

Manuel A. Gurdian
Attorney

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ORIGINAL

July 19, 2007

RECEIVED-FPSC
07 JUL 20 PM 12: 17
COMMISSION
CLERK

Ms. Ann Cole
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: **Docket No.: 060822-TL**
Petition of BellSouth Telecommunications, Inc. for Relief from Carrier-of-Last-Resort Obligations (COLR) Pursuant to Florida Statutes §364.025(6)(d) for two private subdivisions in Nocatee development

Dear Ms. Cole:

- CMP
- COM
- CTR
- ECR
- GCL
- OPC
- RCA
- SCR
- SGA
- SEC
- OTH

Enclosed is an original and fifteen copies of BellSouth Telecommunications, Inc. d/b/a AT&T Florida's Request for Specified Confidential Classification for its *Amended* Response to Staff's First Data Request BS-1, No. 7, which we ask that you file in the captioned docket.

Copies were served to the parties shown on the attached Certificate of Service.

Sincerely,

Manuel A. Gurdian

Enclosures

least records
to: All Parties of Record
Jerry D. Hendrix
E. Earl Edenfield, Jr.
James Meza III

This confidentiality request was filed by or for a "telco" for ~~DN 06152-07~~ No ruling is required unless the material is subject to a request per 119.07, FS, or is admitted in the record per Rule 25-22.006(8)(b), FAC.

(x-ref DN 05739-07)

DOCUMENT NUMBER-DATE
06151 JUL 20 07
FPSC-COMMISSION CLERK

CERTIFICATE OF SERVICE
Docket No. 060822-TL

I HEREBY CERTIFY that a true and correct copy was served via (*) Electronic Mail and First Class U. S. Mail this 19th day of July, 2007 to the following:

Florida Public Service Commission
Patrick Wiggins, Staff Counsel (*)(**)
Rick Mann, Staff Counsel (*)(**)
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
pwiggins@psc.state.fl.us
rman@psc.state.fl.us

Nocatee Development Company
Attention: Richard T. Ray
4314 Pablo Oaks Court
Jacksonville, Florida 32224

Anne T. Klinepeter, Registered Agent
4314 Pablo Oaks Court
Jacksonville, FL 32224

The Parc Group, Inc.
Attention: Richard T. Ray
4314 Pablo Oaks Court
Jacksonville, Florida 32224

Anne T. Klinepeter, Registered Agent
4314 Pablo Oaks Court
Jacksonville, FL 32224

SONOC Company, LLC
Attention: Richard T. Ray
4310 Pablo Oaks Court
Jacksonville, Florida 32224

DDI, Inc., Registered Agent
4310 Pablo Oaks Court
Jacksonville, FL 32224

Toll Jacksonville Limited Partnership
250 Gibraltar Road
Horsham, PA 19044

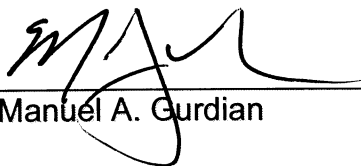
CT Corporation System, Registered Agent
1200 South Pine Island Road
Plantation, FL 33324

Pulte Home Corporation
c/o Jane Celofsky, Legal Dept.
100 Bloomfield Hills Parkway
Suite 300
Bloomfield Hills, MI 48304

CT Corporation System, Registered Agent
1200 South Pine Island Road
Plantation, FL 33324

Nocatee Development Company/SONOC Company LLC
M. Lynn Pappas (*)
c/o Pappas Law Firm
245 Riverside Avenue, Suite 400
Jacksonville, FL 32202
Tel. No. (904) 353-1980
Fax No. (904) 353-5217
lpapas@papnet.com

Floyd R. Self (+)(*)(**)
Messer Capareello & Self, P.A.
Regional Center Office Park
2618 Centennial Place
P.O. Box 15579 (32317)
Tallahassee, FL 32308
Tel. No. (850) 222-0720
Fax. No. (850) 224-4359
fself@lawfla.com
Represents Nocatee


Manuel A. Gurdian

(+) Signed Protective Agreement

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL

In re: Petition of BellSouth for Relief from Carrier-of-Last-Resort Obligations Pursuant To Florida Statutes §364.025(6)(d)) Docket No: 060822-TL) Filed: July 19, 2007)

AT&T FLORIDA'S REQUEST FOR SPECIFIED CONFIDENTIAL CLASSIFICATION

COMES NOW, BellSouth Telecommunications, Inc. d/b/a AT&T Florida ("AT&T Florida"), pursuant to Rule 25-22.006, Florida Administrative Code, and Section 364.183, Florida Statutes, files its Request for Specified Confidential Classification.

1. On June July 9, 2007, AT&T Florida filed its Amended Response to Florida Public Service Commission Staff's (hereinafter "Staff") First Data Request BS-1, No. 7 along with a Notice of Intent to Request Specified Confidential Classification. Information contained in AT&T Florida's Amended Response to Staff's First Data Request BS-1, No. 7 is confidential and proprietary to AT&T Florida.

2. Pursuant to Rule 25-22.06(3)(a), AT&T Florida hereby files this Request for Specified Confidential Classification because the information contained in AT&T Florida's Amended Response to Staff's First Data Request BS-1, No. 7 is confidential business information related to competitive interests utilized by AT&T Florida to conduct its business. A more specific description of this information is contained in Attachment A. In addition, public disclosure of this information would cause harm to AT&T Florida. Therefore, such information should be classified as confidential business information pursuant to Section 364.183, Florida Statutes. Accordingly, it should be held exempt from the public disclosure requirements of Section 119.07, Florida Statutes.

DOCUMENT NUMBER-DATE

06151 JUL 20 5

FPSC-COMMISSION CLERK

3. Attachment A to AT&T Florida's Request for Confidential Classification contains an explanation of the proprietary information along with a list that identifies the location of the information designated by AT&T Florida as confidential.

4. Attachment B to AT&T Florida's Request for Confidential Classification is redacted copies of the document containing the confidential information.

5. Attachment C to AT&T Florida's Request for Confidential Classification is a highlighted copy of the document containing the confidential information.

6. The original of this Request was filed today with the Office of the Commission Clerk and a copy was served on the Parties.

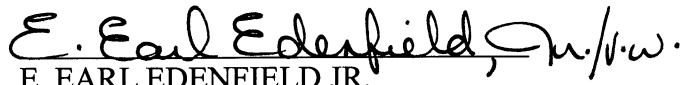
WHEREFORE, based on the foregoing, AT&T Florida respectfully requests that, pursuant to Section 364.183, Florida Statutes, the Commission enter an order declaring the information described above to be confidential, proprietary business information that is not subject to public disclosure.

Respectfully submitted this 19th day of July, 2007.

AT&T FLORIDA



JAMES MEZA III
AUTHORIZED HOUSE COUNSEL NO. 464260
TRACY W. HATCH
MANUEL A. GURDIAN
c/o Nancy H. Sims
150 So. Monroe Street, Suite 400
Tallahassee, FL 32301
(305) 347-5558



E. EARL EDENFIELD JR.
AT&T Southeast
Suite 4300, AT&T Midtown Center
675 W. Peachtree St., NE
Atlanta, GA 30375
(404) 335-0763

684751

ATTACHMENT A

**AT&T FLORIDA
FPSC DOCKET NO: 060822-TL
REQUEST FOR CONFIDENTIAL CLASSIFICATION
PAGE 1 OF 5
7/19/2007**

**REQUEST FOR CONFIDENTIAL CLASSIFICATION OF AT&T FLORIDA'S
AMENDED RESPONSE TO STAFF'S FIRST DATA REQUEST BS-1, NO. 7,
FILED JULY 9, 2007 IN
FLORIDA DOCKET NO. 060822-TL**

Explanation of Proprietary Information

1. This information contains confidential business information related to the competitive interests of AT&T Florida that is proprietary to AT&T Florida. Specifically, this information relates to AT&T Florida's estimated costs for network deployment for two private subdivisions that are not publicly available. This information further contains information related to AT&T Florida's cumulative net present value and cash flow analysis. These documents are not publicly available. Disclosure of this data would impair the competitive business and cause harm to AT&T Florida. Consequently, this information should be classified as proprietary, confidential business information pursuant to Section 364.183(3)(e), Florida Statutes and is exempt from the Open Records Act.

Amended Response to Data Request, Item No. 7

| <u>Location</u> | <u>Reason</u> |
|-----------------------------------|---------------|
| All dollar amounts and percentage | 1 |

ATTACHMENT B

**AT&T FLORIDA
FPSC DOCKET NO: 060822-TL
REQUEST FOR CONFIDENTIAL CLASSIFICATION
PAGE 1 OF 5
7/19/2007**

**REQUEST FOR CONFIDENTIAL CLASSIFICATION OF AT&T FLORIDA'S
AMENDED RESPONSE TO STAFF'S FIRST DATA REQUEST BS-1, NO. 7,
FILED JULY 9, 2007 IN
FLORIDA DOCKET NO. 060822-TL**

TWO REDACTED COPIES FOR PUBLIC DISCLOSURE

PROPRIETARY

REQUEST: To the extent not provided in response to Request No. 6, please provide any reports, studies or analyses conducted by or for BellSouth that indicate at what level of demand and for what services provision of service to Riverwood and Coastal Oaks, that BellSouth would break even.

AMENDED RESPONSE:

With the ability to compete against the triply play offered by Comcast with a only stand alone voice offering, AT&T Florida has no idea what penetration rate to expect. This results in extreme uncertainty. To help quantify the value of the uncertainty, AT&T Florida conducted a net present value and cumulative cash flow analysis for the properties in question. The output from this analysis is attached.¹ This information is confidential and proprietary and is being provided subject to the Notice of Intent filed with these responses. To conduct this analysis, AT&T Florida utilized the following inputs:

1. Up front facilities investment costs
2. Operating costs (provisioning, maintenance and repair)
3. Projected revenues
4. Discount rate

As indicated in the affidavit of Larry Bishop, AT&T Florida completed its engineering designs and costs estimates for the provision of service to Riverwood and Coastal Oaks developments. As the model indicates, AT&T Florida will incur an upfront capital cost of \$[REDACTED] to establish entrance facilities for the subdivision. These costs are incurred regardless of the volume of subscribers or the anticipated take rates. In addition to the upfront cost, AT&T Florida will incur additional incremental costs of \$[REDACTED] for every house passed. These facilities must be placed when the subdivision roads are first placed and before any substantive building has been started. Since the company has no way of knowing which customers in the subdivision will ultimately request our service, we must build facilitates such that we can serve any and all households. The model

¹ Non-relevant portions of the documents have been redacted.

RESPONSES (CONT.):

PROPRIETARY

attempts to anticipate the cash flow associated with this incremental build out to coincide with the construction of the four phases of the development. In addition to the capital cost there is an ongoing maintenance expense of \$[REDACTED] per line per month. This cost is estimated based on the average cost of maintenance in Florida as tracked by AT&T Florida's Activity Based Cost Accounting system (ABIS). This system captures the actual expense for maintenance expended by the company by state and allocates those cost across all in-service lines in the state.

AT&T Florida projected revenues in several steps. The first step was to determine anticipated average revenue per unit (ARPU). To project ARPU, AT&T Florida used its actual weighted average revenue per unit for residential voice service in Florida. The weighting was based on the actual percentage of customers subscribing to basic service local or one of the local voice service packages such as Complete Choice. AT&T Florida added to this revenue per unit a weighted average long distance revenue per line based on actual penetration and average revenue per line in Florida. AT&T Florida did not attempt to capture the expected decline in ARPU as technology substitutes diminish the value of stand alone voice service. The second step was to estimate the number of households to be occupied at various stages of the development. Using the number of living units per phase provided to AT&T Florida by the developer, AT&T Florida evenly spread the occupancy for these two developments over an eight year period. It then considered a half-year convention for calculating the total revenue per household for the first year of occupancy and a 12-month convention for each of the out years.

Using a discount rate of [REDACTED]%, AT&T Florida evaluated its cumulative cash flow and net present value (NPV) of its investment using various penetration rates. This analysis demonstrated to AT&T Florida that with the limited revenue of a voice-only offering, AT&T Florida could not experience a positive cash flow within a reasonable timeframe using anticipated penetration rates.

RESPONSES (CONT.):

PROPRIETARY

The NVP method allows for applying the time value of money to both cash outflows (money spent) and cash inflows (revenue) over a period of time stated in today dollars. In this model, the initial and incremental capital costs are recovered over time based on the monthly revenue anticipated. The model indicates that you would have to assume a 50% penetration (or take rate) for the project just to recover the capital investment in 10 years.

RESPONSE PROVIDED BY: Pam Tipton - Director Regulatory Policy

PROPRIETARY

REQUEST: To the extent not provided in response to Request No. 6, please provide any reports, studies or analyses conducted by or for BellSouth that indicate at what level of demand and for what services provision of service to Riverwood and Coastal Oaks, that BellSouth would break even.

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RESPONSES (CONT.):

PROPRIETARY

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RESPONSES (CONT.):

PROPRIETARY

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RESPONSE PROVIDED BY: Pam Tipton - Director Regulatory Policy

STATE OF FLORIDA

COMMISSIONERS:
LISA POLAK EDGAR, CHAIRMAN
MATTHEW M. CARTER II
KATRINA J. McMURRIAN
NANCY ARGENZIANO
NATHAN A. SKOP



OFFICE OF COMMISSION CLERK
ANN COLE
COMMISSION CLERK
(850) 413-6770

CONFIDENTIAL

Public Service Commission

ACKNOWLEDGEMENT

DATE: 7/20/07

TO: AT&T Florida /Gurdian

FROM: Ruth Nettles, Office of Commission Clerk

RE: **Acknowledgement of Receipt of Confidential Filing**

This will acknowledge receipt of a **CONFIDENTIAL DOCUMENT** filed in Docket Number 060822-TL or, if filed in an undocketed matter, concerning Amended response to staff's 1st data request BS-1, No. 7, and filed on behalf of AT&T Florida. The document will be maintained in locked storage.

If you have any questions regarding this document, please contact Marguerite Lockard, Deputy Clerk, at (850) 413-6770.

DOCUMENT NUMBER - DATE
06152 JUL 20 07
FPSC-COMMISSION CLERK

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD • TALLAHASSEE, FL 32399-0850
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