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January 3, 1994

Mr. Steven C. Tribble  
Director, Division of Records and Reporting  
101 East Gaines Street  
Tallahassee, Florida 32301

RE: Docket No. 920260-TL/Continuing Property Records (CPR)

Dear Mr. Tribble:

Pursuant to directions contained in your letter transmitting a copy of the Continuing Property Records Compliance Audit Report, Southern Bell hereby submits the Company's responses to the audit report, and further requests that these responses be forwarded with the audit report to the appropriate staff analysts for use in their analysis of the audit report and related matters in this docket.

To the extent more extensive comments or responses are deemed appropriate, Southern Bell reserves the right to include such comments or responses in the Company's rebuttal testimony addressing this audit which is due to be filed January 4, 1994.

Sincerely,

*Sidney J. White, Jr.*

Sidney J. White, Jr.

Enclosures

cc: All Parties of Record

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6 H. R. Anthony

R. D. Lackey

RECEIVED & FILED

FPS&C BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

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FPS&C-RECORDS/REPORTING

**CERTIFICATE OF SERVICE**

**Docket No. 920260-TL**

**Docket No. 900960-TL**

**Docket No. 910163-TL**

**Docket No. 910727-TL**

I HEREBY CERTIFY that a copy of the foregoing has been  
furnished by United States Mail this 3rd day of January, 1994 to:

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*Sidney J. White, Jr. (es)*



Company Response to Audit Disclosure 2

Disclosure 2 appears to indicate that Unallocated Other Cost (UOC -- hardwired CPR 040004) and Plug-in Other Cost (PIOC -- plug-in CPR 040001) records are discrepancies simply because of their presence in an investment record. These records do not represent retirement units of equipment, but do have specific meanings and are generally appropriate. Generic explanations of UOC and PIOC follow below:

UOC: Dollar amounts will flow into hardwired CPR 040004 as UOC during each year's PICS/DCPR annual processing. UOC occurs at any location/Field Reporting Code (FRC) combination which receives charges for capital labor, engineering, or material of less than retirement unit size (commonly referred to as minor items) during a calendar year in which no hardwired retirement units are placed in service. These types of charges are normally included in the installed cost of hardwired retirement units if such are placed in service, but they are captured as UOC if no retirement units are being placed in service during the calendar year under study.

PIOC: Dollar amounts are captured under plug-in CPR 040001 to reflect the capitalized cost of labor to place, line up and test growth deferrable plug-in units. A ratio of these costs to deferrable plug-in costs is developed and stored by the PICS/DCPR annual processes so that a proportional amount of PIOC may be retired for each dollar of deferrable plug-in investment recovered without replacement from a field location.

From these descriptions, it is Southern Bell's position that UOC and PIOC cannot be verified as one would a physical piece of equipment and should be excluded from the disclosure. Following this path, the discrepancies shown in Disclosure 2 would be reduced to the following:

A. Line entries of CPR records (note references in parentheses)

	<u>TOTAL #</u> <u>ENTRIES</u>	<u># ENTRIES</u> <u>W/DSCRPNCS</u>	<u>% ENTRIES</u> <u>W/O DSCRPNCS</u>	<u>% ENTRIES</u> <u>W/DSCRPNCS</u>
HARDWIRED	180	52 (1)	71.11%	28.89%
PLUG-IN	693	46 (2,5)	78.93%	21.07%

B. Dollar amount of discrepancies (note references in parentheses)

	<u>TOTAL \$</u> <u>BOOKED</u>	<u>\$ AMT OF</u> <u>DSCRPNCS</u>	<u>PERCENT OF</u> <u>DSCRPNCS</u>
HARDWIRED	782,813.50	172,199.08 (3)	22.00%
PLUG-IN	510,000.00	77,720.01 (4)	15.24%

All of the plug-in discrepancies and some of the hardwired discrepancies have been adjusted. The remaining hardwired discrepancies will be adjusted in early 1994.

- NOTE 1: This figure was reduced by 16 line entries as a result of the UOC explanation above.
- NOTE 2: This figure was reduced by 26 line entries as a result of the PIOC explanation above. Three additional lines were eliminated because the units were not "actual discrepancies." (E0126 - CPR 172864, E0027 - CPR 372580, and E0027 - CPR 470828)
- NOTE 3: This reflects the dollar adjustments addressed in Note 1.
- NOTE 4: This reflects the total dollar adjustment for plug-ins at the nine remote sites.
- NOTE 5: The company does not necessarily agree with the number of plug-in discrepancies counted. It is virtually impossible to determine which line contains the "actual" discrepancy, since the majority of the plug-ins have more than one line. Further, because of the mobile nature of plug-ins, there is an inherent accuracy risk involved in comparing plus-in investment as of one date with a physical inventory conducted on a later date.

### Company Response to Audit Disclosure 3

Southern Bell agrees with the need to periodically examine its Continuing Property Records (CPRs) and subsequently retire any obsolete equipment. Currently, as Field Reporting Codes (FRCs) and/or Equipment Category Numbers (ECNs) are identified as being obsolete, Southern Bell's records are analyzed for potential equipment, and associated investment, that can be retired.

In recent years, Southern Bell has escalated its efforts by forming an asset management group which provides procedures and guidelines necessary to coordinate the identification and retirement of obsolete equipment. Implementation of the process is performed by the state asset management team. Additionally, a requirement to inventory circuit equipment in every central office by the end of 1994 has been completed. The reconciliation effort is currently underway.

The attached spreadsheet provides the action taken, or action that will be taken, regarding the disposition of the ten hardwired and four plug-in retirement units mentioned in the disclosure.

PSC DOCKET 920260-TL-REQ 6			
RESPONSE TO DISCLOSURE # 3			
HARDWIRED ITEMS NOT USED PER PSC REVIEW			
CPR#	LOCATION	IN USE	COMMENTS
000436	E9406	NO	NOT THERE;ENGINEER TO RETIRE FROM RECORDS
002012	E8508	NO	NOT THERE;ENGINEER TO RETIRE FROM RECORDS
006127	E8801	YES	ENG TO CORRECT STENCILING;1 BAY RET IN PLACE
020666	E4101	NO	NOT THERE;ENGINEER TO RETIRE FROM RECORDS
060321	E8508	NO	NOT THERE;ENGINEER TO RETIRE FROM RECORDS
065304	E8805	NO	NOT THERE;ENGINEER TO RETIRE FROM RECORDS
129072	E4348	NO	NOT THERE;ENGINEER TO RETIRE FROM RECORDS
HARDWIRED ITEMS COULD NOT BE IDENTIFIED PER PSC REVIEW			
CPR#	LOCATION	IN USE	COMMENTS
008774	E4512	NO	NOT THERE; ENGINEER TO RETIRE FROM RECORDS
020785	E4512	NO	NOT THERE; ENGINEER TO RETIRE FROM RECORDS
069105	E8423	NO	NOT THERE; ENGINEER TO RETIRE FROM RECORDS
PLUG-IN ITEMS NOT USED PER PSC REVIEW			
CPR#	LOCATION	IN USE	COMMENTS
070472	E8632	NO	NOT THERE; RECORDS CORRECTED
070474	E4449	NO	NOT THERE; RECORDS CORRECTED
071185	E4205	NO	NOT THERE; RECORDS CORRECTED
072125	E8508	NO	NOT THERE; RECORDS CORRECTED