

**Randall J. Cadenhead**  
General Attorney

**BellSouth Corporation**  
Legal Department-Suite 1700  
1155 Peachtree Street, N.E.  
Atlanta, Georgia 30367-6000  
404 249-4413  
Fax: 404 249-5664

October 28, 1994

VIA FEDERAL EXPRESS

Ms. Blanca S. Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
101 East Gaines Street  
Tallahassee, Florida 32301

Re: Affiliate Transaction and Cost Allocations Audit  
FPSC Docket No. 920260-TL

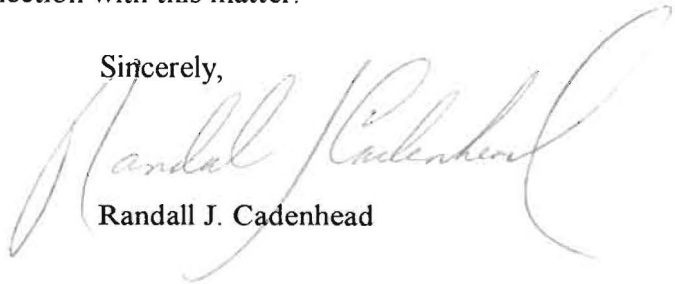
Dear Ms. Bayo:

Enclosed herewith for filing is the original and fifteen (15) copies of BellSouth Corporation's Request for Confidential Classification.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning the same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,



Randall J. Cadenhead

RJC:sgf  
Enclosures

cc: All Parties of Record (w/encls.)

10/28/94/0033885.01 RECEIVED & FILED

  
FPSC BUREAU OF RECORDS

DOCUMENT NUMBER-DATE  
11055 OCT 31 1994  
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Affiliate Transactions and  
Cost Allocations Audit

) Docket No. 920260-TL  
) Filed: October 28, 1994  
)

BELLSOUTH CORPORATION'S  
REQUEST FOR CONFIDENTIAL CLASSIFICATION

COMES NOW BellSouth Corporation, ("BellSouth" or "Company"), pursuant to Rule 25-22.006(3) and (4), Florida Administrative Code, and files its Request for Confidential Classification for certain information contained in certain of Staff's supporting workpapers for the referenced docket.

1. On August 15-16, 1994, Staff conducted audit field work on affiliate transactions and cost allocations related to the referenced Affiliate Transaction and Cost Allocation docket.
2. Staff has subsequently identified certain documents and information reviewed on such date that it desires to include in its workpapers.
3. Pursuant to Rule 25-22.006(3)(a) and (4), Florida Administrative Code, BellSouth hereby requests confidential classification for certain portions of Staff's workpapers. These documents contain several categories of proprietary confidential business information which will be discussed in detail hereafter. All of this information is intended to be and is treated by the company as private and confidential and has not been disclosed to the public.
4. Pursuant to Rule 25-22.006(4)(c), BellSouth has included three attachments with this filing:

5. Attachment A contains a line-by-line classification explaining why the material asserted to be confidential and proprietary should be granted confidential classification.

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

7. Attachment C is a sealed package containing one copy of the documents with the specific information which is asserted to be confidential and proprietary highlighted. Copies of Attachment C are not being served on the other parties in this proceeding.

8. Listed below are the specific categories of information which are proprietary and a discussion as to each:

A. DETAILED FINANCIAL INFORMATION ON NON-REGULATED AFFILIATES

9. With respect to the portions of the workpapers referenced in Attachment A as containing detailed financial information on non-regulated affiliates, this information is entitled to confidential classification pursuant to Section 364.183(3)(e), Florida Statutes. The information at issue pertains to numerous non-regulated affiliate companies which operate in competitive markets and includes income statements and balance sheets; net income figures; sales analyses; revenues; expenses; equity funding profits; losses; returns; debt; cash flows and similar confidential and proprietary information.

10. The information sought to be protected concerns and affects affiliates which provide products and services in competitive markets. In each case, the information from these

companies constitutes proprietary confidential business information and is not shared publicly, particularly with competitors of these companies.

Knowledge of a competitor's cost structure in the detail contained in these workpapers would make it possible to estimate the competitor's overall cost of doing business and of key cost components affecting competitive position. The information would also allow a competitor to determine how resources are allocated in providing products and services. Consequently, knowledge of such cost levels would help competitors in setting strategic prices and marketing strategies in competitive markets. This cost specific data is not available to BellSouth or its affiliates from competitors, and it would be competitively harmful if such information were freely given to others.

11. Regarding profitability information, knowledge of a BellSouth affiliates revenues, profits, losses, cash flow and rates of return places a competitor in a superior position relative to the other company. Through such information, a competitor can determine how profitable certain businesses or business segments are for a BellSouth entity, and thus further determine whether to enter the market or expand already existing businesses. Also, a competitor with knowledge of a BellSouth company's profitability margins would know how able the company would be to respond to price competition. The same is true of debt and equity information. All of this information is zealously protected from public disclosure by BellSouth and all non-publicly traded competitive firms, and is universally acknowledged to be of competitive value.

12. The public disclosure all of the detailed financial and cost information contained in the workpapers would result in harm to the competitive business interests of these non-regulated affiliates. The harm could materialize in terms of loss of business and reduced revenues for such

companies. The Commission has previously held that this type of financial information is entitled to confidential classification. See Order nos. PSC-930325-CFO-TL and PSC-93-0326-CFO-TL, issued March 3, 1993 in Docket Nos. 920260-TL, 910163-TL, 900960-TL and 910727-TL.

B. CUSTOMER AND TENANT LISTS OF NON-REGULATED AFFILIATES

13. With respect to the portions of the workpapers referenced in Attachment A as containing customer lists of non-regulated affiliates, this information is entitled to confidential classification pursuant to Section 364.183(3)(e), Florida Statutes. The information at issue contains the names of existing customers served by unregulated affiliate companies. Such customer and tenant lists are highly proprietary in that they disclose to whom the affiliates are selling their products or services. This information is not generally made publicly available, and its disclosure could cause harm to the competitive business interests of the affiliate. In some cases these affiliates are not wholly-owned by BellSouth and thus third party interests may also be competitively harmed.

14. A competitor with access to these lists would clearly be in a better position to target the named customers in an attempt to take business away from BellSouth's affiliates. Access to such information would also make it less costly to target the affiliates' markets, since a competitor would know which customers are currently receiving such products or services from the affiliate rather than having to canvass a broader group of potential accounts to determine the same information. Competitors' information of this type is not publicly available to BellSouth's affiliates, and it would be unfair and harmful to such affiliates if its customer and tenant lists were to be publicly provided to its competitors.

C. DETAILS OF STRATEGIC RESEARCH, DEVELOPMENT AND BUSINESS PLAN ACTIVITY

15. With respect to the portions of the workpapers referenced in Attachment A as containing details of strategic research and business plan activity, this information is entitled to confidential classification pursuant to Section 364.183(3) (e), Florida Statutes. Such information is competitively sensitive and would be harmful to BellSouth's competitive business interests if publicly disclosed.

16. The proprietary confidential business information sought to be protected consists of project specific data, business plan activity and product or service direction associated with future deployment. Putting such information in the hands of a competitor would harm the company by disclosing where BellSouth entities are focusing their research and development efforts, what technologies are being developed, how far along in the process such efforts have progressed, and planned business plan applications for the same. In essence, this information provides an internal view of business and marketing plans.

17. Research and development activities and the documents from which such workpaper information were derived are conducted under the strictest security measures. Access to work locations are highly restricted, dissemination of information relating to ongoing research and development projects is restricted and controlled, and such information is shared on a need-to-know basis only. These measures are necessary in order to ensure the maximum protection for competitively sensitive and valuable information-on the research and development efforts of the firm.

18. BellSouth would experience significant harm if the details of its affiliate's research, development and business plan efforts were publicly disclosed. A knowledgeable competitor with access could initiate counter strategies or parallel or accelerated developmental projects aimed at the same market applications.

19. Timing is crucial in the development and deployment of new products and services to meet competitive market needs. The disclosure of the information at issue would result in the threat that competitors could preempt BellSouth entities in certain deployments and service applications.

D. COMPETITIVE LEASE-RELATED INFORMATION

20. With respect to the portions of the audit workpapers referenced in Attachment A as containing competitive lease-related information, this information is entitled to confidential classification pursuant to Section 364.183(3)(d) and (e), Florida Statutes. The information contained in the workpapers contains non-public data concerning the tenants, lease rates, terms, and conditions of leases entered into by BellSouth, its affiliates and unaffiliated entities for office space in buildings partially owned by BellSouth companies. Commercial leasing is a highly competitive environment, and the public disclosure of the special terms, conditions and lease rates paid by tenants could both impair future contractual negotiations relating to such leases, as well as impede BellSouth's future ability to lease space in such space to others on the most favorable terms.

21. The nature of the commercial real estate market is highly competitive and individual negotiations for similar business office space may vary depending on the parties involved and other factors. BellSouth's and its affiliates' ability to contract on favorable terms for

space or to lease space in its buildings is dependent on confidentiality of the lease information described in the workpapers. Knowledge of current lease terms and rates by others would enhance the bargaining position of third parties in future lease negotiations.

22. With respect to the lease-related information pertaining to non-affiliate tenants, it is also the case that the information in the workpapers was intended by the parties to the lease to be confidential, with respect to the details of the leases. Public disclosure of the terms of such leases could similarly impair these non-affiliated tenants' competitive interests in negotiations for commercial business office space in the future. Parties negotiating commercial leases should be in equal bargaining positions, and future lessors' knowledge of the details of existing or previous leases could adversely affect the ability to obtain competitively beneficial terms, conditions and rates in the future. This same argument is equally true as to BellSouth in future lease transactions.

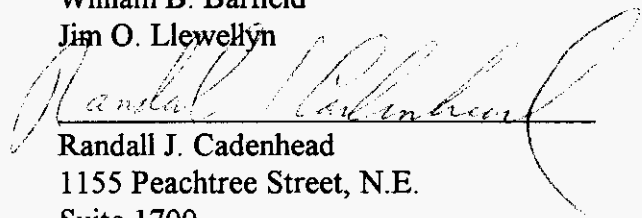
WHEREFORE, based on the foregoing, BellSouth moves that an order be entered declaring the information described above and contained in the indicated portions of the attachments to be proprietary confidential business information, and thus exempt from disclosure under Florida's Public Record Act.

Respectfully submitted this 28th day of October, 1994.

BELLSOUTH CORPORATION

William B. Barfield

Jim O. Llewellyn



Randall J. Cadenhead

1155 Peachtree Street, N.E.

Suite 1700

Atlanta, Georgia 30309-3610



FPSC Docket 920260-TL  
FPSC Staff's NARUC Audit Report and Workpapers

Reasons Information is Proprietary:

A. Detailed Financial Information on Non-Regulated Affiliates - With respect to the portions of the workpapers containing detailed financial information on non-regulated affiliates, this information is entitled to confidential classification pursuant to Section 364.183(3)(e), Florida Statutes. The information pertains to numerous non-regulated affiliate companies operating in competitive markets. The information includes income statements and balance sheets, net income figures, sales analyses, revenues, expenses, equity funding, profits, losses, returns, debt and cash flows.

B. Customer and Tenant Lists of Non-Regulated Affiliates - With respect to the portions of the workpapers containing customer lists of a non-regulated affiliate, this information is entitled to confidential classification pursuant to Section 364.183(3)(e), Florida Statutes. The information at issue contains the names of existing customers and tenants served by unregulated affiliate companies.

C. Details of Strategic Research, Development and Business Plans Activities - With respect to the portions of the workpapers containing work plans, status reports and other details of strategic research and business plan activity, this information is entitled to confidential classification pursuant to Section 364.183(3) and (e), Florida Statutes. The information at issue includes: key details relating to the substance of such projects as well as developmental time frame information and implementation information.

D. Competitive Lease-Related Information - With respect to the portions of the workpapers containing competitive lease-related information, this information is entitled to confidential classification pursuant to Section 364.183(3)(d) and (e), Florida Statutes.

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00057	Column B, C & D	A
00058	Column B & C	A
00059	Column B, C & D	A
00060	Column B, C & D	A
00061	Column B, C & D	A
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00144	4-6	A, C
00145	1-19	A, C

**ATTACHMENTS B & C  
FILED WITH ORIGINAL ONLY**

CERTIFICATE OF SERVICE

This is to certify that the undersigned has this day served a true and correct copy of the foregoing document by depositing the same in the United States Mail, first-class, postage prepaid, upon the persons on the attached Service List.

This 28th day of October, 1994.

Sondra G. Fidelibus  
Sondra G. Fidelibus

Benjamin H. Dickens, Jr.  
Attorney for Florida Ad Hoc  
Blooston, Mordkofsky, Jackson & Dickens  
2120 L Street, N.W.  
Washington, D.C. 20037

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

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

Mark Richard  
Attorney for CWA  
Locals 3121, 3122, and 3107  
304 Palermo Avenue  
Coral Gables, Florida 33134

Angela Green  
Florida Public Telecommunications  
Association, Inc.  
Suite 710, Barnett Bank Building  
315 South Calhoun Street  
Tallahassee, Florida 32302

Gerald B. Curington  
Department of Legal Affairs  
2020 Capital Circle, S.E.  
Alexander Building, 2nd Floor  
Tallahassee, Florida 32301

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

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

Donald L. Bell, Esq.  
104 East Third Avenue  
Tallahassee, Florida 32303

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

Michael Fannon  
Cellular One  
2735 Capital Circle, N.E.  
Tallahassee, Florida 32308

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

Floyd R. Self, Esq.  
Messer, Vickers, Caparello,  
Madsen, Lewis, Goldman & Metz  
P.O. Box 1876  
Tallahassee, Florida 32302-1876

Kenneth A. Hoffman  
Messer, Vickers, Caparello,  
Madsen, Lewis & Metz, PA  
P.O. Box 1876  
Tallahassee, Florida 32302

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

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

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

Dan B. Hendrickson  
P.O. Box 1201  
Tallahassee, Florida 32302  
Attorney for FCAN

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

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



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

Laura L. Wilson  
Florida Cable Television  
Association, Inc.  
310 North Monroe Street  
Tallahassee, Florida 32302

Richard D. Melson  
Attorney for MCI  
Hopping Boyd Green & Sams  
P.O. Box 6526  
Tallahassee, Florida 32314

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

Rick Wright  
Division of Audit and Finance  
Florida Public Service Commission  
101 East Gaines Street  
Tallahassee, Florida 32399-0865