUALITY														
	A. BELLSOUTH (INTRALATA)	90	100	100	100	100	100	100							0
	B. CARRIER ACCESS (INTERLATA)	90	100	100	94	98	99	99							
A 8.	TOTAL CUSTOMER TROUBLE REPORT RATE	5.3	4.5	4.3	4.5	4.1	4.0	3.9							0

YEAR TO DATE PERCENT OPPORTUNITIES MET 94.44

KEY TO FOOTNOTES

- A - THREE MONTH ROLL, ALL COMPONENTS
- B - JAN = 1 MO, FEB = 2 MO, MAR = 3 MO
- C - BEST LEVEL ONLY
- D - FOUR MONTH RESULT, 1 OPPORTUNITY PER PERIOD
- E - INFORMATION ONLY, RESULTS NOT USED FOR EXCEL
- F - ONE MONTH IN ARREARS
- G - OBJECTIVE CANNOT BE MISSED FOR THREE CONSECUTIVE MONTHS
- H - ONLY THE BEST RESULT IS OFFICIAL
- THE STATE RESULT IS SHOWN FOR INFORMATION ONLY
- ALL STATES FAIL IF THE BEST RESULT IS ABOVE OBJECTIVE
- I - PROVISIONAL UNTIL JULY
- J - JAN AND FEB RESULTS HAVE BEEN ADJUSTED TO ACCOMMODATE
- AN OBJECTIVE CHANGE DURING THE 3-MONTH ROLL PERIOD
- ADJUSTED RESULTS ARE NOT VALID FOR TREND ANALYSIS
- K - NO JAN RESULT
- P - MISS EXCUSED AS A RESULT OF HURRICANE ANDREW
- * - INTX CARRIER SVC COMPONENT BREAKDOWN ON PAGE 2
- ALL MISSES WILL BE UNDERLINED.

CORPORATE MEASUREMENTS

BELLSOUTH TELECOMMUNICATIONS
INTEREXCHANGE CARRIER COMPONENTS

920260 REP-8
Pg. 8

FLORIDA
1993

07/12/93
16.05.33

NOTE	OBJECTIVE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
FG	TRANS-PIC ACCURACY	99.0	99.5	99.4	99.8	99.7	99.8	99.8					
AFGI	TRANS-800/900:												
	A. 800 TRANSLATION	TBD	97.3	97.9	97.8	98.3	98.3						
	B. 900 TRANSLATION	TBD	98.8	98.9	98.0	98.1	98.4						
AGJP	MICE-SPEC ACCESS SINGLE CIRCUIT	4.0	5.4	3.8	3.8	3.8	3.7	3.6					
AGJ	MICE-SPEC ACCESS DS1	2.8	2.0	2.0	2.1	2.0	2.0	2.0					
AGJ	MICE-SPEC ACCESS DS3	1.6	1.3	1.2	2.3	2.2	1.8	.7					
ABG	MICE-SINGLE CKT FAILURE RATE	3.9	3.5	3.4	3.6	3.6	3.6	3.5					
ABG	MICE-DS1/DS3 FAILURE RATE	4.5	3.0	3.3	3.7	3.8	3.4	3.4					
FGK	BILLING-BILL REL DATA:												
	A. REL IN 7 DAYS	90.0	99.7	100.0	100.0	100.0	100.0						
	B. REL IN 8 DAYS	100.0	100.0	100.0	100.0	100.0	100.0						
FG	BILLING-CARRIER ACC USAGE	99.1	99.2	99.4	99.6	99.7	99.8	99.7					
GI	BILLING-SVC ORDER TIMELINESS	TBD	90.9	88.3	91.3	92.4	92.2	93.6					
FG	BLOCKING-CTTG:												
H	A. MET-1 MONTH	2.0	.0	.2	.0	.3	.0	.6					
	B. DBO-3 MONTHS	1.0	.0	.0	.0	.0	.2	.2					
AG	PROV-SWITCH ACC & COMPLETED ON TIME	98	100	100	100	100	100	100					
AG	PROV-SPEC ACC SGL & COMPLETED ON TIME	98	99	99	99	99	98	99					
AG	PROV-SPEC ACC DS1/DS3 & COMPLETED ON TIME	98	99	99	99	100	99	99					
E	PROV-SWIT AC-& DDD MET												
E	PROV-SP AC SGL-& DDD MET												
E	PROV-SP AC DS-& DDD MET												
	TOTAL # OF COMPONENTS MET	9	12	12	11	11	11	12					
	# OF COMPONENTS EXCEEDING CONSECUTIVE MISS ALLOWANCE	0	0	0	0	0	1	0					
	INEX CARR SVC MET		Y	Y	Y	Y	N	Y					

920260 REP-8
Pg. 9

CORPORATE MEASUREMENTS

BELLSOUTH TELECOMMUNICATIONS
EXCEL

RMZ-0220
PAGE 1 OF 2

GEORGIA
1993

07/12/93
16.05.33

NOTE	EXCEL	OBJECTIVE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD FAILURES
A	1. RESIDENCE CUSTOMER SERVICE	92	93	93	93	93	93	93							0
	-- REPAIR		87	87	88	89	88	87							
	-- DIRECTORY ASSISTANCE		96	96	96	96	96	96							
	-- PROVISIONING		94	94	94	94	94	94							
	-- BILLING INQUIRY		95	95	95	94	93	94							
A	2. SMALL BUSINESS CUSTOMER SERVICE	92	93	94	94	93	93	93							0
	-- REPAIR		94	95	94	93	92	92							
	-- DIRECTORY ASSISTANCE		94	95	95	94	94	93							
	-- PROVISIONING		91	91	91	91	91	91							
	-- BILLING INQUIRY		93	94	94	95	95	96							
A	3. MEDIUM BUSINESS CUSTOMER SERVICE	92	96	96	96	96	96	96							0
AC	4. LARGE BUSINESS CUSTOMER SERVICE	92													
ED	5. MAJOR BUSINESS CUSTOMER SERVICE	90													
E	-- VOICE														
F	-- DATA														
	6. INTEREXCHANGE CARRIER SERVICE MET		Y	Y	Y	Y	Y	Y							0
	7. NETWORK SERVICE QUALITY														
	A. BELLSOUTH (INTRALATA)	90	100	100	94	99	100	100							0
	B. CARRIER ACCESS (INTERLATA)	90	96	96	94	96	98	97							
A	8. TOTAL CUSTOMER TROUBLE REPORT RATE	5.3	3.9	3.6	4.0	3.9	4.0	4.0							0

YEAR TO DATE PERCENT OPPORTUNITIES MET 100.00

KEY TO FOOTNOTES

- A - THREE MONTH ROLL, ALL COMPONENTS
- B - JAN = 1 MO, FEB = 2 MO, MAR = 3 MO
- C - BST LEVEL ONLY
- D - FOUR MONTH RESULT, 1 OPPORTUNITY PER PERIOD
- E - INFORMATION ONLY, RESULTS NOT USED FOR EXCEL
- F - ONE MONTH IN ARREARS
- G - OBJECTIVE CANNOT BE MISSED FOR THREE CONSECUTIVE MONTHS
- H - ONLY THE BST RESULT IS OFFICIAL
THE STATE RESULT IS SHOWN FOR INFORMATION ONLY
ALL STATES FAIL IF THE BST RESULT IS ABOVE OBJECTIVE
- I - PROVISIONAL UNTIL JULY
- J - JAN AND FEB RESULTS HAVE BEEN ADJUSTED TO ACCOMMODATE
AN OBJECTIVE CHANGE DURING THE 3 MONTH ROLL PERIOD
ADJUSTED RESULTS ARE NOT VALID FOR TREND ANALYSIS
- K - NO JAN RESULT

P - MISS EXCUSED AS A RESULT OF HURRICANE ANDREW

* - INTX CARRIER SVC COMPONENT BREAKDOWN ON PAGE 2
--- ALL MISSES WILL BE UNDERLINED.

CORPORATE MEASUREMENTS

BELLSOUTH TELECOMMUNICATIONS
INTEREXCHANGE CARRIER COMPONENTS

920260 REP-8
Pg. 10

RMZ-0220
PAGE 2 OF 2

07/12/93
16.05.33

GEORGIA
1993

NOTE	OBJECTIVE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
FG	TRANS-PIC ACCURACY	99.0	99.3	99.6	99.6	99.9	99.8	99.9					
AFGI	TRANS-800/900:												
	A. 800 TRANSLATION	TBD		99.3	99.4	99.3	99.5	99.5					
	B. 900 TRANSLATION	TBD		97.8	98.5	98.9	99.6	99.7					
AGJP	MTCE-SPEC ACCESS SINGLE CIRCUIT	4.0	3.0	2.8	2.9	3.1	3.3	3.6					
AGJ	MTCE-SPEC ACCESS DS1	2.8	2.3	2.3	2.3	2.5	2.5	2.5					
AGJ	MTCE-SPEC ACCESS DS3	1.6	.8	.7	.6	.8	.9	1.2					
ABG	MTCE-SINGLE CKT FAILURE RATE	3.9	2.4	2.5	2.7	2.8	2.9	2.9					
ABG	MTCE-DS1/DS3 FAILURE RATE	4.5	2.3	2.3	2.3	2.5	2.7	3.0					
FGK	BILLING-BILL REL DATA:												
	A. REL IN 7 DAYS	90.0		100.0	100.0	100.0	100.0	100.0					
	B. REL IN 8 DAYS	100.0		100.0	100.0	100.0	100.0	100.0					
FG	BILLING-CARRIER ACC USAGE	99.1	99.7	98.5	99.5	99.7	99.9	98.6					
GI	BILLING-SVC ORDER TIMELINESS	TBD	63.3	70.8	81.6	88.6	91.9	92.6					
FG	BLOCKING-CYCLG:												
H	A. MBT-1 MONTH	2.0	1.2	.9	1.0	.7	1.7	.0					
	B. DBO-3 MONTHS	1.0	.5	.9	.2	.0	.0	.0					
AG	PROV-SWITCH ACC & COMPLETED ON TIME	98	100	100	100	100	100	100					
AG	PROV-SPEC ACC SGL & COMPLETED ON TIME	98	99	99	99	100	99	99					
AG	PROV-SPEC ACC DS1/DS3 & COMPLETED ON TIME	98	100	100	99	99	99	99					
Z	PROV-SWIT AC-& DDD MET												
Z	PROV-SP AC SGL-& DDD MET												
Z	PROV-SP AC DS-& DDD MET												
	TOTAL # OF COMPONENTS MET	9	12	11	12	12	12	11					
	# OF COMPONENTS EXCEEDING CONSECUTIVE MISS ALLOWANCE	0	0	0	0	0	0	0					
	INTX CARR SVC MET		Y	Y	Y	Y	Y	Y					

920260 REP-8 Pg. 11

CORPORATE MEASUREMENTS

BELLSOUTH TELECOMMUNICATIONS
EXCEL

RMZ-C220
PAGE 1 OF 2

KENTUCKY
1993

07/12/93
16.05.33

NOTE	EXCEL	OBJECTIVE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD FAILURES
A 1.	RESIDENCE CUSTOMER SERVICE	92	96	96	96	95	96	95							0
	-- REPAIR		93	94	95	94	93	92							
	-- DIRECTORY ASSISTANCE		97	97	96	96	96	97							
	-- PROVISIONING		96	95	95	96	97	96							
	-- BILLING INQUIRY		97	96	96	95	96	96							
A 2.	SMALL BUSINESS CUSTOMER SERVICE	92	95	95	96	96	95	95							0
	-- REPAIR		94	95	95	95	95	95							
	-- DIRECTORY ASSISTANCE		95	96	96	97	96	95							
	-- PROVISIONING		93	92	93	92	92	93							
	-- BILLING INQUIRY		97	98	98	98	98	97							
A 3.	MEDIUM BUSINESS CUSTOMER SERVICE	92	97	97	98	98	98	98							0
AC 4.	LARGE BUSINESS CUSTOMER SERVICE	92													
CD 5.	MAJOR BUSINESS CUSTOMER SERVICE	90													
E	-- VOICE														
E	-- DATA														
6.	INTEREXCHANGE CARRIER SERVICE MET	*	Y	Y	Y	Y	Y	Y							0
7.	NETWORK SERVICE QUALITY														
	A. BELLSOUTH (INTRALATA)	90	100	100	90	100	100	100							0
	B. CARRIER ACCESS (INTERLATA)	90	100	99	96	99	93	97							
A 8.	TOTAL CUSTOMER TROUBLE REPORT RATE	5.3	2.5	2.4	2.6	2.7	2.9	3.6							0

YEAR TO DATE PERCENT OPPORTUNITIES MET 100.00

KEY TO FOOTNOTES

- A - THREE MONTH ROLL, ALL COMPONENTS
- B - JAN = 1 MO, FEB = 2 MO, MAR = 3 MO
- C - BST LEVEL ONLY
- D - FOUR MONTH RESULT, 1 OPPORTUNITY PER PERIOD
- E - INFORMATION ONLY, RESULTS NOT USED FOR EXCEL
- F - ONE MONTH IN ARREARS
- G - OBJECTIVE CANNOT BE MISSED FOR THREE CONSECUTIVE MONTHS
- H - ONLY THE BST RESULT IS OFFICIAL
THE STATE RESULT IS SHOWN FOR INFORMATION ONLY
ALL STATES FAIL IF THE BST RESULT IS ABOVE OBJECTIVE
- I - PROVISIONAL UNTIL JULY
- J - JAN AND FEB RESULTS HAVE BEEN ADJUSTED TO ACCOMMODATE
AN OBJECTIVE CHANGE DURING THE 3 MONTH ROLL PERIOD
ADJUSTED RESULTS ARE NOT VALID FOR TREND ANALYSIS
- K - NO JAN RESULT

P - MISS EXCUSED AS A RESULT OF HURRICANE ANDREW

* - INTX CARRIER SVC COMPONENT BREAKDOWN ON PAGE 2
--- ALL MISSES WILL BE UNDERLINED.

920260

REP-8
Pg. 12

CORPORATE MEASUREMENTS

BELLSOUTH TELECOMMUNICATIONS
INTEREXCHANGE CARRIER COMPONENTS

RMZ-0220
PAGE 2 OF 2

07/12/93
16.05.33

KENTUCKY
1993

NOTE	OBJECTIVE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
FG	TRANS-PIC ACCURACY	99.0	99.7	99.4	99.8	99.3	99.7	99.5					
AFGI	TRANS-800/900:												
	A. 800 TRANSLATION	TBD	99.8	99.8	99.5	99.5	99.4						
	B. 900 TRANSLATION	TBD	98.6	99.2	99.4	99.9	99.8						
AGJP	MTCE-SPEC ACCESS SINGLE CIRCUIT	4.0	3.5	3.6	3.3	3.5	2.8	3.1					
AGJ	MTCE-SPEC ACCESS DS1	2.8	2.1	2.0	1.9	1.9	1.8	1.8					
AGJ	MTCE-SPEC ACCESS DS3	1.6	.9	.9	.9	.5	.4	.3					
ABG	MTCE-SINGLE CKT FAILURE RATE	3.9	1.8	1.8	2.0	2.4	2.6	3.1					
ABG	MTCE-DS1/DS3 FAILURE RATE	4.5	.7	1.1	1.3	1.8	1.9	2.1					
FGK	BILLING-BILL REL DATA:												
	A. REL IN 7 DAYS	90.0	100.0	100.0	100.0	100.0	100.0	100.0					
	B. REL IN 8 DAYS	100.0	100.0	100.0	100.0	100.0	100.0	100.0					
FG	BILLING-CARRIER ACC USAGE	99.1	99.9	99.8	99.6	99.6	97.7	99.2					
GI	BILLING-SVC ORDER TIMELINESS	TBD	93.6	89.1	89.7	87.6	91.4	89.7					
FG	BLOCKING-CTTG:												
H	A. MET-1 MONTH	2.0	.6	.0	1.0	.5	1.5	.0					
	B. DBO-3 MONTHS	1.0	.0	.0	.0	.0	.0	.0					
AG	PROV-SWITCH ACC & COMPLETED ON TIME	98	99	100	100	100	100	100					
AG	PROV-SPEC ACC SGL & COMPLETED ON TIME	98	100	100	100	100	100	100					
AG	PROV-SPEC ACC DS1/DS3 & COMPLETED ON TIME	98	100	100	100	100	100	99					
E	PROV-SWIT AC-& DDD MET												
E	PROV-SP AC SGL-& DDD MET												
E	PROV-SP AC DS-& DDD MET												
	TOTAL # OF COMPONENTS MET	9	12	12	12	12	11	12					
	# OF COMPONENTS EXCEEDING CONSECUTIVE MISS ALLOWANCE	0	0	0	0	0	0	0					
	INTX CARR SVC MET		Y	Y	Y	Y	Y	Y					

920260
REP-8
Pg. 13

CORPORATE MEASUREMENTS

BELLSOUTH TELECOMMUNICATIONS
EXCEL

RM2-0220
PAGE 1 OF 2

LOUISIANA
1993

07/12/93
16.05.33

NOTE	EXCEL	OBJECTIVE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD FAILURES
A	1. RESIDENCE CUSTOMER SERVICE	92	95	95	95	95	94	95							0
	-- REPAIR		93	92	92	91	92	92							
	-- DIRECTORY ASSISTANCE		94	95	96	95	94	94							
	-- PROVISIONING		95	95	95	96	96	96							
	-- BILLING INQUIRY		96	96	96	96	95	96							
A	2. SMALL BUSINESS CUSTOMER SERVICE	92	94	95	95	95	94	94							0
	-- REPAIR		93	94	94	94	93	93							
	-- DIRECTORY ASSISTANCE		94	95	96	97	95	94							
	-- PROVISIONING		94	94	94	94	94	94							
	-- BILLING INQUIRY		95	95	94	93	93	93							
A	3. MEDIUM BUSINESS CUSTOMER SERVICE	92	97	97	98	97	97	97							0
AC	4. LARGE BUSINESS CUSTOMER SERVICE	92													
CD	5. MAJOR BUSINESS CUSTOMER SERVICE	90													
E	-- VOICE														
E	-- DATA														
	6. INTEREXCHANGE CARRIER SERVICE MET		Y	Y	Y	Y	Y	Y							0
	7. NETWORK SERVICE QUALITY														
	A. BELLSOUTH (INTRALATA)	90	100	99	99	97	100	100							0
	B. CARRIER ACCESS (INTERLATA)	90	95	96	92	98	99	98							
A	8. TOTAL CUSTOMER TROUBLE REPORT RATE	5.3	3.5	3.2	3.2	3.0	3.2	3.4							0

YEAR TO DATE PERCENT OPPORTUNITIES MET 100.00

KEY TO FOOTNOTES

- A - THREE MONTH ROLL, ALL COMPONENTS
- B - JAN - 1 MO, FEB - 2 MO, MAR - 3 MO
- C - BST LEVEL ONLY
- D - FOUR MONTH RESULT, 1 OPPORTUNITY PER PERIOD
- E - INFORMATION ONLY, RESULTS NOT USED FOR EXCEL
- F - ONE MONTH IN ARREARS
- G - OBJECTIVE CANNOT BE MISSED FOR THREE CONSECUTIVE MONTHS
- H - ONLY THE BST RESULT IS OFFICIAL
THE STATE RESULT IS SHOWN FOR INFORMATION ONLY
ALL STATES FAIL IF THE BST RESULT IS ABOVE OBJECTIVE
- I - PROVISIONAL UNTIL JULY
- JAN AND FEB RESULTS HAVE BEEN ADJUSTED TO ACCOMMODATE
AN OBJECTIVE CHANGE DURING THE 3 MONTH ROLL PERIOD
ADJUSTED RESULTS ARE NOT VALID FOR TREND ANALYSIS
- X - NO JAN RESULT

P - MISS EXCUSED AS A RESULT OF HURRICANE ANDREW

* - INTX CARRIER SVC COMPONENT BREAKDOWN ON PAGE 2
--- ALL MISSES WILL BE UNDERLINED.

920200
REP-8
Pg. 14

CORPORATE MEASUREMENTS

BELLSOUTH TELECOMMUNICATIONS
INTEREXCHANGE CARRIER COMPONENTS

LOUISIANA
1993

07/12/93
16.05.33

NOTE	OBJECTIVE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
FG	TRANS-PIC ACCURACY	99.0	99.8	99.4	99.6	99.5	99.3	99.7					
AFGI	TRANS-800/900:												
	A. 800 TRANSLATION	TBD		99.8	99.8	99.7	99.6	99.6					
	B. 900 TRANSLATION	TBD		99.6	99.7	99.5	99.3	99.1					
AGJP	MECE-SPEC ACCESS SINGLE CIRCUIT	4.0	4.0	3.9	3.8	3.5	3.5	3.8					
AGJ	MECE-SPEC ACCESS DS1	2.8	2.2	2.4	2.2	2.4	2.6	2.9					
AGJ	MECE-SPEC ACCESS DS3	1.6	.6	.6	.6	.3	.9	.9					
ABG	MECE-SINGLE CKT FAILURE RATE	3.9	2.2	2.2	2.4	2.5	2.6	2.6					
ABG	MECE-DS1/DS3 FAILURE RATE	4.5	2.0	2.0	1.9	2.0	2.2	2.4					
FGK	BILLING-BILL REL DATA:												
	A. REL IN 7 DAYS	90.0		100.0	100.0	100.0	100.0	100.0					
	B. REL IN 8 DAYS	100.0		100.0	100.0	100.0	100.0	100.0					
FG	BILLING-CARRIER ACC USAGE	99.1	99.6	98.3	99.7	99.7	99.5	99.9					
GI	BILLING-SVC ORDER TIMELINESS	TBD	83.1	85.5	87.5	89.9	90.8	90.6					
FG	BLOCKING-CITG:												
E	A. MET-1 MONTH	2.0	.8	.7	2.3	.9	.9	1.3					
	B. DBO-3 MONTHS	1.0	.3	.0	.0	.2	.0	.0					
AG	PROV-SWITCH ACC & COMPLETED ON TIME	98	100	100	100	100	100	100					
AG	PROV-SPEC ACC SGL & COMPLETED ON TIME	98	100	100	99	99	99	100					
AG	PROV-SPEC ACC DS1/DS3 & COMPLETED ON TIME	98	100	100	100	99	99	99					
E	PROV-SWIT AC-A DDD MET												
E	PROV-SP AC SGL-A DDD MET												
E	PROV-SP AC DS-A DDD MET												
	TOTAL # OF COMPONENTS MET	9	12	11	12	12	12	11					
	# OF COMPONENTS EXCEEDING CONSECUTIVE MISS ALLOWANCE	0	0	0	0	0	0	0					
	INTX CARR SVC MET		Y	Y	Y	Y	Y	Y					

MISSISSIPPI
1993

07/12/93
16.05.33

NOTE	EXCEL	OBJECTIVE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD FAILURES
A	1. RESIDENCE CUSTOMER SERVICE	92	95	96	96	96	96	96							0
	-- REPAIR		93	93	93	93	94	93							
	-- DIRECTORY ASSISTANCE		97	98	97	96	96	96							
	-- PROVISIONING		96	96	97	97	97	97							
	-- BILLING INQUIRY		95	96	95	96	95	96							
A	2. SMALL BUSINESS CUSTOMER SERVICE	92	96	96	96	96	96	96							0
	-- REPAIR		97	97	97	97	97	97							
	-- DIRECTORY ASSISTANCE		96	95	96	96	97	96							
	-- PROVISIONING		95	95	95	95	95	95							
	-- BILLING INQUIRY		97	97	96	96	95	95							
A	3. MEDIUM BUSINESS CUSTOMER SERVICE	92	98	98	99	98	97	97							0
AC	4. LARGE BUSINESS CUSTOMER SERVICE	92													
CD	5. MAJOR BUSINESS CUSTOMER SERVICE	90													
I	-- VOICE														
I	-- DATA														
	6. INTEREXCHANGE CARRIER SERVICE MET		Y	Y	Y	Y	Y	Y							0
	7. NETWORK SERVICE QUALITY														
	A. BELLSOUTH (INTRALATA)	90	100	100	97	100	100	100							0
	B. CARRIER ACCESS (INTERLATA)	90	96	98	93	91	93	95							
A	8. TOTAL CUSTOMER TROUBLE REPORT RATE	5.3	3.7	3.5	3.5	3.3	3.5	3.6							0

YEAR TO DATE PERCENT OPPORTUNITIES MET 100.00%

KEY TO FOOTNOTES

- A - THREE MONTH ROLL, ALL COMPONENTS
- B - JAN = 1 MO, FEB = 2 MO, MAR = 3 MO
- C - BST LEVEL ONLY
- D - FOUR MONTH RESULT, 1 OPPORTUNITY PER PERIOD
- I - INFORMATION ONLY, RESULTS NOT USED FOR EXCEL
- F - ONE MONTH IN ARREARS
- G - OBJECTIVE CANNOT BE MISSED FOR THREE CONSECUTIVE MONTHS
- H - ONLY THE BST RESULT IS OFFICIAL
THE STATE RESULT IS SHOWN FOR INFORMATION ONLY
ALL STATES FAIL IF THE BST RESULT IS ABOVE OBJECTIVE
- I - PROVISIONAL UNTIL JULY
- J - JAN AND FEB RESULTS HAVE BEEN ADJUSTED TO ACCOMMODATE
AN OBJECTIVE CHANGE DURING THE 3 MONTH ROLL PERIOD
ADJUSTED RESULTS ARE NOT VALID FOR TREND ANALYSIS
- K - NO JAN RESULT
- P - MISS EXCUSED AS A RESULT OF HURRICANE ANDREW
- * - INTX CARRIER SVC COMPONENT BREAKDOWN ON PAGE 2
- ALL MISSES WILL BE UNDERLINED.

F0111Z

920260 REP-8
Pg. 16

CORPORATE MEASUREMENTS

BELLSOUTH TELECOMMUNICATIONS
INTEREXCHANGE CARRIER COMPONENTS

RMZ-0220
PAGE 2 OF 2

MISSISSIPPI
1993

07/12/93
16.05.33

NOTE	OBJECTIVE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
FG	TRANS-PIC ACCURACY	99.0	99.8	99.9	99.9	99.9	99.9	99.9					
AFGI	TRANS-800/900:												
	A. 800 TRANSLATION	TBD	99.8	99.5	99.6	99.7	99.8						
	B. 900 TRANSLATION	TBD	99.9	99.5	99.3	99.3	99.6						
AGJP	MTCE-SPEC ACCESS SINGLE CIRCUIT	4.0	4.2	3.7	3.2	2.6	2.6	2.7					
AGJ	MTCE-SPEC ACCESS DS1	2.8	2.1	2.3	2.0	1.9	1.9	2.0					
AGJ	MTCE-SPEC ACCESS DS3	1.6	.0	.0	.0	.0	.0	.0					
ABG	MTCE-SINGLE CKT FAILURE RATE	3.9	2.8	2.4	2.5	2.3	2.4	2.5					
ABG	MTCE-DS1/DS3 FAILURE RATE	4.5	3.0	2.1	2.1	1.9	2.2	2.0					
FGK	BILLING-BILL REL DATA:												
	A. REL IN 7 DAYS	90.0	100.0	99.9	100.0	100.0	100.0	100.0					
	B. REL IN 8 DAYS	100.0	100.0	100.0	100.0	100.0	100.0	100.0					
FG	BILLING-CARRIER ACC USAGE	99.1	100.0	100.0	100.0	100.0	100.0	100.0					
GI	BILLING-SVC ORDER TIMELINESS	TBD	86.4	90.6	92.0	95.5	94.7	97.1					
FG	BLOCKING-CITG:												
H	A. MET-1 MONTH	2.0	.0	1.9	.6	.3	1.9	1.8					
	B. DBO-3 MONTHS	1.0	.0	.6	.0	.0	.0	.3					
AG	PROV-SWITCH ACC & COMPLETED ON TIME	98	100	100	100	100	100	100					
AG	PROV-SPEC ACC SGL & COMPLETED ON TIME	98	100	100	100	100	99	99					
AG	PROV-SPEC ACC DS1/DS3 & COMPLETED ON TIME	98	99	99	100	100	100	100					
E	PROV-SWIT AC-& DDD MET												
E	PROV-SP AC SGL-& DDD MET												
E	PROV-SP AC DS-& DDD MET												
	TOTAL # OF COMPONENTS MET	9	11	12	12	12	12	12					
	# OF COMPONENTS EXCEEDING CONSECUTIVE MISS ALLOWANCE	0	0	0	0	0	0	0					
	INEX CARR SVC MET		Y	Y	Y	Y	Y	Y					

920260
REP-8
Pg. 17

CORPORATE MEASUREMENTS

BELLSOUTH TELECOMMUNICATIONS
EXCEL

RMZ-0220
PAGE 1 OF 2

NORTH CAROLINA
1993

07/12/93
16.05.33

NOTE	EXCEL	OBJECTIVE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD FAILURES
A	1. RESIDENCE CUSTOMER SERVICE	92	94	94	95	95	95	94							0
	-- REPAIR		90	90	92	92	93	92							
	-- DIRECTORY ASSISTANCE		95	95	96	96	97	96							
	-- PROVISIONING		96	96	96	96	95	95							
	-- BILLING INQUIRY		95	95	95	95	95	94							
A	2. SMALL BUSINESS CUSTOMER SERVICE	92	94	95	95	95	94	94							0
	-- REPAIR		93	93	94	94	93	92							
	-- DIRECTORY ASSISTANCE		97	98	98	98	97	96							
	-- PROVISIONING		93	93	94	94	94	93							
	-- BILLING INQUIRY		94	94	93	94	93	93							
A	3. MEDIUM BUSINESS CUSTOMER SERVICE	92	98	99	99	99	98	98							0
AC	4. LARGE BUSINESS CUSTOMER SERVICE	92													
CD	5. MAJOR BUSINESS CUSTOMER SERVICE	90													
E	-- VOICE														
E	-- DATA														
	6. INTEREXCHANGE CARRIER SERVICE MET	*	Y	Y	Y	Y	Y	Y							0
	7. NETWORK SERVICE QUALITY														
	A. BELLSOUTH (INERLATA)	90	100	100	94	100	100	100							0
	B. CARRIER ACCESS (INTERLATA)	90	97	97	92	97	99	98							
A	8. TOTAL CUSTOMER TROUBLE REPORT RATE	5.3	2.9	2.7	3.0	3.1	3.3	3.2							0

YEAR TO DATE PERCENT OPPORTUNITIES MET 100.00

KEY TO FOOTNOTES

- A - THREE MONTH ROLL, ALL COMPONENTS
- B - JAN = 1 MO, FEB = 2 MO, MAR = 3 MO
- C - BST LEVEL ONLY
- D - FOUR MONTH RESULT, 1 OPPORTUNITY PER PERIOD
- E - INFORMATION ONLY, RESULTS NOT USED FOR EXCEL
- F - ONE MONTH IN ARREARS
- G - OBJECTIVE CANNOT BE MISSED FOR THREE CONSECUTIVE MONTHS
- H - ONLY THE BST RESULT IS OFFICIAL
- THE STATE RESULT IS SHOWN FOR INFORMATION ONLY
- ALL STATES FAIL IF THE BST RESULT IS ABOVE OBJECTIVE
- I - PROVISIONAL UNTIL JULY
- J - JAN AND FEB RESULTS HAVE BEEN ADJUSTED TO ACCOMMODATE OBJECTIVE CHANGE DURING THE 3 MONTH ROLL PERIOD
- ADJUSTED RESULTS ARE NOT VALID FOR TREND ANALYSIS
- K - NO JAN RESULT

P - MISS EXCUSED AS A RESULT OF HURRICANE ANDREW

* - INTX CARRIER SVC COMPONENT BREAKDOWN ON PAGE 2
--- ALL MISSES WILL BE UNDERLINED.

0012019
001117

920260 REP-8
Pg. 18

CORPORATE MEASUREMENTS

BELLSOUTH TELECOMMUNICATIONS
INTEREXCHANGE CARRIER COMPONENTS

RMZ-0220
PAGE 2 OF 2

NORTH CAROLINA
1993

07/12/93
16.05.33

NOTE	OBJECTIVE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
FG	TRANS-PIC ACCURACY	99.0	99.4	99.5	98.7	99.5	99.7	99.7					

AFGI	TRANS-800/900:												
	A. 800 TRANSLATION	TBD	99.1	99.1	99.1	98.3	98.3						
	B. 900 TRANSLATION	TBD	99.1	99.3	99.4	99.5	99.6						
AGJP	MTCE-SPEC ACCESS SINGLE CIRCUIT	4.0	3.3	3.2	3.2	3.4	3.4	3.5					
AGJ	MTCE-SPEC ACCESS DS1	2.8	1.9	1.8	2.1	2.2	2.2	2.2					
AGJ	MTCE-SPEC ACCESS DS3	1.6	.1	.1	.0	.3	.3	.3					
ABG	MTCE-SINGLE CKT FAILURE RATE	3.9	2.4	2.3	2.3	2.3	2.3	2.5					
ABG	MTCE-DS1/DS3 FAILURE RATE	4.5	1.8	1.8	1.7	1.8	1.9	2.2					
FGK	BILLING-BILL REL DATA:												
	A. REL IN 7 DAYS	90.0	100.0	100.0	100.0	100.0	100.0	100.0					
	B. REL IN 8 DAYS	100.0	100.0	100.0	100.0	100.0	100.0	100.0					
FG	BILLING-CARRIER ACC USAGE	99.1	99.9	99.9	99.8	99.9	99.8	100.0					
GI	BILLING-SVC ORDER TIMELINESS	TBD	89.6	88.3	93.4	92.1	92.3	89.6					
FG	BLOCKING-CTTG:												
H	A. MET-1 MONTH	2.0	.0	1.6	1.3	.3	.7	.7					
	B. DBO-3 MONTHS	1.0	.0	.0	.0	.0	.0	.0					
AG	PROV-SWITCH ACC & COMPLETED ON TIME	98	100	100	100	100	100	100					
AG	PROV-SPEC ACC SGL & COMPLETED ON TIME	98	99	100	100	100	100	99					
AG	PROV-SPEC ACC DS1/DS3 & COMPLETED ON TIME	98	99	100	100	100	100	99					
E	PROV-SWIT AC-& DDD MET												
E	PROV-SP AC SGL-& DDD MET												
E	PROV-SP AC DS-& DDD MET												
	TOTAL # OF COMPONENTS MET	9	12	12	11	12	12	12					
	# OF COMPONENTS EXCEEDING CONSECUTIVE MISS ALLOWANCE	0	0	0	0	0	0	0					
	INEX CARR SVC MET		Y	Y	Y	Y	Y	Y					

00100000
00100000

920260 REP-8
Pg. 19

CORPORATE MEASUREMENTS

BELLSOUTH TELECOMMUNICATIONS
EXCEL

RMZ-C220
PAGE 1 OF 2

SOUTH CAROLINA
1993

07/12/93
16.05.33

NOTE	EXCEL	OBJECTIVE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD FAILURES
A 1.	RESIDENCE CUSTOMER SERVICE	92	95	95	95	94	94	95							0
	-- REPAIR		91	91	92	92	91	92							
	-- DIRECTORY ASSISTANCE		97	97	96	96	96	96							
	-- PROVISIONING		95	96	96	95	95	95							
	-- BILLING INQUIRY		96	96	95	94	94	96							
A 2.	SMALL BUSINESS CUSTOMER SERVICE	92	94	95	95	95	94	94							0
	-- REPAIR		94	95	95	94	93	93							
	-- DIRECTORY ASSISTANCE		95	95	95	95	95	95							
	-- PROVISIONING		92	93	94	94	94	94							
	-- BILLING INQUIRY		96	95	96	95	95	95							
A 3.	MEDIUM BUSINESS CUSTOMER SERVICE	92	97	97	97	97	98	97							0
AC 4.	LARGE BUSINESS CUSTOMER SERVICE	92													
CD 5.	MAJOR BUSINESS CUSTOMER SERVICE	90													
E	-- VOICE														
E	-- DATA														
	6. INTEREXCHANGE CARRIER SERVICE MET		Y	Y	Y	Y	Y	Y							0
	7. NETWORK SERVICE QUALITY														
	A. BELLSOUTH (INTRALATA)	90	98	100	98	98	98	98							0
	B. CARRIER ACCESS (INTERLATA)	90	97	98	95	98	98	97							
A 8.	TOTAL CUSTOMER TROUBLE REPORT RATE	5.3	3.4	3.2	3.3	3.3	3.5	3.5							0

YEAR TO DATE PERCENT OPPORTUNITIES MET 100.00

KEY TO FOOTNOTES

- A - THREE MONTH ROLL, ALL COMPONENTS
- B - JAN - 1 MO, FEB - 2 MO, MAR - 3 MO
- C - BEST LEVEL ONLY
- D - FOUR MONTH RESULT, 1 OPPORTUNITY PER PERIOD
- E - INFORMATION ONLY, RESULTS NOT USED FOR EXCEL
- F - ONE MONTH IN ARREARS
- G - OBJECTIVE CANNOT BE MISSED FOR THREE CONSECUTIVE MONTHS
- H - ONLY THE BEST RESULT IS OFFICIAL
THE STATE RESULT IS SHOWN FOR INFORMATION ONLY
ALL STATES FAIL IF THE BEST RESULT IS ABOVE OBJECTIVE
- I - PROVISIONAL UNTIL JULY
- J - JAN AND FEB RESULTS HAVE BEEN ADJUSTED TO ACCOMMODATE
AN OBJECTIVE CHANGE DURING THE 3 MONTH ROLL PERIOD
ADJUSTED RESULTS ARE NOT VALID FOR TREND ANALYSIS
- K - NO JAN RESULT

P - MISS EXCUSED AS A RESULT OF HURRICANE ANDREW

* - INTX CARRIER SVC COMPONENT BREAKDOWN ON PAGE 2
--- ALL MISSES WILL BE UNDERLINED.

SOUTH CAROLINA
199307/12/93
16.05.33

NOTE	OBJECTIVE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
FG	TRANS-PIC ACCURACY	99.0	99.4	99.6	99.6	99.7	99.7	100.0					
AFGI	TRANS-800/900:												
	A. 800 TRANSLATION	TBD	99.8	99.5	99.6	99.4	99.4						
	B. 900 TRANSLATION	TBD	98.3	98.8	98.6	99.0	99.2						
AGJP	MTCE-SPEC ACCESS SINGLE CIRCUIT	4.0	2.5	2.6	2.7	2.4	2.5	2.5					
AGJ	MTCE-SPEC ACCESS DS1	2.8	1.9	2.0	2.0	1.8	1.9	2.0					
AGJ	MTCE-SPEC ACCESS DS3	1.6	.0	.0	.0	.0	.0	.2					
ABG	MTCE-SINGLE CKT FAILURE RATE	3.9	2.0	1.8	2.1	2.2	2.4	2.4					
ABG	MTCE-DS1/DS3 FAILURE RATE	4.5	2.2	2.1	2.0	2.0	2.2	2.4					
FGK	BILLING-BILL REL DATA:												
	A. REL IN 7 DAYS	90.0	100.0	100.0	100.0	100.0	100.0	100.0					
	B. REL IN 8 DAYS	100.0	100.0	100.0	100.0	100.0	100.0	100.0					
FG	BILLING-CARRIER ACC USAGE	99.1	99.9	99.9	99.8	99.9	99.8	100.0					
GI	BILLING-SVC ORDER TIMELINESS	TBD	89.6	88.3	93.4	92.1	92.3	89.6					
FG	BLOCKING-CTTG:												
H	A. MBT-1 MONTH	2.0	.7	1.4	1.9	1.3	.9	.0					
	B. DBO-3 MONTHS	1.0	.0	.0	.6	.0	.0	.0					
AG	PROV-SWITCH ACC & COMPLETED ON TIME	98	100	100	100	100	100	99					
AG	PROV-SPEC ACC SGL & COMPLETED ON TIME	98	100	100	100	100	100	100					
AG	PROV-SPEC ACC DS1/DS3 & COMPLETED ON TIME	98	100	100	100	100	100	100					
E	PROV-SWIT AC-& DDD MET												
E	PROV-SP AC SGL-& DDD MET												
E	PROV-SP AC DS-& DDD MET												
	TOTAL # OF COMPONENTS MET	9	12	12	12	12	12	12					
	# OF COMPONENTS EXCEEDING CONSECUTIVE MISS ALLOWANCE	0	0	0	0	0	0	0					
	INTX CAPR SVC-MET		Y	Y	Y	Y	Y	Y					

TENNESSEE
1993

07/12/93
16.05.33

NOTE	EXCEL	OBJECTIVE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD FAILURES
A 1.	RESIDENCE CUSTOMER SERVICE	92	95	95	95	95	95	95							0
	-- REPAIR		92	92	92	91	91	91							
	-- DIRECTORY ASSISTANCE		97	96	96	95	96	96							
	-- PROVISIONING		95	95	96	97	97	97							
	-- BILLING INQUIRY		96	96	96	96	97	97							
A 2.	SMALL BUSINESS CUSTOMER SERVICE	92	96	95	96	96	96	96							0
	-- REPAIR		95	94	95	95	95	95							
	-- DIRECTORY ASSISTANCE		98	97	97	96	96	96							
	-- PROVISIONING		94	94	95	95	95	95							
	-- BILLING INQUIRY		96	95	96	96	97	97							
A 3.	MEDIUM BUSINESS CUSTOMER SERVICE	92	97	97	97	97	98	98							0
AC 4.	LARGE BUSINESS CUSTOMER SERVICE	92													
CD 5.	MAJOR BUSINESS CUSTOMER SERVICE	90													
E	-- VOICE														
E	-- DATA														
6.	INTEPEXCHANGE CARRIER SERVICE MET	*	Y	Y	Y	Y	Y	Y							0
7.	NETWORK SERVICE QUALITY														
	A. BILLSOUTH (INTRALATA)	90	100	100	97	100	100	100							0
	B. CARRIER ACCESS (INTERLATA)	90	98	93	96	97	97	98							
A 8.	TOTAL CUSTOMER TROUBLE REPORT RATE	5.3	2.9	2.8	3.1	3.2	3.4	3.5							0

YEAR TO DATE PERCENT OPPORTUNITIES MET 100.00

KEY TO FOOTNOTES

- A - THREE MONTH ROLL, ALL COMPONENTS
- B - JAN = 1 MO, FEB = 2 MO, MAR = 3 MO
- C - BST LEVEL ONLY
- D - FOUR MONTH RESULT, 1 OPPORTUNITY PER PERIOD
- E - INFORMATION ONLY, RESULTS NOT USED FOR EXCEL
- F - ONE MONTH IN ARREARS
- G - OBJECTIVE CANNOT BE MISSED FOR THREE CONSECUTIVE MONTHS
- H - ONLY THE BST RESULT IS OFFICIAL
- I - THE STATE RESULT IS SHOWN FOR INFORMATION ONLY
- J - ALL STATES FAIL IF THE BST RESULT IS ABOVE OBJECTIVE
- K - PROVISIONAL UNTIL JULY
- L - JAN AND FEB RESULTS HAVE BEEN ADJUSTED TO ACCOMMODATE AN OBJECTIVE CHANGE DURING THE 3 MONTH ROLL PERIOD
- M - ADJUSTED RESULTS ARE NOT VALID FOR TREND ANALYSIS
- N - NO JAN RESULT
- O - MISS EXCUSED AS A RESULT OF HURRICANE ANDREW
- P - INTX CARRIER SVC COMPONENT BREAKDOWN ON PAGE 2
- Q - ALL MISSES WILL BE UNDERLINED.

0202100

920260 REP-8
Pg. 22

CORPORATE MEASUREMENTS

BELLSOUTH TELECOMMUNICATIONS
INTEREXCHANGE CARRIER COMPONENTS

RMZ-0220
PAGE 2 OF 2

TENNESSEE
1993

07/12/93
16.05.33

NOTE	OBJECTIVE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
FG	TRANS-PIC ACCURACY	99.0	99.8	99.9	99.6	99.7	99.5	99.8					
AFGI	TRANS-800/900:												
	A. 800 TRANSLATION	TBD		99.1	99.1	99.3	99.4	99.4					
	B. 900 TRANSLATION	TBD		99.5	99.3	99.4	99.5	99.6					
AGJP	MTCE-SPEC ACCESS SINGLE CIRCUIT	4.0	3.6	3.2	3.4	3.2	3.7	3.8					
AGJ	MTCE-SPEC ACCESS DS1	2.8	2.6	2.2	2.6	2.6	2.7	2.7					
AGJ	MTCE-SPEC ACCESS DS3	1.6	.0	.0	.0	.0	.4	.4					
ABG	MTCE-SINGLE CKT FAILURE RATE	3.9	2.4	2.4	2.4	2.3	2.4	2.4					
ABG	MTCE-DS1/DS3 FAILURE RATE	4.5	1.2	1.2	1.4	1.4	1.4	1.5					
FGK	BILLING-BILL REL DATA:												
	A. FEL IN 7 DAYS	90.0		100.0	77.0	100.0	100.0	100.0					
	B. FEL IN 8 DAYS	100.0		100.0	77.0	100.0	100.0	100.0					
FG	BILLING-CARRIER ACC USAGE	99.1	99.9	99.9	99.9	99.9	99.9	100.0					
GI	BILLING-SVC ORDER TIMELINESS	TBD	91.1	89.4	96.5	92.4	96.4	96.0					
FG	BLOCKING-CTTG:												
H	A. NET-1 MONTH	2.0	1.9	.8	1.1	1.3	1.9	.8					
	B. TSO-3 MONTHS	1.0	.0	.0	.0	.0	.2	.0					
AG	PROV-SWITCH ACC & COMPLETED ON TIME	98	100	100	100	100	100	99					
AG	PROV-SPEC ACC SGL & COMPLETED ON TIME	98	99	100	100	100	100	100					
AG	PROV-SPEC ACC DS1/DS3 & COMPLETED ON TIME	98	100	100	100	99	99	99					
E	PROV-MET AC-& DDD MET												
E	PROV-SP AC SGL-& DDD MET												
E	PROV-SP AC DS-& DDD MET												
	TOTAL # OF COMPONENTS MET	9	12	12	11	12	12	12					
	# OF COMPONENTS EXCEEDING CONSECUTIVE MISS ALLOWANCE	0	0	0	0	0	0	0					
	INEX CTR SVC MET		Y	Y	Y	Y	Y	Y					

0012024

The 1992 BellSouth EXCEL Program

EXceeding Customer Expectation Levels

Corporate Measurements

December Results

Executive Summary

NOTICE

Not for use or disclosure outside
BellSouth or any of its subsidiaries
except under written agreement.

1992 EXCEL
Indicator 1

Residence Customer
Overall Satisfaction

Objective:
92% Satisfied

Measures the average percentage of residence customer survey respondents who indicated that their overall contact with Directory Assistance, Repair, Provisioning, and Billing Inquiry services was satisfactory.

Results are reported monthly by State and Company for Directory Assistance, Repair, Installation, and Service Center, as a simple average of the three-month results. In the second quarter, Installation and Service Center will be replaced with Provisioning and Billing Inquiry. General Billing will be tracked as an unofficial component, beginning with the second quarter.

There are no official objectives for individual components, only the overall satisfaction results for the market segment.

1992
BellSouth
Alabama
Florida
Georgia
Kentucky
Louisiana
Mississippi
North Carolina
South Carolina
Tennessee

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	*Sep	*Oct	*Nov	*Dec
95	95	95	94	94	94	94	94	94	94	94	94
96	97	96	96	96	96	95	95	95	96	95	95
94	94	95	93	93	93	93	93	93	93	93	92
94	94	94	93	93	93	93	92	92	92	92	92
96	96	96	96	96	96	96	96	96	96	96	96
96	96	96	96	96	96	95	95	94	94	94	95
96	96	97	96	96	96	96	96	95	95	95	95
95	95	96	93	94	94	95	95	94	94	94	94
96	96	96	95	95	95	94	94	94	94	94	95
96	96	96	96	95	95	95	95	95	95	94	95

* Hurricane damaged areas of Louisiana and Florida were not surveyed in Sep or Oct.
South Florida area was not surveyed in Nov or Dec.

0011935

FOI 412

Residence Customer Repair

920260
REP-9
Pg. 3

Measures the average percentage of residence repair survey respondents who indicated that their contact with repair service was satisfactory.

Results are aggregated with the other components of Residence Customer Satisfaction (see Overall Satisfaction) as a simple average of the three-month results for each component and are reported monthly by State and Company.

There are no official objectives for individual components, only the overall satisfaction results for the market segment.

1992
BellSouth
Alabama
Florida
Georgia
Kentucky
Louisiana
Mississippi
North Carolina
South Carolina
Tennessee

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
BellSouth	90	91	91	91	91	91	91	91	90	90	90	90
Alabama	92	92	92	93	94	94	92	91	91	92	91	90
Florida	88	90	90	89	89	89	89	89	89	90	90	88
Georgia	90	90	90	88	89	88	88	87	87	87	87	87
Kentucky	94	93	93	93	94	94	94	94	93	92	92	92
Louisiana	92	92	93	93	94	93	93	93	91	91	91	93
Mississippi	93	93	94	93	94	94	95	94	94	94	94	94
North Carolina	90	90	90	91	92	93	93	94	92	93	92	91
South Carolina	91	93	92	92	92	92	92	91	89	90	90	91
Tennessee	90	92	92	93	91	92	92	92	90	90	90	92

1992 EXCEL
Indicator 2

Small Business Customer Overall Satisfaction

Objective:
92% Satisfied

Measures the average percentage of small business customer survey respondents who indicated that their overall contact with Directory Assistance, Repair, Provisioning, and Billing Inquiry services was satisfactory.

Results are reported monthly by State and Company for Directory Assistance, Repair, Installation, and Service Center, as a simple average of the three-month results. In the second quarter, Installation and Service Center will be replaced with Provisioning and Billing Inquiry. General Billing will be tracked as an unofficial component, beginning with the second quarter.

There are no official objectives for individual components, only the overall satisfaction results for the market segment.

1992
BellSouth
Alabama
Florida
Georgia
Kentucky
Louisiana
Mississippi
North Carolina
South Carolina
Tennessee

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	*Sep	*Oct	*Nov	*Dec
95	95	95	94	94	94	94	94	94	94	94	94
97	97	97	96	96	95	95	96	96	96	96	96
92	93	94	91	92	92	92	91	# 91	92	92	92
94	95	95	94	93	93	93	92	93	93	93	94
97	97	97	97	97	96	96	96	96	96	96	95
96	96	96	95	95	95	95	95	94	93	93	93
97	97	97	96	96	96	96	96	96	96	96	96
94	95	95	95	94	94	93	94	94	94	94	94
96	96	95	95	95	95	94	94	94	94	94	94
97	97	97	95	96	96	96	95	95	94	95	95

* Hurricane damaged areas of Louisiana and Florida were not surveyed in Sep or Oct;

0011937

FOI#12

Medium Business Customer Overall Satisfaction

920260
REP-9
Pg. 5

Objective:
92% Satisfied

Measures the overall satisfaction of medium-size business customers (those with three to nine lines) with all aspects of their telephone service - i.e., service negotiation, provisioning, maintenance, billing, and purchase or lease of telephone equipment from BellSouth. The Business Record Information System (BRIS) provides the sample for 100 completed telephone interviews (conducted by an independent research firm) per Revenue Accounting Office per month.

Results are reported monthly by State and Company as a three-month rolling average.

1992
BellSouth
Alabama
Florida
Georgia
Kentucky
Louisiana
Mississippi
North Carolina
South Carolina
Tennessee

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	*Sep	*Oct	*Nov	*Dec
BellSouth	98	98	98	98	98	97	97	97	97	97	97	97
Alabama	99	98	98	98	98	99	98	99	98	97	97	97
Florida	96	98	98	99	97	97	96	97	97	96	97	96
Georgia	99	98	98	99	99	98	97	97	97	97	97	96
Kentucky	100	97	97	97	98	98	98	98	98	98	98	98
Louisiana	99	98	98	98	98	97	98	97	98	97	97	97
Mississippi	99	98	98	98	98	99	99	98	96	97	98	98
North Carolina	98	98	98	97	97	97	96	98	97	98	98	98
South Carolina	97	96	97	96	97	97	97	97	98	98	98	97
Tennessee	99	99	97	98	97	98	98	97	98	98	98	98

* Hurricane damaged areas of Louisiana and Florida were not surveyed in Sep or Oct; South Florida area was not surveyed in Nov.

F01841Z

0011333

Total Customer Trouble Report Rate

Objective:
5.3 reports/100 lines

Measures the number of customer trouble reports for all classes of service except special services complex circuits. This measurement has been expanded in 1992 to include all original customer direct (Category 1) reports. Classes of service include Residence, Rural, Unclassified, Business, PBX, Centrex, Key, Coin Public, Coin Semi-public, and Charge-A-Call and simple special services such as burglar alarm dial access and non-designed WATS. Subsequent reports are not included. Results are expressed as the number of trouble reports received per 100 customer lines, and are reported as a three-month rolling average.

1992
BellSouth
Alabama
Florida
Georgia
Kentucky
Louisiana
Mississippi
North Carolina
South Carolina
Tennessee

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
BellSouth	3.4	3.4	3.4	3.4	3.4	3.6	4.0	4.5	4.6	4.4	4.0	3.6
Alabama	3.0	2.9	2.9	2.9	2.8	3.1	3.6	4.1	4.0	3.6	3.3	3.2
Florida	4.1	4.1	4.0	3.9	3.7	4.0	4.2	4.9	5.5#	5.7#	5.4#	4.6
Georgia	3.5	3.6	3.8	3.8	3.7	4.0	4.7	5.3	5.3	4.6	4.3	4.0
Kentucky	2.5	2.4	2.4	2.5	2.7	2.9	3.4	3.7	3.6	3.1	2.7	2.5
Louisiana	3.3	3.3	3.3	3.1	3.1	3.3	3.6	4.1	4.3	4.0	3.7	3.4
Mississippi	3.3	3.3	3.3	3.3	3.3	3.5	3.9	4.6	4.4	4.0	3.5	3.5
North Carolina	3.1	3.0	3.1	3.1	3.3	3.6	3.8	4.1	3.9	3.6	3.2	3.0
South Carolina	3.2	3.2	3.3	3.4	3.4	3.7	4.0	4.5	4.4	4.1	3.7	3.4
Tennessee	3.3	3.2	3.0	3.0	3.1	3.4	3.8	4.1	3.9	3.6	3.2	3.0

Reflects adjustments to opportunities as a result of hurricane Andrew in Florida, Louisiana, & BST

Payout Comparison

New Service Award Calculation

	1992 (Year-End)	1993
Alabama	142.50	136.67
Florida	* 116.25	90.00
Georgia	123.75	103.33
Kentucky	142.50	136.67
Louisiana	* 138.75	130.00
Mississippi	142.50	136.67
North Carolina	127.50	110.00
South Carolina	131.25	116.67
Tennessee	138.75	130.00
BellSouth Telecommunications	* 133.69	121.00

* Results reflect recommended adjustment to compensate for impact of Hurricane Andrew.

ENCLOSURE

ENCLOSURE

Payout Comparison

New Service Award Calculation

	1992 (October-YTD)	1993
Alabama	146.25	143.33
Florida	* 116.25	* 90.00
Georgia	127.50	110.00
Kentucky	150.00	150.00
Lousiana	138.75	130.00
Mississippi	146.25	143.33
North Carolina	131.25	116.67
South Carolina	135.00	123.33
Tennessee	142.50	136.67
BellSouth Telecommunications	137.06	127.00

without CSP 1
Scale adjustment
all of these
would be 20%
lower.

* Results if Hurricane Andrew misses excused, otherwise -
Florida's Service Award will be 0.00.

ETHICS ASSESSMENT SUMMARY

FOR BELL SOUTH TELECOMMUNICATIONS, FLORIDA

This report highlights the Florida findings from the values and vulnerabilities assessment conducted by the Ethics Resource Center, Inc. (ERC). These findings are based on six individual interviews and conference calls and two focus groups conducted between May 15, 1992 and June 15, 1992. Focus group participants were randomly selected to achieve a cross section of staff functions and line management.

FINDINGS

This section summarizes the findings according to the following categories:

- Florida Culture
- Organizational Values
- Vulnerabilities to Unethical Conduct

FLORIDA CULTURE

Overall, Florida participants' remarks on the BellSouth Telecommunications corporate culture were consistent with the findings as noted in the BellSouth Telecommunications Executive Report. However, they noted several unique elements in the Florida culture.

Interviewees noted that Florida is the largest state in the system with a high volume of activity and a high concentration of scam artists. Employees also attributed differences to the corporate customer environment. Interviewees perceived that Florida was more aggressive in pursuing business than other states within the company due to the technological innovations and intense competition facing its markets. For example, the presence of alternate access vendors prompted employees to respond aggressively to meet market demands.

Interviewees gave two cultural reasons that may have contributed to Florida's past problems. First, employees perceived that ethics and integrity were passive values that were expected, but not actively promoted. Secondly, the perception that management would "shoot the messenger" prevented employees from voicing concerns and escalating problems.

OPERATING VALUES

Florida perceptions of operating values closely mirrored those of the rest of the company.

Stated

Customer First

Respect for the Individual

Pursuit of Excellence

Positive Response to Change

Community Mindedness

Operating

Customer Service

Making Measurements

Bottom Line

VULNERABILITIES TO UNETHICAL CONDUCT

This section highlights the ethical issues discussed in the Florida interviews and focus groups. These issues are divided into the following categories:

- Management Issues
- Measurements, Goal-Setting and Performance Evaluations
- Competition
- Communication
- Ethics Effort

Management Issues

Supervisory Issues

- There were concerns that future downsizing could overload supervisors' spans of control and increase their responsibilities. Some employees feared that this would make it difficult to reinforce expected behavior.
- People did not feel that they had the necessary contact with direct management in other locations. They believed that this stemmed from the fact that Florida

1
2
3
4
5
6
7
8
9
10
11
12

does not have a state headquarters locatic

There was concern that supervisor training in people management skills was inadequate. The

There were perceptions that technical resources were allocated across states without regard to differences in the workload. Employees raised the issue of what managers can reasonably demand from employees, especially when resources are stretched. Employees did not

Leadership

- Some interviewees believe that corporate management's actions speak louder than their words.

Policies and Procedures

- Interviewees stated that even though policies were in place, if things were going well, no one checked to see if they were being enforced. Several factors such as the reluctance to escalate problems, the focus on making measurements, the lack of accountability and ownership, and the passive acceptance of ethical expectations led to processes that would not be detected unless something went wrong. There was some concern that the company's unwillingness to change some processes reflected a greater emphasis on the process than on the job itself.
- Employees felt that some problems were unintentional and resulted from the bureaucracy. For example, because trouble coding is such a complex system, it "leaves a lot of room to play with the code."

Measurements, Goal Setting and Performance Evaluations

Measurements

- The recent mechanization of measurement reporting has not stopped all of the abuse. Employees have just found new ways to get around the system. Additionally, the emphasis on achievement of measurements has created an environment where employees sometimes circumvent the systems and procedures to reach the target, without actually fixing the problem or

1 addressing the issues. People
2 If the numbers looked good, managers did not
check to see if they were legitimate.

- There was a perception that employees who manipulated measurements were motivated by the index and may not have realized the impact of their actions on customer rebates or commission compensation.

Reward Systems

- Florida management would like to reward employees who "challenge up," although a reward system is not yet in place.
- Some employees indicated that the criteria for receiving incentive awards allows for inconsistent implementation.
- Interviewees perceived that the company was vulnerable in any area where measurements determined compensation. As quotas and competition increase and the workforce remains constant or decreases, vulnerability will increase.

Performance Appraisals

- Employees indicated that there is not a set process for reviewing managers. If employees perceived that they worked for a manager who was not performing well, they felt that they had two options -- either wait for the organization to change or remove themselves from the situation.

Competition

- Some interviewees believed that employees aren't convinced that competition will happen and don't understand that the company
- Employees stated that the company needs to clearly communicate how employees should deal with competitors that are emerging in traditional areas such as local telephone service. For example, independent companies might want to lease equipment that would be placed on BellSouth premises or place their facilities on BellSouth poles.
- Some employees perceived that a customer who generates a lot of money may receive better treatment than a smaller customer.

24
25
26

Communications

Proprietary Information

- 3
5
6
7
- BellSouth increasingly finds itself in situations where its business partners are also customers, competitors and vendors (e.g., AT&T and other RBOCs).

Some interviewees desire more guidance on reasonable business practices for dealing with these relationships, on the boundaries that should be set, and on the protection of the sensitive and proprietary information of BellSouth, its customers, and its partners.

11
12

- Some employees stated that the company does not do a good job of identifying sensitive material.

14
15

Internal Communications

- Communication and emphasis on company expectations for ethical behavior seem to be better in Florida than in the rest of the company. Much of this is attributed to the focus on recent problems as well as to the encouragement to "challenge up." Some employees indicated management is sending the message that the company will not tolerate shady deals.
- Despite the effort to improve communications, some still feel that information passed to upper management is filtered and tinted, reflecting the "shoot-the-messenger" mentality and resulting in a softened message that doesn't give a clear understanding of the problem.

26
27
28
29

Even employees who did not believe that everyone indicated a need to

- Employees would like to hear about problems and issues before they appear in the local newspaper. The fact that they don't fuels the feelings that management does not care or trust the employees. Some interviewees stressed the importance of communicating clearly to employees if downsizing actions are taken in the future.

36
36

- Employees indicated that the company should communicate the results of this assessment to those who participated in the process.

Ethics Effort

Company's Commitment

- Employees perceive that people interpret what is important from the actions they see. Some feel that the concern about ethics is simply a response to recent problems and that once the crisis passes, current efforts will go unheeded.
- Some interviewees perceived that unethical behavior is aggravated by poor communication of expectations. Employees stated a need for a better understanding of what the company means by "ethics."

Ethics Office

- While most of the Florida comments regarding the Ethics Office were similar to those in the rest of the company, the Florida participants emphasized a fear of retribution and breach of confidentiality if they approached the office. Employees wanted to know what the policies and procedures for investigations of misconduct would be for the new office. Some interviewees voiced concerns that their jobs might be in jeopardy if they reported unethical conduct. Others felt that if falsely accused of wrongdoing, they would be responsible for proving themselves innocent.

Code of Conduct and Ethics Policies

- People sign *Personal Responsibilities*, but don't always read it. Some employees stated that it did not "do anything for [their] job." Other employees suggested simplifying its message.
- Several employees expressed a desire to see consensus from management on the "grey areas" pertaining to *real* daily situations. They indicated that examples on how to handle such issues should be included in *Personal Responsibilities*.

DRAFT

Docket 920260-TL
REP-12
Page 1 of 62

BELLSOUTH TELECOMMUNICATIONS

Ethics Assessment Executive Report
Detailed Summary of Key Findings
From Interviews, Focus Groups, and Survey

Ethics Resource Center, Inc.
1120 G Street, N.W., Suite 200
Washington, DC 20005

February 25, 1993

RESTRICTED ACCESS UNDER ETHICS RESOURCE CENTER POLICY:
COPYRIGHT 1993 BY THE ETHICS RESOURCE CENTER.
ALL RIGHTS RESERVED.

ETHICS ASSESSMENT EXECUTIVE REPORT FOR BELLSOUTH TELECOMMUNICATIONS

This report is a summary of the values and vulnerabilities assessment conducted for BellSouth Telecommunications by the Ethics Resource Center, Inc. (ERC). The report is organized into four sections:

- Objective
- Approach
- Findings From Interviews, Focus Groups, and Survey
- Conclusions & Recommendations

OBJECTIVE

The objective of the assessment was to determine the appropriate approach and methodology for ethics training development. The assessment was designed to elicit employee perceptions of BellSouth values, culture, ethical issues and potential areas of vulnerability. The findings include results from an employee survey fielded in December, 1992.

The survey was designed to measure: employees' knowledge of company policies and values and the degree to which they are known and communicated; employees' attitudes about the company and its people; and employees' skills in identifying and addressing potential ethical issues and their experience in reporting observed misconduct. The survey will also be used as a benchmarking tool to measure the ongoing effectiveness of BellSouth's ethics program and training efforts.

APPROACH

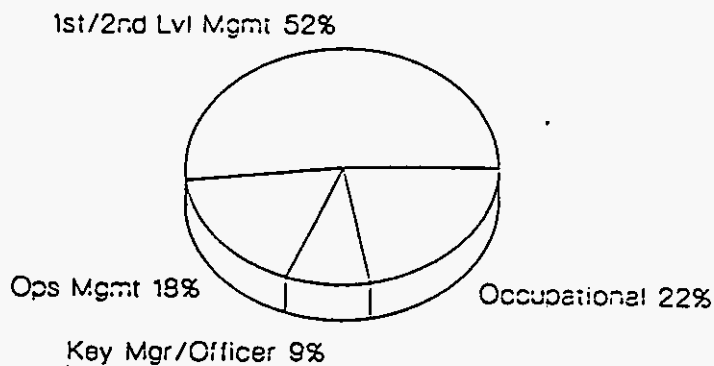
The Center combined the data gathered from interviews and focus groups conducted between January 10th and 21st, 1992 with data gathered from 22 individual interviews and conference calls and 6 focus groups, encompassing approximately 50 employees, conducted between May 11, 1992 and June 19, 1992.

The focus groups conducted between May 11, 1992 and June 19, 1992 were located in

Atlanta, GA, Birmingham, AL, Miami, FL, and New Orleans, LA. Participants were randomly selected within the parameters of achieving a cross section of staff functions and line management. Groups ranged in size from six to ten, with the average being eight participants.

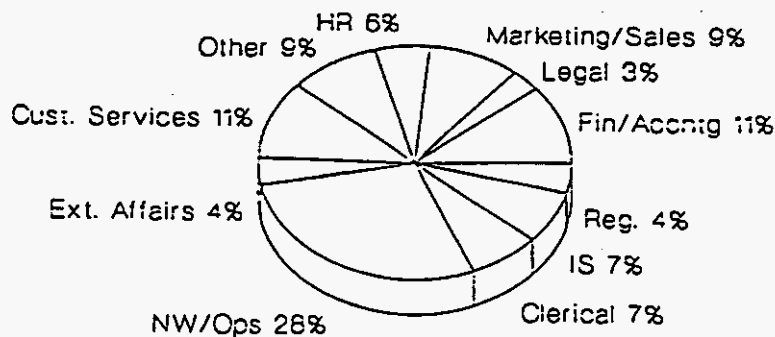
The survey was distributed to a representative sample of approximately 5,000 BellSouth Telecommunications employees in December, 1992. BellSouth was responsible for the selection of participants. Completed questionnaires were returned to ERC to ensure confidentiality. ERC forwarded approximately 2,500 surveys, the predetermined cut-off total, to Behavior Research Corporation (BRC) for tabulation. This represented a strong 50% response rate.

RESPONDENTS
 By Job Level



December 1992

RESPONDENTS
 By Job Responsibility



December 1992

The survey contained 27 substantive and 4 demographic questions, seeking employee opinions regarding:

- The value of existing policies and code of conduct.
- Preferred formats for additional communications on ethics.
- The role of core values, key priorities, and other important goals and values in BellSouth's operating culture.
- The commitment of management, peers and direct reports to ethical conduct.
- Business pressures to compromise BellSouth's ethical standards.
- Systems of reward and discipline.
- Proper procedures for asking questions about corporate standards and for reporting misconduct.
- BellSouth's practices in reporting misconduct.
- Hypothetical scenarios testing employees' understanding of corporate standards and their ability to apply those standards in particular work-related situations.
- Assessment of BellSouth's risk of unethical conduct and its ethical culture in comparison to other companies.

Almost all respondents provided written responses to one or more open-ended questions included in the survey, including comments about: pressures to compromise BellSouth's standards of business conduct in order to achieve business objectives; suggestions to make A Personal Responsibility more effective; and any other additional comments or concerns relative to ethics and business conduct at BellSouth. A representative selection of these comments is presented in Appendix A.

KEY FINDINGS FROM INTERVIEWS, FOCUS GROUPS, AND SURVEY

This section summarizes the assessment Findings according to the following categories:

- Industry Characteristics
- Corporate Culture
- Organizational Values
- Vulnerabilities to Unethical Conduct

INDUSTRY CHARACTERISTICS

Interviewees noted that industry members are under intense public scrutiny, at both the local and national level. In return for a quasi-monopoly status, the RBOCs are expected to conduct business in a manner to maintain the "public trust."

Historically, the regulation of the telecommunications industry created a monopoly environment, producing conservative, bureaucratic organizations. This environment limited competition and guaranteed the telephone companies a sufficient profit. However, interviewees noted that fast-paced changes in the regulatory and market arenas have transformed a once staid industry into one that is becoming highly competitive. At the same time, many of BellSouth's services are still regulated, making it difficult to compete in bids for lucrative corporate business. Interviewees noted with some frustration that fast-paced technological advances also make it difficult to develop a clear vision of what the industry and BellSouth will be like three to five years into the future. Some employees indicated that direct competition places pressure on the company to reduce costs, an effort often achieved through the reduction of people. This sense of uncertainty has increased feelings of anxiety and insecurity among some employees.

Divestiture and deregulation in some areas of the business have led to a new phenomenon for some employees, namely the advent of real competition with other RBOCs and independent communications companies. Interviewees noted that this has led to some frustrations: the "public was never really educated about divestiture; if they have problems, they don't understand when we say it's not our fault or our responsibility." This can put employees in a difficult situation. Do they risk disappointing a customer or do they use company resources to fix a competitor's problem? Some employees also recognized that the industry is expanding while BellSouth's segment is shrinking. Pressures on the company's culture, people, and response systems will increase as today's advanced technologies become commodities and as customers' requirements change, creating an even more competitive environment.

CORPORATE CULTURE

33
34
BellSouth has a 100-year history and there are still some remnants of the bureaucratic, monopolistic, measurement-driven, pre-divestiture AT&T culture. Overall the company has been perceived as a hard working, ethical company with good compensation and benefits. However, when employees joined the company they thought they had contracted for a job for life. Many employees now feel that the company has violated that pact.

Others recognize that the company's actions are necessary for survival in the marketplace, but acknowledge that people are frightened by the potential for downsizing and loss of the historical "family" relationship.

Differences

Perceived fundamental cultural differences between the two former telephone subsidiaries, Southern Bell and South Central Bell, can sometimes cause friction. For example:

- People from South Central are perceived as conservative and non-innovative in a market that is declining or stagnant. They draw a clean line between right and wrong, and are said to have better procedures and a more centralized structure. Their philosophy is said to be "let me ask first."
- People from Southern Bell, on the other hand, are described as innovative and futuristic. Their markets are growing and they face more challenges because of the fast pace of the market. Their philosophy is said to be "wing it," or shoot from the hip.
- BellSouth Corporation is seen as different altogether. As one interviewee said,

14

Interviewees also indicated that different cultures existed among the various states. Some of the differences were attributed to the corporate customer environment within the individual states. There was a perception that Florida was more aggressive than other states within the company because of the technological innovations and intense competition facing its markets.

Employees

There was a perception that most of the executives and employees have worked within the Bell system nearly all of their working lives with little or no exposure to other companies or industries. Therefore, interviewees fear there may be a certain amount of naivete and resistance to change. This could put the company at a disadvantage both from a business and an ethical perspective since new challenges from increased competition and from emerging market areas may not be fully anticipated.

Decision-making and Communications

There was a consensus among interviewees that the regulatory environment encouraged committee decision-making rather than individual accountability, as might have been found in an unregulated company.

Employees believe that a "shoot-the-messenger" environment, a cultural artifact inherited from AT&T, still exists. Employees are not encouraged to report problems. Some managers are reluctant to tell bad news to superiors and subordinates because they perceive they will be labeled "difficult" or risk getting demoted or fired.

The company has historically placed strong emphasis on measurements. This emphasis began as a method of facilitating internal competition in an industry where external competition did not exist. Consequently, the mindset has become one of managing to measurements rather than to competitive market factors.

There is some cynicism about catchy phrases or "programs of the month" used as rallying points to motivate employees. Employees perceive that upper management does not take such programs seriously or follow through well with implementation. A concern was expressed that ethics would be such a program.

Conflicts among departments and tendencies of "turf protection" were noted wherein departments compete with each other and do not always share useful information, sometimes to the detriment of the total organization.

11
12
13

VALUES

Establishing consistency between stated and operating values is a critical element in creating, maintaining and strengthening an ethical operating environment. Values provide the foundation that can guide subsequent action. Employees look to the values as touchstones, especially when they are confronted with new, complex or "gray" issues and need guidance to make the right choice.

<i>Stated</i>	<i>Operating</i>
Customer First	Customer Service
Respect for the Individual	Conformity
Pursuit of Excellence	Making Measurements
Positive Response to Change	Bottom Line
Community Mindedness	

For most of BellSouth's stated values, almost 60% or more of respondents agreed that the values were equally important to both them and to management. The most shared values were "customer first" and "ethics." However, there were several values where respondents disagreed on the relative importance to them and to management.

Stated Values

Customer First

Most said that the company paid lip service to customer service, but when forced to choose between service and the bottom line or internal measurements, the customer loses out. The attempt to take away beepers as well as an absolute policy of no overtime were cited as examples. People also perceive that "customer first" means the customer who threatens to go to the PSC. Some interviewees indicated that the company let the focus on customer service slip after divestiture, focusing instead on productivity and financial measurements. Increased competition has re-focused the company on customer service. However, some interviewees indicated that the company cannot provide the level of service that it once did without sacrificing revenues and earnings.

Some employees perceived that the focus on revenues generated by large corporate business neglected the interests of smaller customers. For example, service employees may forward requests for information from small customers in remote areas to the appropriate marketing groups, only to learn that marketing chooses not to devote resources to such a small volume of business. Some employees perceived this as a breakdown in corporate values since a commitment was made to the customer that may not be honored.

- 74% of survey respondents believe that customer service is equally important to them and to management. However, almost one-fourth (24%) of respondents indicated that customer service was more important to them than to management.

Respect for the Individual

Managers say they want to treat employees with dignity and respect, but are perceived to fail in their efforts due to ignorance or insensitivity

pressure to get results, and poor communications. One interviewee said,

On the other hand, managers and employees alike noted the existence of a civil service mentality, particularly at the lower levels, where they perceive that it is tough to be fired or to fire someone for poor performance.

Changes in the culture have also led to new pressures.

Our motto is _____ This pressure was translated as a lack of concern for the individual, particularly the employee.

- 59% of survey respondents said that respect for the individual was more important to them than to management. Only 39% indicated that it was equally important to both. This was the second lowest score of any value.

23
24
25
26
27
28
29
30
31

Positive Response to Change

There is a perception by some employees that some legitimate business activities are unethical. This may indicate a reluctance to embrace change in a way that will allow the company to compete in the industry. For example, some interviewees indicated that any selling activity was unethical, particularly if it involved giving lower income customers a choice to purchase features that they clearly could not afford or might not need.

7
8

- 62% of respondents believe that positive response to change is equally important to them and to management. However, more than one-fourth of respondents (28%) indicated that positive response to change was more important to them than to management. 11% indicated that it was more important to management.

Community Mindedness

Employees acknowledged that the company values its image in the community, but most thought this reflected concerns for public relations rather than for the communities themselves. Some felt that the company goes too far in its zealously for community programs such as United Way.

- 56% of respondents said that community mindedness was equally important to them and to management. However, 26% indicated that it was more important to management, while 18% indicated that it was more important to them.

Pursuit of Excellence

Some employees believed that the company's efforts to embrace quality were genuine while others had mixed reactions about the company's commitment to quality as a long-term value.

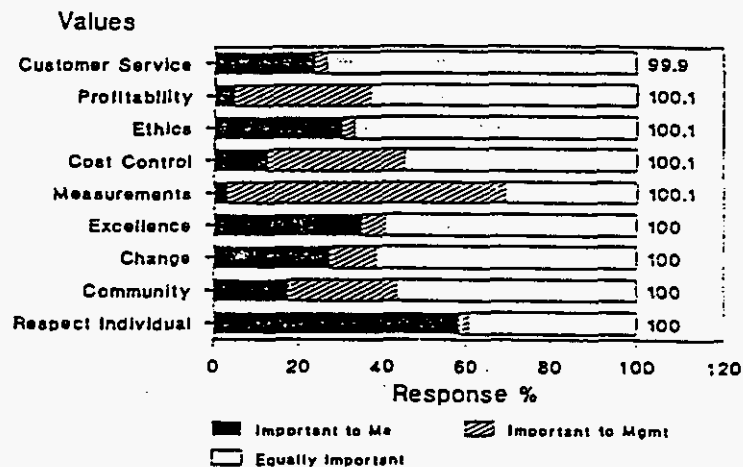
- 59% attributed equal importance for management and themselves regarding commitment to excellence and quality. However, more than one-third of respondents (35%) indicated that commitment to excellence was more important to them than to management.

Operating Values

When asked to identify characteristics that BellSouth valued, interviewees mentioned several outside the stated values. These characteristics included: profitability, cost control, and making measurements. Survey respondents were asked to rate the importance of these issues to them and to management.

- While 63% stated that profitability was equally important to them and to management, 33% overall indicated that it was more important to management. Upper management employees were more likely to rate this characteristic as equally important, with the rating for "more important to management" increasing as level decreased. For example, 39% of occupational employees rated the value more important to management as opposed to 23% of key managers.
- 55% of survey respondents said that cost control was equally important to them and to management. 32% indicated that cost control was more important to management. Again, higher level employees were more likely to rate this characteristic as equally important, with the rating for "more important to management" increasing as level decreased. 41% of occupational employees said that cost control was more important to management, versus 24% of key managers.
- Survey results substantiated interviewee perceptions that "making measurements" is a management value at BellSouth. 66% of respondents indicated that this value was more important to management than to them. This was consistent across management levels and functions with the exception of customer services and network/operations employees, 72% of which thought the value was more important to management.

IMPORTANCE OF VALUES



December 1992

VULNERABILITIES TO UNETHICAL CONDUCT

Like most large companies in the United States, BellSouth has had its fair share of what could be considered "common" ethical vulnerabilities: expense-report abuse, unauthorized use of tools and supplies, drugs and alcohol, and petty theft¹.

Highlighted in this section are:

- 1) systemic features that could create an environment where such activities are inadvertently encouraged or tolerated and
- 2) potential vulnerabilities where the ethical choices are unclear or not well-defined.

These concerns are divided into the following categories:

- Measurements, Goal-Setting and Performance Evaluations
- Policies and Procedures
 - Competition
 - Proprietary Information
 - Inside Information
 - Vendor Relations
 - Other Areas
- Communication
- Employee Relations
- Ethics Effort

Measurements, Goal Setting and Performance Evaluations

Measurements

1. Interviewees indicated that the emphasis on measurements has created an environment where employees sometimes circumvent systems and procedures to achieve goals, especially since those who meet measurements have historically done well. Interviewees perceived that unrealistic indices, lack of enforcement in disciplining unethical conduct, and performance objectives that sometimes conflict with stated values such as customer service have contributed to this environment.

¹These issues were among the top ten ethics issues identified by businesses in a 1988-1989 survey conducted by ERC of 2,000 corporations across eight industries.

- Survey results indicated that "making measurements" is viewed by 66% of respondents as more important to management. 31% indicated that "making measurements" was equally important to them and to management. However, when asked whether they would exaggerate business results to win a contest, almost 98% indicated that they should report results accurately.
- Employees perceived that supervisors condoned activity to circumvent measurements in the past. Interviewees believe this is probably still the culture today and that it signals to employees that BellSouth condones such activity. Interviewees perceived that their supervisors do not always take action against employees who falsify trouble reports and that management takes no action because bonuses depend on the erroneous figures.

14
15

- There was a perception among some employees that revenues were sometimes recognized in advance of service installation. Employees perceived that customers were asked to sign a statement indicating that services had been installed when they had not been.

21
22
23

- Interviewees perceived that people manage to budgets instead of managing from budgets.

- Unrealistic indices force people to manipulate reports or to lie to customers. It was noted in one case that three-fourths of employees did not meet the "number of required tasks," but that management still upped the requirement. Interviewees noted that there is no consideration of different levels of difficulty in performing different tasks.

31
32
33

- Employees felt that some problems were unintentional and resulted from the bureaucracy.

34

Although employees perceived that the focus on measurements was changing to reflect customer satisfaction, some interviewees also thought that the pressure to make measurements would only increase as competition increased.

Reward Systems

1. Some interviewees perceived a conflict between what management says it values and what it rewards. Some interviewees thought that indices needed to be readjusted to match corporate values.

5
6
7

-
- Management Team Incentive Awards are perceived to be manipulated.

9
10
11
12
13

- Employees perceived a conflict between JMOS tasks, which influence performance evaluation and salary, and customer service, which does not directly influence performance measurements. For example, plant replacement jobs, which account for approximately 80% of the work, have priority over customer related jobs. If a customer service problem arises outside of the JMOS list, then the plant manager is faced with choosing between the JMOS tasks and the customer request.

2. Some interviewees thought that management needed to take a closer look at the means to the end. Interviewees perceived that the company was vulnerable in any area where measurements determined compensation. As quotas and competition increase and the workforce remains constant or decreases, vulnerability will increase.

25
26
27
28

-
- Incentive systems have resulted in a tendency to "load people up" with things they don't understand or need. A confirmation letter now goes out to all customers to help circumvent these practices. In one case, a Rep went back repeatedly to a customer who wasn't satisfied with a repair.

33
34

Performance Appraisals

1. Interviewees perceived that there had not been a good system for evaluating performance based on merit. Some perceived an expectation for appraisals to conform to a bell-shaped curve, causing concern among supervisors who didn't believe their employees belonged in the bottom range. Others perceived that everyone is a "major contributor," making it very difficult for managers to break out of the mold and give other ratings that may more accurately reflect the employee's performance. Some interviewees did indicate that the company is trying to change by focusing on customer evaluations as a measure of performance.

- Some interviewees perceived that there was not a consistent way of setting objectives that considered the differences in business potential for various markets.
- There was a perception that the "potential evaluation", which influences promotability, may perpetuate the glass ceiling for women and minorities, especially if their skills are not noticed or translated into potential abilities.

16
17
18

2. Some interviewees were concerned that there was no formal process for reviewing managers. Employees indicated that managers were not rated on how they evaluate or develop people.

- There was a perception that when managers' development and feedback skills were weak, the process allowed them to fall back on the numbers.

23
24
25
26

3. Employees perceived that the pressure to give to United Way is unfair and may adversely affect their performance. Managers and craft believe their appraisal and their job can be affected by their enrollment, so they are encouraged to sign up, even if they intend to cancel.

31
32
33

- When asked to comment on concerns, one survey respondent stated,

Policies and Procedures

1. Interviewees stated that even though policies were in place, if things were going well, no one checked to see if they were being enforced. Several factors such as the reluctance to escalate problems, the focus on making measurements, the lack of accountability and ownership, and the passive acceptance of ethical expectations led to processes that would not be detected unless something went wrong.

Cost-cutting & Expenses

1. Interviewees were concerned about perceived pressure to meet cost reduction goals.

11
12
13
14
15

- Participants noted that there was a lot of discussion of cost savings and curtailing expenditures, but that the company would then turn around and seemingly waste money.

18
19
20

- There appears to be a number of managers exerting pressure on employees to engage in unethical conduct, such as violating approval levels by splitting up expense items. Also,

Competition

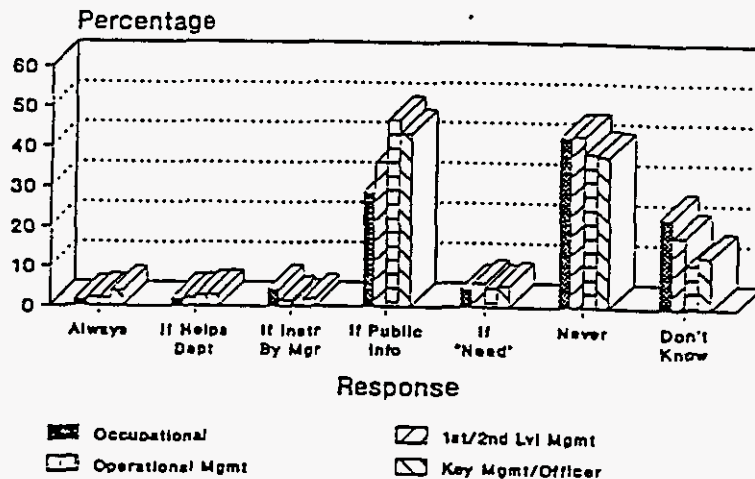
1. Interviewees realize that changes will have to take place within the company to compete effectively in the future. Some employees believe that the company wants to compete, but really doesn't know how. Others thought that the company would encounter competition before it was ready. Still others thought that specific policies were in place to address employees' behavior when dealing with large customers who could also be partners and competitors. Overall, the survey results indicated that at least three fourths of respondents would protect proprietary information received from other companies and would not share proprietary information about BellSouth.

- Marketing groups selling to large customers or involved in partnerships with potential competitors seem to have specific policies in place to direct employee behavior. However, the company may not have thought about expected behavior from employees when dealing with new entrants to the marketplace. For example, if a new entrant announces a competitive offering, what activities can be used to maintain market share that are also permissible within company policy?

- When asked, "If you often see or speak with employees of BellSouth's competitors (e.g., due to future colocation agreements or business relationships with carriers and/or other RBOCs) and become aware of proprietary information that might be useful to other departments/companies of BellSouth, is it acceptable for you to share that information?" 78% gave acceptable responses by saying "No, never" or "No, unless the information is already public."

6% said they would share the information and 18% did not know. Key managers and officers were slightly more likely to share information, with percentages willing to share decreasing with management level. Occupational respondents were twice as likely as other levels (4% versus 1% to 2% for others) to share the information if instructed by their supervisor to do so. Occupational employees (23%) were also much less likely to know what was acceptable than other levels (18% for first and second level, 11% for operational, and 13% for key managers and officers).

ACCEPTABLE TO SHARE COMPETITIVE INFO WITH OTHER DEPARTMENTS?



December 1992

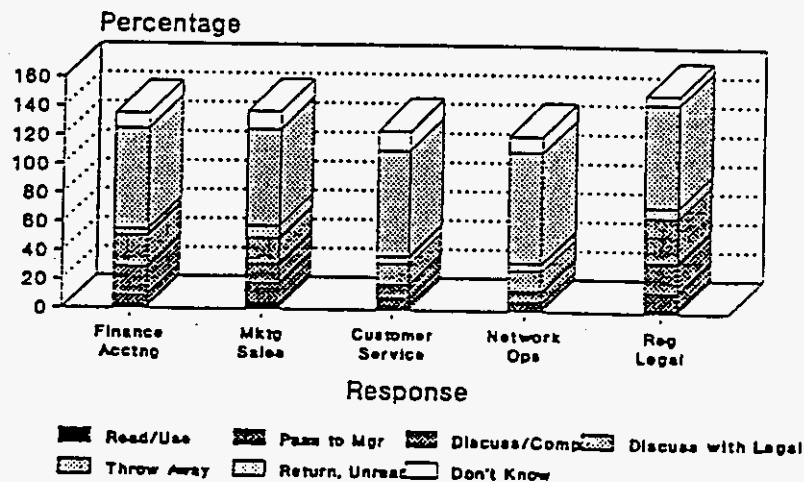
- When asked, "If you inadvertently discover that a competitor's proprietary information (e.g., pricing plans, new services introductions, bid information) was left behind on an airplane, what is acceptable for you to do with this information?" only 2% said that they would read it and use whatever was useful.

74% said that they would return it unread to the competitor and 39% said that they would either discuss it with the legal department or the Vice President Corporate Responsibility and Compliance or pass it to their supervisor. 10% indicated that they did not know what was acceptable to do with the information.

Marketing and sales respondents were slightly more likely to read and use the information (5% said they would versus 2% overall). They were also more likely to pass it to their supervisor (13% versus 8% overall). Finance, accounting, regulatory, legal and external affairs respondents were more likely to discuss the matter with the office of Corporate Responsibility and Compliance. (20% versus 13% overall) Customer service and network/operations respondents were less likely to discuss it with the Vice President of Corporate Responsibility and Compliance. (9% for customer service and 7% for network versus 13% overall).

- Higher level respondents were much more likely than lower levels to discuss it with Compliance (25% for officers and 22% for operational management versus 11% for first and second level management and only 6% for occupational respondents). Key managers and officers were less likely to return it to the competitor unread (63% versus 74% overall). First and second level managers and occupational employees were less likely to know what was acceptable (11% to 12% versus 7% for higher levels.)

WHAT SHOULD YOU DO WITH COMPETITOR'S INFO FOUND ON AN AIRPLANE?



December 1992

Proprietary Information

- BellSouth increasingly finds itself in situations where its business partners are also customers, competitors and vendors (e.g., AT&T). Some interviewees desire more guidance on reasonable business practices for dealing with these relationships, on the boundaries that should be set, and on the protection of the sensitive and proprietary information of BellSouth, its customers, and its partners. While the survey results indicated that most respondents knew what was acceptable to share, a few employees indicated that they would share proprietary information and in some cases, respondents did not know what was acceptable.

2
3
4
5
6
7
8
9
10
11

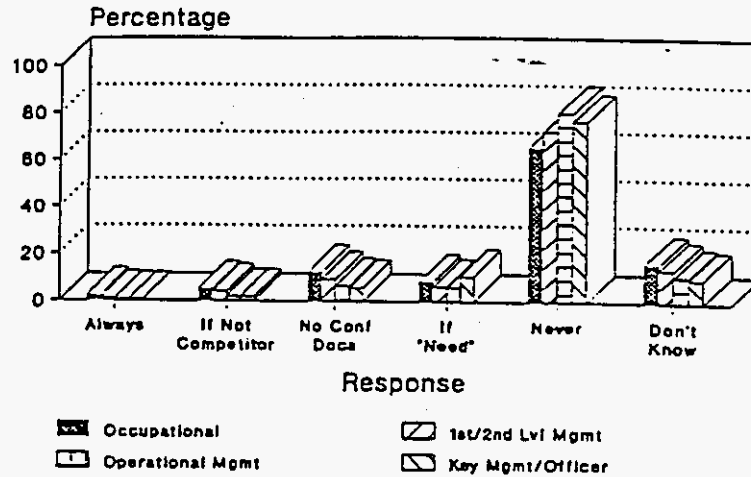
- Some employees stated that the company does not do a good job of identifying sensitive material.

- When asked, "If a friend, who doesn't work for BellSouth, asks you to confirm a rumor about a new product or service that BellSouth plans to introduce, is it acceptable for you to share this information?" 72% responded "No, never." 9% said "Yes, as long as I don't show my friend any confidential documents." 12% would share the information and 14% did not know.

Marketing (11% versus 9% overall) and customer services respondents (14% versus 9% overall) were more likely to share the information as long as they did not show confidential documents. Network/operations respondents were more likely to share the information if the friend had a legitimate need to know (10% versus 7% overall). Finance and accounting respondents were least likely of all functional areas to share the information at all (79% versus 72% overall). Customer service respondents were more likely not to know what to do (17% versus 14% overall).

First and second level management and occupational respondents were more likely than other levels to share the information as long as the friend didn't work for a competitor (4% and 5% respectively versus 2% for higher levels) or as long as they didn't show confidential documents (9% and 12% respectively versus 6% for higher levels). The lower level respondents were also more likely not to know what to do.

ACCEPTABLE TO CONFIRM RUMOR ABOUT NEW
 PRODUCT BELLSOUTH PLANS TO INTRODUCE?

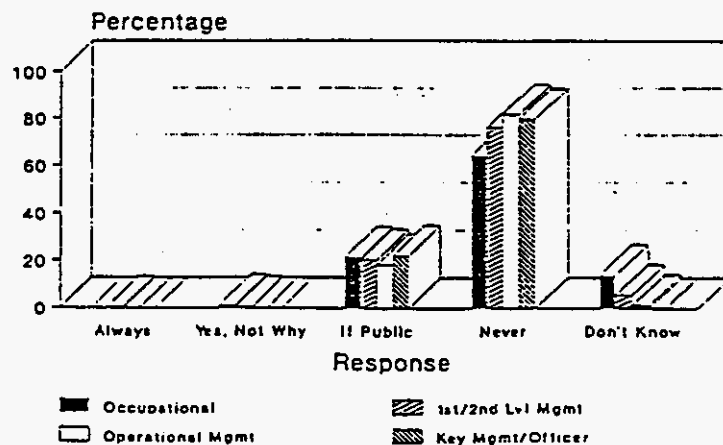


December 1992

Inside Information

When asked, "If you learned through internal company channels that BellSouth is about to be awarded a major new contract, is it okay for you to advise friends to buy BellSouth stock based on that knowledge?" 75% responded "No, never" and 21% responded "Yes, but only after it has become public." Both are acceptable answers. Respondents could choose more than one response. Only 1% said that they could advise the friend to buy stock and 6% responded "Don't know." However, 13% of customer service respondents and 14% of occupational respondents said "Don't know."

SHOULD YOU ADVISE ON STOCK PURCHASES
 BASED ON NEW CONTRACT?



December 1992

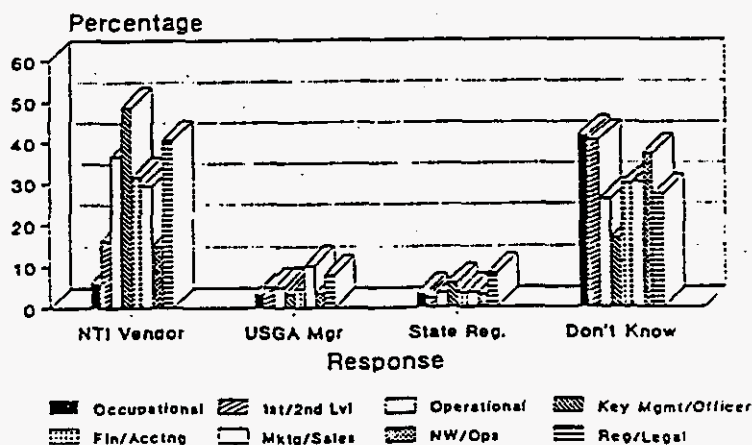
Vendor Relations

- When asked, "If BellSouth is sponsoring an event, which of the following people would be appropriate to attend as a guest of Bellsouth?" 28% responded "A manager from AT&T who is working on a joint venture with BellSouth" and 21% said "A customer representative from MCI," both acceptable answers. 38% indicated that the question did not apply to them. Approximately one-fourth of respondents gave answers that BellSouth might consider unacceptable or grey: 21% said "A vendor representative from Northern Telecom," 4% said "A program manager for the US General Services Administration" and 3% said "An employees' neighbor who works for a state regulatory agency." 36% indicated that they did not know.

As might be expected, a higher percentage of key managers and officers indicated that it would be appropriate to invite guests in all instances except "A program manager for the US General Services Administration." The percentage that indicated it was appropriate decreased with level in every other instance, with at least a 20% difference between operational management level responses and first and second level management responses for a customer representative for MCI, a vendor for Northern Telecom, and an AT&T manager working on a joint venture. At least 40% of both first and second level managers and occupational respondents indicated "don't know" in response to this question. While lower level respondents may not have as much opportunity to participate in such events, 26% of operational managers and 17% of key managers and officers also indicated "don't know." This would indicate that BellSouth should give employees more guidance on this issue.

Customer service respondents had the highest percentage of "don't know" responses (43%), followed by network/operations (37%) and marketing (30%). The marketing responses are of particular concern since marketing employees most likely encounter more opportunities to participate in such events.

GREY RESPONSES ON WHO SHOULD ATTEND A BELLSOUTH SPONSORED EVENT



- When asked, "If a supplier or vendor offers you a valuable gift or expensive business entertainment, may you accept?" 82% said "No, never" and 13% said "yes, if it has only nominal value." Both are acceptable answers. Responses were consistent across levels and functions.
- When asked, "If a member of your family has a financial interest in a small, privately owned supplier or vendor of BellSouth, are you obligated to report that fact to your supervisor?" 72% said "Yes, always." 11% said "Yes, but only if I deal directly with that supplier in my work," an acceptable answer under BellSouth's conflict of interest statement. Only 45% of occupational level employees indicated that they should always report the financial interest, while a larger percentage indicated that they did not need to report if it didn't improperly influence their job responsibilities (13% versus 1% to 3% for higher levels). 7% of occupational respondents said "No, never" compared with 1% or less of higher levels. These responses, coupled with the 27% of occupational respondents who did not know whether they needed to report the interest (versus 4% to 6% for higher levels) indicates that BellSouth needs to clarify or increase awareness about conflict of interest policies at the lower levels of the company.
- Some interviewees were also concerned about vendor favoritism since downsizing has resulted in a number of recent colleagues/friends selling back to the company.

20

Other Areas

- Some areas were cited where the current policies may not be adequate or may not be effectively communicated and enforced. Specifically, they noted:
 - Intellectual property policies: This has become increasingly important since a greater number of employees are leaving at mid-career and going to work with other firms in telecommunications.
 - International business practices: Although employees directly involved in international business were not interviewed, some employees who were interviewed were concerned about competing in the international marketplace. They perceived that different ways of doing business could expose the company to risks that had not yet been identified.

31
32
33

When asked how *A Personal Responsibility* could be more effective, one survey respondent said, "

35
36

Communications

Internal Communications

1. Some feel that information passed to upper management is filtered and tinted, reflecting the "shoot-the-messenger" mentality and resulting in a softened message that doesn't give a clear understanding of the problem. Many employees have tried to go through channels to report concerns, but found management to be unresponsive.

7
8
9

- Even employees who did not believe that everyone "shoots-the-messenger" indicated a need to "

10
11
12
13
14
15

- While the practice of having employees surface concerns to their immediate manager is recommended, some employees have may misunderstand the intentions behind such requests. For example, they perceive that

18
19
20
21

2. Interviewees were also concerned that information from upper management did not reach them in a timely manner. Employees would like to hear about problems and issues before they appear in the local newspaper. The fact that they don't fuels the feelings that management does not care or trust the employees.

26
28
29

- Some interviewees stressed the importance of communicating clearly to employees if downsizing actions are taken in the future.

31
32
33
34
35

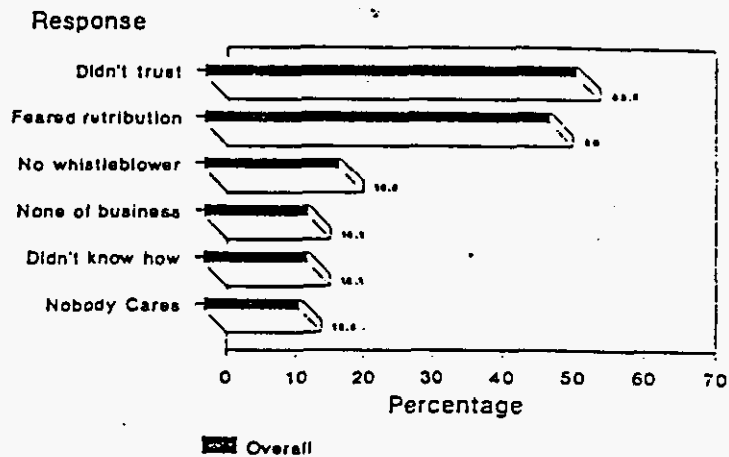
- Current information sources, even those that relate directly to the job functions, are deemed inadequate.

3. Survey results suggest that more could be done to encourage employees to report misconduct and to overcome the "shoot the messenger" mentality. Not only were half

of the respondents not willing to report misconduct, but over one-third indicated that they were not sure if their jobs or pay would be at risk for reporting misconduct.

- During the past year, 30% of respondents personally observed conduct that they thought violated BellSouth's ethical standards. 48% of those who observed misconduct did not report it to management, security, or another appropriate department. Of the 48% who did not report it, 54% of those did not trust BellSouth to keep the report confidential and 50% feared retribution from their supervisor. These results were fairly consistent across management levels.

REASONS FOR NOT REPORTING OBSERVED MISCONDUCT



December 1992

- When asked, "If you wanted to report knowledge of misconduct to an appropriate person or department, how often would each of the following situations occur? ... Your position or pay would be at risk as a result of your reporting." only 10% indicated that this would "always" or "often" be the case. 20% indicated that this might happen occasionally.

However, 37% responded that they did not know what would happen. The percentage of uncertainty increased at lower levels in the organization and decreased significantly at the top levels of management.

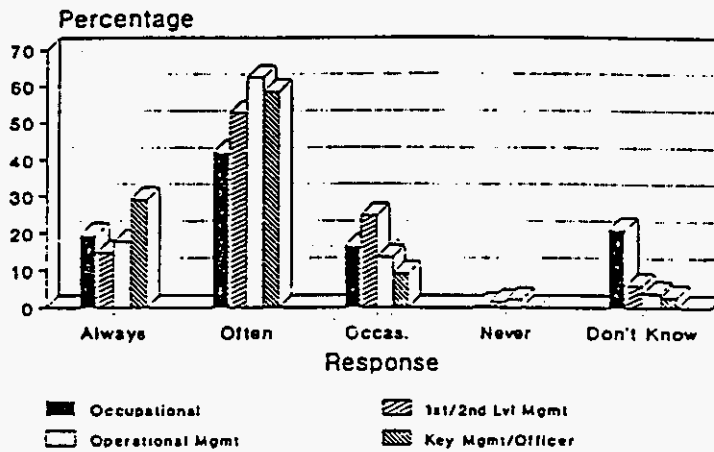
Employee Relations

Supervisory Issues

1. Survey results indicated that a majority of respondents felt that BellSouth employees fulfilled their ethical responsibilities toward employees.

When asked, "How often do BellSouth employees fulfill their ethical responsibilities toward management employees?" over 70% of survey respondents answered "always" or "often."

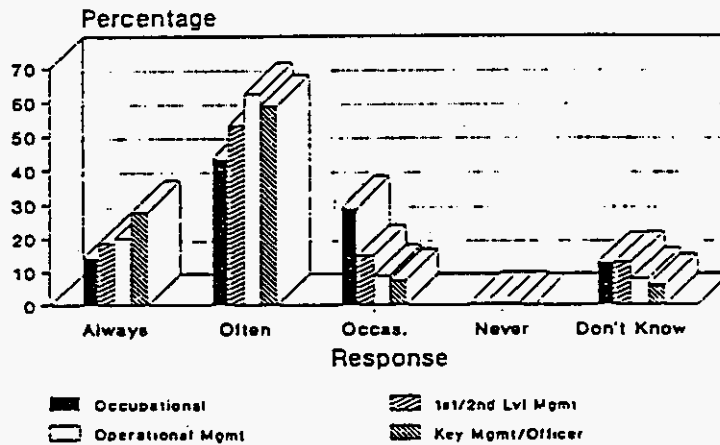
EMPLOYEE PERCEPTIONS OF
 RESPONSIBILITY TO MANAGEMENT EMPLOYEES



December 1992

When asked the same question regarding ethical responsibilities toward represented employees, 72% answered "always" or "often," with 16% answering "occasionally" and 11% saying that they did not know.

EMPLOYEE PERCEPTIONS OF
 RESPONSIBILITY TO REPRESENTED EMPLOYEES



December 1992

2. Employees in interviews and focus groups indicated concern over the pressures caused by downsizing, lack of management contact in the field, and lack of preparation for supervisors to give adequate guidance or to detect misconduct.

- Interviewees perceived that future downsizing could overload supervisors' spans of control, increase their responsibilities, and consequently lead to an increase in safety problems.

7
8
9
10
11

One survey respondent said,

- People don't have as much contact with the management as they feel is necessary. Several at the craft level did not know the name of their second [or] third level manager. This inability to get out in the field has resulted in the perception of a certain myopia on the part of management.

17
18
19
20

- Interviewees were concerned that supervisors didn't know enough to give adequate guidance or to detect misconduct.

23
24
25
26
27

- There were perceptions that technical resources were allocated across states without regard to differences in the workload.

Disciplinary Practices

1. Interviewees perceived that some double standards existed with regard to both standards and disciplinary actions. Examples ranged from overlooking questionable behavior to less harsh discipline for top performers and minorities. Some interviewees were also concerned about the differences in gift and entertainment policies across functional lines such as marketing and purchasing, stating that the same policy should apply to all employees.

- Interviewees viewed some disciplinary actions as inconsistent with the severity of the behavior. Some things, like pressuring employees to buy bonds, elicited a turned head while others, such as putting down an extra dollar on an expense account, were treated much more harshly.
- Interviewees believe that top executives are not held to the same standards as the rest of employees.

8
9
10
11
12

- Employees noted a discrepancy between the company value of respect for the individual and the practice of sponsoring company activities at private clubs which discriminate based on race or gender.

- 16 • An interviewee said that it's hard to articulate the
17
18

- 19 • [There is a]
20
21
22

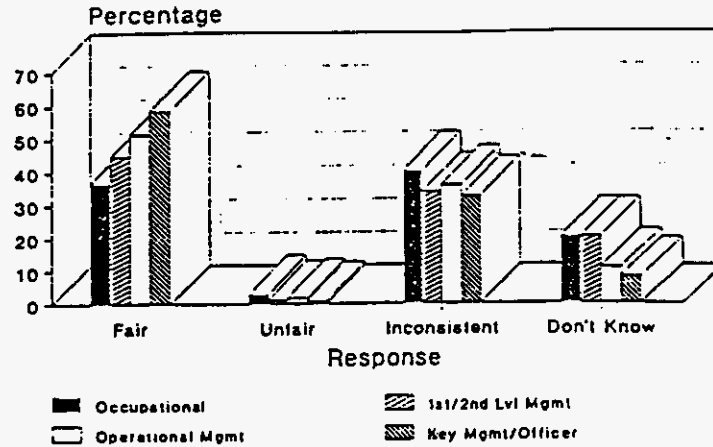
2. Over one-third of survey respondents said that discipline for unethical conduct was either unpredictable or inconsistent.

- When asked, "How would you describe BellSouth's methods for disciplining employees who engage in unethical conduct?:"

45% responded "generally fair," 35% responded "unpredictable or inconsistent," 18% did not know, and 2% responded "generally unfair." Of those who responded that discipline was unpredictable or inconsistent, 48% had observed misconduct and 31% felt pressure to compromise standards to achieve business objectives.

- A slightly higher percentage of customer service and occupational level employees rated discipline unpredictable or inconsistent. Almost 30% of finance and accounting employees (14% more than any other major functional group) indicated that they did not know.

EMPLOYEE PERCEPTIONS OF
 BELLSOUTH DISCIPLINE



December 1992

3. Among interviewees, there was a perception that sexual harassment was not taken as seriously as it should be.

10
 11
 12
 13
 14
 15

One survey respondent said

4. Some interviewees also perceived instances of nepotism in the company.

- Interviewees stated that sometimes there is pressure to find a job for an employee's relative or friends of upper management, even when the individuals have flunked job tests.

Ethics Effort

ERC asked a number of the interviewees and focus group participants to rate BellSouth's commitment to ethics in terms of its actual practice and operations. On a ten point scale, with ten being high and one being low, ratings varied between two and ten. In our noncomprehensive tally, senior management interviewees rated the demonstrated commitment to ethics on average at eight, whereas focus group participants rated it on average at four.

When asked how BellSouth's ethical standards rated in comparison to other companies, 71% of survey respondents said that they were either "much higher" or "slightly higher." 25% thought that they were about the same and only 4% thought

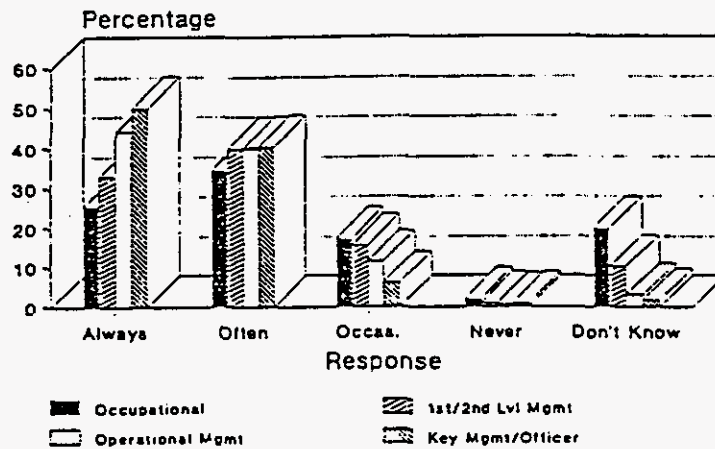
they were lower. 53% of key managers and officers rated BellSouth's ethical standards "much higher," with the percentage decreasing as the employee level decreased.

Leadership

1. While interviewees were skeptical about management's commitment to ethics, the majority of survey respondents indicated that management often showed a commitment to ethical business conduct and that the extent of the commitment was just about right. Interviewees expressed concern about the direction of company leadership with respect to ethics and the tendency to depend too much on after-the-fact detection and controls, rather than on prevention.

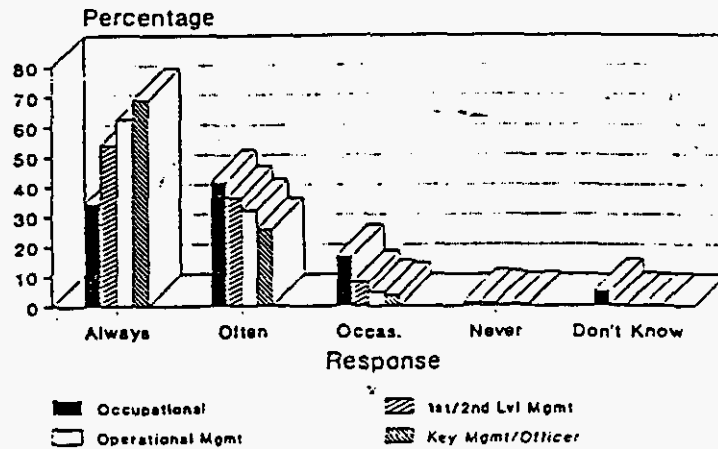
- When asked, "In your opinion, how often do the following individuals or groups show a commitment in practice to ethical business decisions and conduct?" over 70% of respondents said that senior management "always" or "often" showed commitment and 88% said the same of their supervisor.

EMPLOYEE PERCEPTIONS OF SENIOR MANAGEMENT'S COMMITMENT TO ETHICS



December 1992

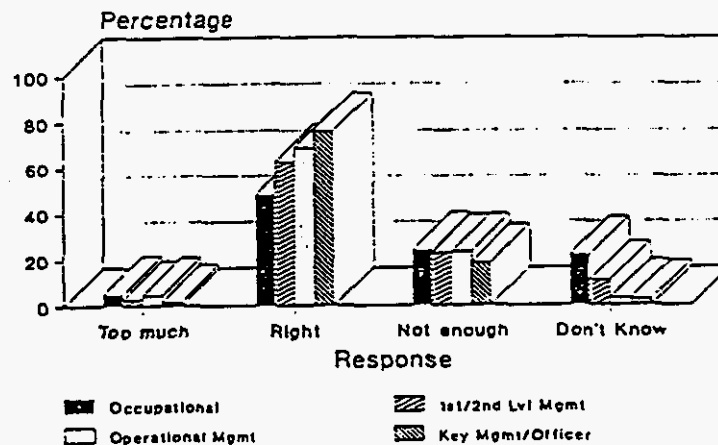
EMPLOYEE PERCEPTIONS OF DIRECT SUPERVISOR'S COMMITMENT TO ETHICS



December 1992

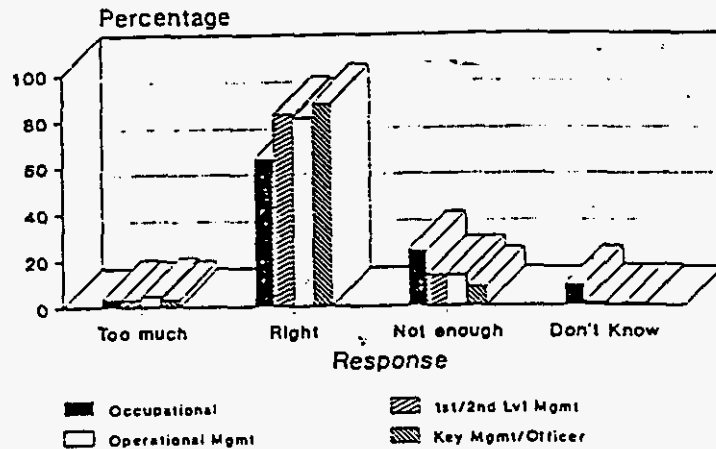
When asked, "In your opinion, what is the extent of that commitment to the ethical business decisions and conduct as exhibited by these individuals or groups?" a majority of respondents said "Just about right." A higher percentage stated this for their immediate supervisor than for senior management, where 23% of respondents thought that senior management did not exhibit enough commitment to ethics.

EMPLOYEE PERCEPTIONS OF EXTENT OF SR. MANAGEMENT'S COMMITMENT TO ETHICS



December 1992

EMPLOYEE PERCEPTIONS OF EXTENT OF SUPERVISOR'S COMMITMENT TO ETHICS



December 1992

- Some interviewees believe that top management's actions speak louder than their words and in some instances may contradict those words. For example, some interviewees perceived that management endorsed the quality effort, but wasn't really involved in it.

12

Company's Commitment

14
15
16

- Some interviewees felt that the company was only taking these actions due to publicity and regulatory scrutiny. They believed that ethics was just another
 Employees perceive that although the words change over the years people interpret what's really important from the actions they see.

18
19
20

21
22
23
24

- Many interviewees perceived that some employees view normal business practices such as selling as unethical and therefore contradictory to company values. Interviewees stated a need for a better understanding of what the company means by "ethics."

2. Survey respondents indicated that their peers had a high level of commitment to ethical conduct.

- 86% thought that their peers demonstrate commitment to ethical conduct and 75% felt that the level of commitment was just about right. 62% felt that direct reports show a commitment to ethical conduct and 57% thought that the level of commitment was just about right. One-third of respondents indicated that the question on direct reports was not applicable to them.

Pressure to Compromise

1. However, survey respondents felt that BellSouth employees might engage in unethical conduct from time to time. This substantiated interviewees' perceptions that the system could force them to fudge or bend rules to get the job done.

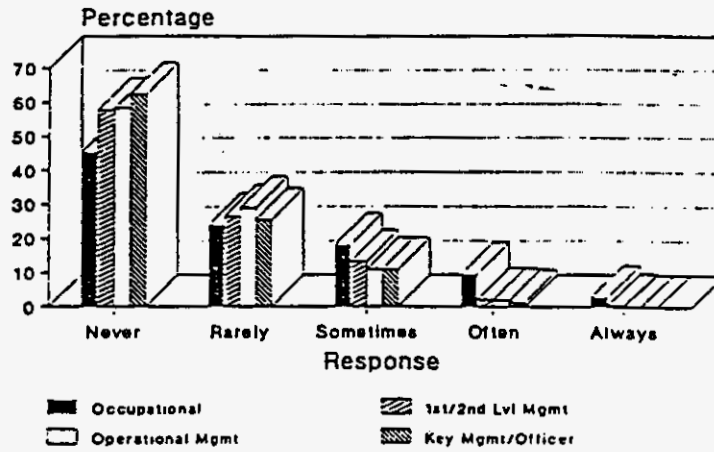
- Interviewees perceived that BellSouth over-supervised them and overdefined their job. Interviewees cited examples on specifics of how to write memos, including specifications for the print size for a view graph.
- 26% of survey respondents thought it somewhat likely and 5% thought it extremely likely that BellSouth employees might engage in unethical conduct.
- 36% of respondents thought that the likelihood of misconduct was not changing and 18% believed that it was increasing somewhat. Only 2% thought that it was increasing dramatically.

2. Survey results showed that while most respondents did not feel pressure to compromise BellSouth standards to meet objectives, some did feel pressure.

- Over 55% of respondents said that they never felt pressure to compromise BellSouth's standards of conduct to meet business objectives. 26% said that they rarely felt pressure. However, 14% said that they periodically felt such pressure and 4% said they felt pressure fairly often.
- Periodic pressure seemed to be higher for occupational level employees (18% versus 14% overall) and for network/operations (19%) and customer service (17%) respondents. In addition, over 9% of occupational level employees indicated that they felt pressure fairly often, as opposed to 2% or less of other levels.

14
15
16

PRESSURE TO COMPROMISE
 FOR OBJECTIVES



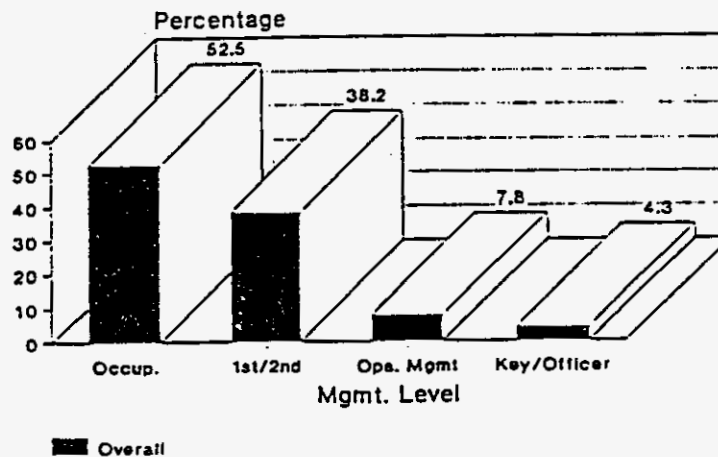
December 1992

Ethics Office

1. While awareness about the Ethics Office has increased since interviews in the preliminary assessment (where only about 20% of interviewees were aware of the office), employees are still unclear about the role of the office, procedures for using it, and assurance that contacts would be kept confidential.

- Survey results showed that 33% of respondents still had not heard of the office.

EMPLOYEES WHO HAD NOT
 HEARD OF VP COMPLIANCE



December 1992

2. Overall, the majority of respondents appeared to understand the preferred process for seeking advice and for reporting misconduct.

- 65% of survey respondents indicated that they would go to their immediate supervisor first to seek advice about BellSouth's standards. Including these respondents, a total of 94% of respondents would go to their supervisor as one of their top three choices.
- 65% of respondents also said that they would go to their supervisor first to report misconduct. Including these respondents, a total of 91% selected their supervisor in their top three choices. This was fairly consistent across management levels and job responsibilities.
- However, 78% said that they would consult an employee at the same level and 72% said they would report misconduct to an employee at the same level in their top three choices for each.
- Overall, employees would seek advice from and report misconduct to others in the following order:

Advice

1. Supervisor
2. Peer
3. Department Head
4. Legal
5. Senior Management

Report

1. Supervisor
2. Peer
3. Department Head
4. Security
5. VP Corporate Responsibility

While the Ombudsman and Office of Corporate Responsibility and Compliance are intended to supplement, not circumvent the normal chain of command, the survey results suggest a need for continuous communication and reinforcement of the ethics process for asking questions and for reporting misconduct. The office ranked eighth overall as a place where employees would go to seek advice on BellSouth policies and standards of conduct. These results reinforced interviewees' perceptions that people would not feel comfortable contacting the office.

- When asked, "If you felt you had been unfairly passed over for promotion, when should you express your grievances to the Vice President Corporate Responsibility and Compliance?" respondents said:
 - When my supervisor doesn't satisfactorily address my concern" (40%);
 - When it occurs out of retribution for reporting misconduct" (32%); or
 - When Human Resources doesn't satisfactorily address my concern" (27%).

All are acceptable responses. 10% said they should report it "Right away," 12% said "Never," and 33% said "I have not heard of the Vice President

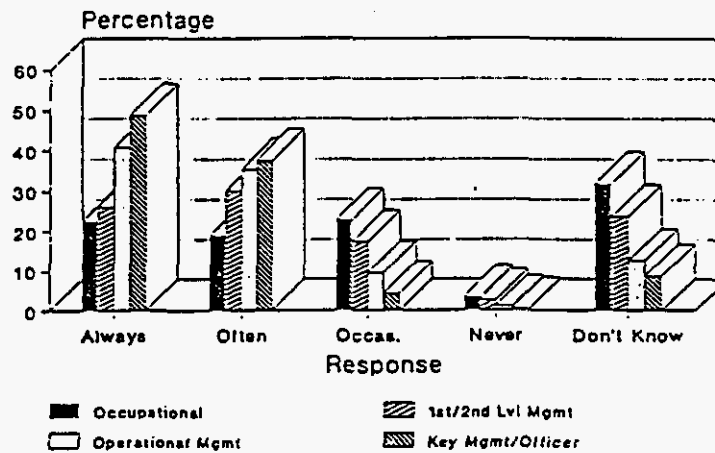
Corporate Responsibility and Compliance."

Occupational respondents were much more likely to report it "Right away," (19% versus 10% overall), as were customer service respondents (17%).

3. There was still uncertainty about the actions BellSouth would undertake when misconduct was reported.

- While 30% of respondents said that knowledge of misconduct would always be thoroughly and confidentially investigated and 29% thought that it often would be, 22% of respondents indicated that they did not know if it would be or not.

EMPLOYEE PERCEPTIONS THAT MATTER INVESTIGATED & CONFIDENTIAL



December 1992

- Occupational and first and second level management were more skeptical than upper levels of management, with 23% and 26% respectively saying that reported misconduct would always be thoroughly and confidentially investigated. (Versus 49% for officers and key managers and 41% for operational managers.) As a result, higher percentages of occupational (23%) and lower level managers (18%) said that such matters would occasionally be thoroughly and confidentially investigated.

These results reinforce some interviewees perceptions of past investigations:

23
 24

- Of the 2% of respondents who thought that misconduct would never be thoroughly or confidentially investigated, 64% also said they felt pressure to compromise BellSouth standards to meet business objectives and 76% indicated that they had observed misconduct in the past year.

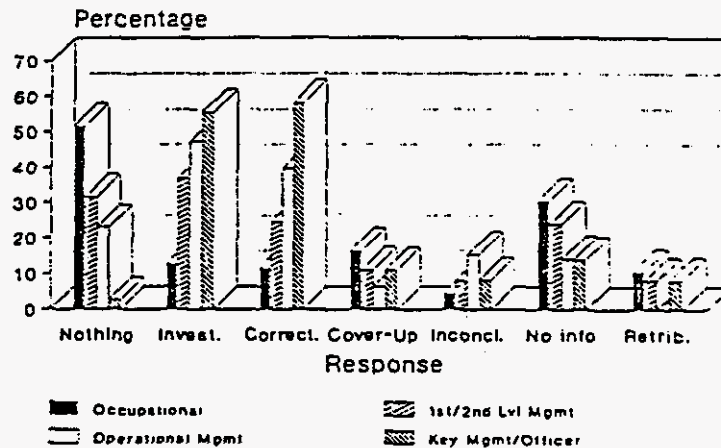
- Of the 30% of respondents who observed misconduct in the past year, 53% reported it to the appropriate person. Of those that reported it, 31% said that "nothing happened" and 23% said that they "never received information on the outcome." Only 36% were either "very satisfied" or "somewhat satisfied" with the company's response. Another 20% were "somewhat dissatisfied" and 30% were "very dissatisfied."

Customer services (58%) and lower level management (71%) respondents who reported misconduct had significantly higher percentages of "dissatisfied" respondents than other functional areas or levels of management. (Versus 50% of somewhat and very dissatisfied respondents overall.) 36% of operational managers were dissatisfied with the company's response to reported misconduct, falling to 22% dissatisfaction at the highest levels of management.

14
 15
 16
 17

- Survey results reinforce interview concerns that reported misconduct was not taken seriously in the past.

RESPONSE TO REPORTED MISCONDUCT



December 1992

4. Survey results also substantiated interview findings that employees, particularly those at lower levels, feared retribution and were not sure that contacts would remain confidential.

- About 60% of respondents thought that reported misconduct would "always" or "often" be thoroughly and confidentially investigated. However, responses varied widely depending on employee level. For example, 86% of key managers and 76% of operational managers indicated that misconduct would "always" or "often" be thoroughly and confidentially investigated, while only

42% of occupational employees gave the same response.

- Across all levels, 50% of the 48% of respondents who observed misconduct but did not report it stated that they did not do so because they "feared retribution from supervisor."

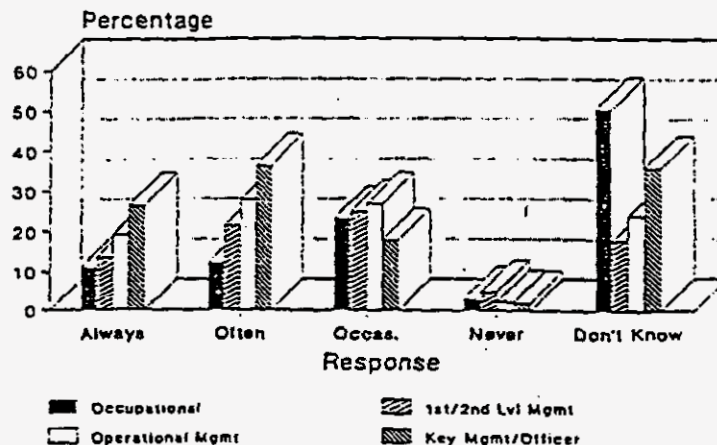
5. Over one-third of survey respondents did not know what would happen if they reported knowledge of illegal activity.

- When asked, "If you wanted to report knowledge of misconduct to an appropriate person, or department, how often would each of the following situations occur? ... If the misconduct involved illegality, the wrongdoer would be fired and the matter disclosed to the appropriate prosecutors/regulators?:"

37% indicated that the wrongdoer would "always" or "often" be fired and the matter disclosed. 24% indicated that this would happen occasionally and 35% did not know what would happen.

The percentage of respondents who did not know what would happen increased at lower levels. Of the 4% that said the appropriate action would never be taken, 71% had observed misconduct in the past year and 41% had felt pressure to compromise standards in order to achieve business objectives.

EMPLOYEE PERCEPTIONS THAT WRONGDOER FIRED & MATTER DISCLOSED



December 1992

6. Survey respondents selected four formats that they would consider most effective for ethics training, validating BellSouth's planned offerings.

- Interviewees perceived that a request to attend ethics training would not be well received unless it was presented as an area that had not been well-communicated in the past, but would be supported in the future. However,

survey responses indicate that BellSouth's training plans are in line with those that respondents think would be most effective.

- When asked, "Please select the four formats which you think would be the most effective in communicating ethics standards at BellSouth." respondents gave the highest ratings to the following four-formats:

- 1) informal work group/department meetings (62%);
- 2) formal ethics workshops (58%);
- 3) video (42%); and
- 4) newsletters/memos (42%).

These responses were fairly consistent with the exception of responses from occupational and customer service respondents. These employee groups selected quality improvement meetings as their third choice, followed by video as their fourth choice.

Only 3% responded that none of the listed formats would be most effective. 86% of the 3% were either occupational employees or first and second line managers.

Code of Conduct and A Personal Responsibility

1. Interviewees expressed a desire to see examples of "grev areas" included in A Personal Responsibility.

- People sign *Personal Responsibilities*, but don't always read it.
Many at craft level have been told,
but according to the union, they are not
required to do so.

21
22

24
25

2. Almost 77% of respondents said that there were standards of conduct that provided guidelines for their job responsibilities. 65% of survey respondents rated A Personal Responsibility and Conflict of Interest forms as either very effective or fairly effective in communicating BellSouth's commitment to high ethical standards. When asked, "As an employee, you are asked to read the booklet A Personal Responsibility, and to fill out Conflict of Interest forms. How would you describe the effectiveness of these programs in communicating BellSouth's commitment to high ethical standards?:"

- 18% of survey respondents found the booklet and conflict of interest forms very effective and 47% found them fairly effective. 20% found them neither effective nor ineffective and 17% found them ineffective or very ineffective.
- Respondents who also indicated that they felt pressure to compromise standards

to meet objectives or who had observed misconduct were less likely to perceive the programs as effective. In contrast to the 17% of overall respondents who found the programs ineffective, 29% who felt pressure to compromise and 25% who had observed misconduct found them ineffective.

- Lower levels tended to rate the program somewhat less effective than higher levels.
- When asked, "Are there standards of conduct for BellSouth that provide guidelines for your job specific responsibilities?" 15% said "No" and 9% did not know.

APPENDIX A

All lines of pages 39-62 are
proprietary

APPENDIX A

All lines of this page and
pages through 62 are proprietary

All lines pp. 1-7 are proprietary



1

All lines pp 1-2
are proprietary