

SIDNEY J. WHITE, JR.
General Attorney

Southern Bell Telephone
and Telegraph Company
Suite 400
150 South Monroe Street
Tallahassee, Florida 32301
(404) 529-5094

January 4, 1994

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

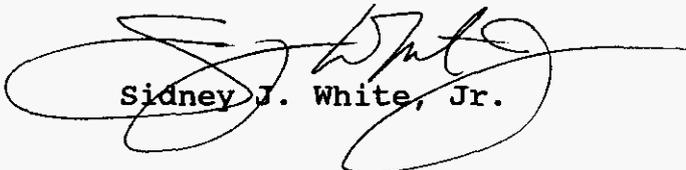
RE: Docket No. 920260-TL, 900960-TL, 910163-TL, 910727-TL

Dear Mr. Tribble:

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

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

Sincerely,


Sidney J. White, Jr.

Enclosures

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

62 201 1 1994



DOCUMENT NUMBER-DATE
00106 JAN-4 94
FPSC-RECORDS/REPORTING

that he would be the sponsoring witness for the Staff audit report on its "Affiliate Transactions and Cost Allocations Audit."¹ This audit has also been referred to as the "NARUC/FCC Audit."

2. Southern Bell received a copy of the final audit report on or about December 17, 1993. On December 20, 1993, the Prehearing Officer granted Southern Bell until January 4, 1993 in which to file the Company's rebuttal testimony to the audit report.

3. Pursuant to Rule 25-22-006(4), Florida Administrative Code, Southern Bell is hereby filing its Request for Confidential Classification for certain portions of Walter S. Reid's rebuttal testimony and exhibits offered to rebut the Staff's Affiliate Transactions and Cost Allocations Audit Report.

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

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

6. Attachment B contains two edited copies of the subject documents with the confidential information deleted. Copies of Attachment B are not being served on the other parties in this proceeding.

¹ Although this is not the title used by Mr. Devlin in his testimony, it is the actual title used on the audit report Southern Bell assures Mr. Devlin is referencing in his testimony.

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

8. In order to rebut certain portions of the Yellow Pages section of the audit report, Mr. Reid included calculations which either directly or indirectly could be used to derive BAPCO's net income, expenses, investment and uncollectible for its Florida operations. Mr. Reid's calculations compare the existing BAPCO related impacts on Southern Bell's regulated operations in Florida with the impacts that would occur under the scenario recommended in the audit report. In making these comparisons, Mr. Reid identified the changes in regulated profits, rate base and revenue requirements associated with the audit report recommendation. These figures can be used to derive actual BAPCO net income, expenses and investment through reverse calculations. BAPCO's uncollectible amounts are also shown directly in the testimony.

9. With respect to the portions of Walter S. Reid's rebuttal testimony filed January 4, 1994 addressing issues contained in Staff's "Affiliated Transactions and Cost Allocations Audit" report, the information at issue is actual financial information relating to a non-regulated affiliate company and is entitled to confidential classification pursuant to Section 364.183(3)(e), Florida Statutes. The information is in the form of financial information relating to BellSouth

Advertising and Publishing Company (BAPCO). The calculations at issue disclose directly or indirectly, BAPCO's Florida nonregulated income, expenses and investment levels for the Company for its Florida operations. Also, the information discloses BAPCO's uncollectible revenues for its Florida operations. All of this information is competitively valuable and is not publicly available. The directory advertising business is a competitive business, and companies participating in that market do not typically share their investment, expenses, profit margins and revenue information with their competitors. Section 364.183(3)(e), Florida Statutes, specifically includes "information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider of the information" as proprietary confidential business information.

10. BAPCO currently has as many as 69 directory publishing competitors in the region, which together publish 199 directories in direct competition to BAPCO. In Florida alone, 15 yellow page publishers compete with BAPCO by publishing 56 directories in markets throughout the state. Notable among BAPCO's directory competitors are several newspaper companies which have begun direct competition with BAPCO's yellow pages. These include Gannett, the Gainesville Times, The Palatka Daily News, and other New York Times papers throughout the state and region. These numbers do not include the growing competition which BAPCO faces from other advertising media, such as local television, radio and

direct mail competitors. Businesses in these media often target large BAPCO advertisers soliciting the move of advertising dollars from BAPCO's yellow pages directories to their form of advertising at competitive rates.

11. Unlike most of its directory competitors, BAPCO pays a substantial amount of its growth revenues to BST. The ability for BAPCO's competitors to ascertain the effect of this cost on BAPCO's "bottom-line" would be a significant competitive advantage to them and corresponding harm to BAPCO. Knowledge of BAPCO's income, expenses and investment levels would allow its competitors to competitively price their advertising products at levels below any which BAPCO could profitable support. If such disclosure continued in the future they could also gauge the efforts of their competition on BAPCO. Because many of these competitors are private entities or subsidiaries of major corporations, BAPCO does not have access to the same bottom-line information at issue here concerning their competitive position.

12. The costs relating to competitive enterprises are considered to be proprietary business information and are not generally shared publicly, and are certainly not shared directly with competitors of these companies. Knowledge of discrete elements in a competitors's cost structure, such as current uncollectible costs in the context of the directory advertising business, would make it easier to estimate the competitors's overall costs which must be covered through advertising revenues. At a minimum, it discloses BAPCO's actual costs relating to this

specific cost category. Consequently, knowledge of a competitor's costs could help in setting strategic advertising rates in certain markets subject to the greatest competition. If BAPCO's revenue stream were to be adversely affected, then Southern Bell's share of these total revenues could also be diminished, resulting in an adverse impact on Southern Bell's regulated revenues in the State of Florida.

13. The Commission has previously held that BAPCO's Florida net income and uncollectibles are proprietary confidential business information. PSC-93-0325-CFO-TL, issued March 3, 1993, in these consolidated dockets. Similarly, the investment and expense information is likewise entitled to confidential classification for the reasons stated above.

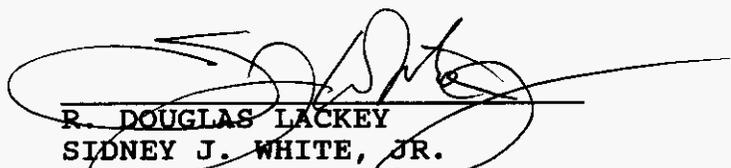
14. Southern Bell has treated and intends to continue to treat the material for which confidential classification is sought as private, and this information has not been generally disclosed.

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

Respectfully submitted this 4th day of January, 1994.

SOUTHERN BELL TELEPHONE
AND TELEGRAPH COMPANY


HARRIS R. ANTHONY
c/o Marshall M. Criser
Suite 400
150 South Monroe Street
Tallahassee, Florida 32301
(305) 347-5555


R. DOUGLAS LACKEY
SIDNEY J. WHITE, JR.
~~4300~~ Southern Bell Center
675 West Peachtree St., N.E.
Atlanta, Georgia 30375
(404) 529-5094

ATTACHMENT A

Request for Confidential Classification
Rebuttal Testimony and Exhibits of Walter S. Reid
FPSC Docket 920260-TL Filed January 4, 1994.

Page 1 of 1

A. Reasons Information is Proprietary

With respect to the portions of Walter S. Reid's rebuttal testimony and exhibits filed January 4, 1994 addressing issues contained in FPSC Staff's "Affiliated Transactions and Cost Allocations Audit" Report, the information is entitled to confidential classification pursuant to Section 364.183 (3)(e), Florida Statutes. The information is in the form of financial information relating to BellSouth Advertising and Publishing Company (BAPCO), a non-regulated affiliate. The Calculations at issue disclose directly or indirectly, BAPCO's Florida nonregulated income, expenses, and investment levels for the Company for its Florida operations. This information could be used by competitors to harm Southern Bell in its marketing of its unregulated products and services. As such, this information is classified as confidential business information pursuant to Section 364.183, Florida Statutes, and is exempt from the Open Records Act.

B. Location of Proprietary Information

<u>Page #</u>	<u>Line/Column</u>
12	7, 8, 10, 13
WSR-12 page 1	21, 23, 25, 26

ATTACHMENT "B"

Two edited copies of the document with the confidential information deleted.

ATTACHMENT "C"

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

CERTIFICATE OF SERVICE

Docket No. 920260-TL

Docket No. 900960-TL

Docket No. 910163-TL

Docket No. 910727-TL

I HEREBY CERTIFY that a copy of the foregoing has been
furnished by United States Mail this 4th day of January, 1994 to:

Robin Norton
Division of Communications
Florida Public Service
Commission
101 East Gaines Street
Tallahassee, FL 32399-0866

Charles J. Beck
Deputy Public Counsel
Office of the Public Counsel
111 W. Madison Street
Room 812
Tallahassee, FL 32399-1400

Tracy Hatch
Division of Legal Services
Florida Public Svc. Commission
101 East Gaines Street
Tallahassee, FL 32399-0863

Michael J. Henry
MCI Telecommunications Corp.
780 Johnson Ferry Road
Suite 700
Atlanta, Georgia 30342

Joseph A. McGlothlin
Vicki Gordon Kaufman
McWhirter, Grandoff & Reeves
315 South Calhoun Street
Suite 716
Tallahassee, FL 32301-1838
atty for FIXCA

Richard D. Melson
Hopping Boyd Green & Sams
Post Office Box 6526
Tallahassee, Florida 32314
atty for MCI

Kenneth A. Hoffman
Messer, Vickers, Caparello,
Madsen, Lewis & Metz, PA
Post Office Box 1876
Tallahassee, FL 32302
atty for FPTA

Rick Wright
Regulatory Analyst
Division of Audit and Finance
Florida Public Svc. Commission
101 East Gaines Street
Tallahassee, FL 32399-0865

Michael W. Tye
AT&T Communications of the
Southern States, Inc.
106 East College Avenue
Suite 1410
Tallahassee, Florida 32301

Laura L. Wilson, Esq.
c/o Florida Cable Television
Association, Inc.
Post Office Box 10383
310 North Monroe Street
Tallahassee, FL 32302
atty for FCTA

Dan B. Hendrickson
Post Office Box 1201
Tallahassee, FL 32302
atty for FCAN

Chanthina R. Bryant
Sprint Communications Co.
Limited Partnership
3065 Cumberland Circle
Atlanta, GA 30339

Benjamin H. Dickens, Jr.
Blooston, Mordkofsky,
Jackson & Dickens
2120 L Street, N.W.
Washington, DC 20037
Atty for Fla Ad Hoc

C. Everett Boyd, Jr.
Ervin, Varn, Jacobs, Odom
& Ervin
305 South Gadsen Street
Post Office Drawer 1170
Tallahassee, Florida 32302
atty for Sprint

Florida Pay Telephone
Association, Inc.
c/o Mr. Lance C. Norris
President
Suite 710, Barnett Bank Bldg.
315 South Calhoun Street
Tallahassee, FL 32302

Monte Belote
Florida Consumer Action Network
4100 W. Kennedy Blvd., #128
Tampa, FL 33609

Donald L. Bell, Esq.
104 East Third Avenue
Tallahassee, FL 32303
Atty for AARP

Angela Green
Division of Legal Services
Florida Public Svc. Commission
101 East Gaines Street
Tallahassee, FL 32399-0863

Joseph Gillan
J.P. Gillan & Associates
P.O. Box 541038
Orlando, FL 32854-1038

Gerald B. Curington
Department of Legal Affairs
Room 1603, The Capitol
Tallahassee, FL 32399-1050

Mr. Douglas S. Metcalf
Communications Consultants,
Inc.
631 S. Orlando Ave., Suite 250
P. O. Box 1148
Winter Park, FL 32790-1148

Mr. Cecil O. Simpson, Jr.
General Attorney
Mr. Peter Q. Nyce, Jr.
General Attorney
Regulatory Law Office
Office of the Judge
Advocate General
Department of the Army
901 North Stuart Street
Arlington, VA 22203-1837

Mr. Michael Fannon
Cellular One
2735 Capital Circle, NE
Tallahassee, FL 32308

Floyd R. Self, Esq.
Messer, Vickers, Caparello,
Madsen, Lewis, Goldman & Metz
Post Office Box 1876
Tallahassee, FL 32302-1876
Attys for McCaw Cellular

Stan Greer
Division of Communications
Florida Public Svc. Commission
101 East Gaines Street
Tallahassee, FL 32399-0863

