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Legal Department

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General Attorney

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BellSouth Telecommunications, Inc.
150 South Monroe Street
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Tallahassee, Florida 32301
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RECORDS AND
REPORTING

August 17, 1998

Mrs. Blanca S. Bayó
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 980733-TL

Dear Ms. Bayó:

Enclosed are an original and fifteen copies of BellSouth Telecommunications, Inc.'s Responses and Objections to Citizens' Third Request for Production of Documents, which we ask that you file in the captioned matter.

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 to the parties shown on the attached Certificate of Service.

RECEIVED & FILED

Sincerely,

[Signature]
FPSC-BUREAU OF RECORDS

[Signature]
Mary K. Keyer

Enclosures

cc: All parties of record
A. M. Lombardo
R. G. Beatty
William J. Ellenberg II (w/o enclosures)

- ACK _____
- AFA 1
- APP _____
- CAF _____
- CMU _____
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- ENG _____
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DOCUMENT NUMBER-DATE

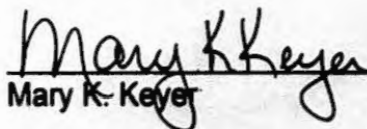
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FPSC-RECORDS/REPORTING

CERTIFICATE OF SERVICE
Docket No. 980733-TL

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via Hand-Delivery this 17th day of August, 1998, to the following:

Charles J. Beck, Esquire
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison Street, Room 812
Tallahassee, Florida 32399-1400


Mary K. Keyer

DOCUMENT NUMBER-DATE

08762 AUG 17 88

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Discovery for Study on Fair & Reasonable Rates and on Relationships Among Costs and Charges Associated with Certain Telecommunications Services Provided by LECs, as Required by Chapter 98-277.

) Docket No.: 980733-TL

) Filed: August 17, 1998

**BELLSOUTH TELECOMMUNICATIONS, INC.'S RESPONSES
AND OBJECTIONS TO CITIZENS' THIRD SET OF
REQUESTS FOR PRODUCTION OF DOCUMENTS**

BellSouth Telecommunications, Inc. ("BellSouth"), files pursuant to Rule 25-22.034, Florida Administrative Code, and Rule 1.350, Florida Rules of Civil Procedure, its Responses and Objections to Citizens' ("Citizens") Third Set of Requests for Production of Documents dated July 16, 1998.

GENERAL RESPONSES

1. BellSouth objects to Public Counsel's proposed "Instruction" relating to details of privileged documents. To the extent a document responsive to any of the requests is subject to an applicable privilege, some of the information requested by Public Counsel would be similarly privileged and therefore not subject to discovery. Notwithstanding this objection, BellSouth agrees to identify any documents withheld on the basis of privilege.

2. With regard to Public Counsel's definition of "document" or "documents", BellSouth has made a diligent, good faith attempt to locate

documents responsive to the scope of Public Counsel's individual requests for documents.

3. BellSouth objects to Public Counsel's definition of "you" and "your." It appears that Public Counsel, through its definition of these words, is attempting to obtain discovery of information in the possession, custody, or control of entities that are not parties to this docket. Requests for Production may only be directed to parties, and any attempt by Public Counsel to obtain discovery from non-parties should be prohibited. See Rule 1.340, Florida Rules of Civil Procedure; Broward v. Kerr, 454 So. 2d 1068 (4th D.C.A. 1984).

4. BellSouth does not believe it was Public Counsel's intent to require BellSouth to produce again the same documents previously produced in other dockets, but to the extent it does, BellSouth objects on the basis that such a request would be unduly burdensome, oppressive, and unnecessary, and for these reasons is prohibited.

5. BellSouth objects to the specific time and place designated by Public Counsel for the production of documents for the reasons that the designation is not reasonable, but has no objection to producing the documents that are responsive and to which no other objection is made, at a mutually agreed upon time and place.

6. The following Specific Responses are given subject to the above-stated General Responses and Objections.

SPECIFIC RESPONSES

6. If the answer to interrogatory 1 is yes, please provide a complete copy of the study including all inputs, algorithms, and results.

Response: See BellSouth's filing in 980000A-SP: Undocketed Special Project: Fair and Reasonable Rates.

7. Please provide a copy of the Company's ARMIS 43-02, 43-03 and 43-04 reports for 1997 on diskette in spreadsheet format.

Response: BellSouth does not prepare an ARMIS 43-02 on a state specific basis. The ARMIS 43-03 and 43-04 reports have been provided on diskette. The ARMIS 43-04 file contains over 2.1MB, so it was compressed (zipped) to fit on a standard 1.4MB diskette. Using the WINzip disk provided, please install the WINZIP software on your PC to unzip file.

8. Please provide the Company's most recent TSLRIC or similar service cost studies for the following services:

- A. Dial tone line
- B. Local usage
- C. MTS toll service
- D. Interexchange carrier network access service

Include all workpapers, inputs and supporting documentation as well as detailed results.

Response: See BellSouth's response to Request 6.

9. Please provide all workpapers and supporting documentation showing the derivation of the shared and common cost factors used in the Company's TSLRIC for network elements and, if different, for services.

Response: BellSouth did not develop or include shared or common costs in its filing in 980000A-SP: Undocketed Special Project: Fair and Reasonable Rates.

10. Please provide workpapers and supporting documentation showing the derivation of the administration factor used in the TSLRIC for network elements and, if different, for services. Identify the specific types of costs included by account number and JFC or other cost code.

Response: BellSouth did not produce new cost studies for ESSX/Centrex Service, but instead provided the most currently available cost support for the service offerings. The cost support included cost studies from 1988 through 1995 in which several different vintages of administrative factors were utilized. The workpapers and supporting documentation for some of the older vintages of administrative factors are no longer available. The workpapers and supporting documentation for the 10/1/90, 6/30/91, and 6/30/93 vintages are being provided. In an effort to be responsive to this request, the following general description of the administrative factor development and utilization is provided:

Administrative cost factors are developed to assign costs supporting the products and services of the business, generally recognized as administrative overheads, across the entire body of telephone products and services on the

basis of direct investment. In this manner, such costs are borne by those who benefit directly from the products and services for which these costs are incurred. Costs included in the development of the administrative factor include costs such as network/general support expense (Accounts 6115, 6122-6124), network operations expense (Accounts 6532, 6535), access expense (Account 6540), customer services expense (A/C 6623), general and administrative expense (Accounts 6721, 6724), and the capital costs associated with general support investment (Accounts 2111-2116, 2121-2124).

In the new TSLRIC studies BellSouth filed in response to the Staff's Data Request, dated June 19, 1998, Items 1b, 1d, 1h, 1j, 2b, 3b, and 4b, BellSouth has chosen to assign general support costs and customer operations costs through the utilization of two factors, the General Support Factor (GSF) and the Customer Operations Factor (COF). The GSF assigns general support costs per dollar of investment and the COF assigns customer operations costs per dollar of direct cost. A narrative description of the development of the GSF and the COF can be found in Section 4, Inputs - Loadings and Factors, of the above-referenced filing. The workpapers and other documentation supporting the development of the GSF and COF can be found in Appendix B, Loadings and Factor Workpapers, of the above-referenced filing.

11. Please provide workpapers and supporting documentation showing the derivation of the maintenance factor used in the TSLRIC for network

elements and, if different, for services. Identify the specific types of costs included by account number and JFC or other cost code.

Response: BellSouth did not produce new cost studies for ESSX/Centrex Service, but instead provided the most currently available cost support for the service offerings. The cost support included cost studies from 1988 through 1995 in which several different vintages of maintenance factors were utilized. The workpapers and supporting documentation for some of the older vintages of maintenance factors are no longer available. The workpapers and supporting documentation for the 6/30/91 and 6/30/93 vintages of maintenance factors are being provided. In an effort to be responsive to this request, the following general description of the maintenance factor development and utilization is being provided:

Maintenance expense factors are developed to assign the costs of maintaining telecommunications equipment on the basis of directly related investment (i.e., the aerial cable maintenance expense factor is essentially developed by dividing aerial cable maintenance expenses in Account 6421 by the directly related aerial cable investment in Account 2421). Ordinary repairs and maintenance, as well as rearrangements and changes in location of equipment, are necessary costs for all categories of plant investment and, as such, the costs are included in the factor development. Certain types of maintenance expenses, such as service order activity related expense and feature related right-to-use expense, are excluded from the factor development

since such costs are typically identified and recovered as a direct cost in the cost study process.

In the new TSLRIC studies BellSouth filed in response to the Staff's Data Request, dated June 19, 1998, Items 1b, 1d, 1h, 1j, 2b, 3b, and 4b, BellSouth has chosen to assign maintenance expenses through the utilization of a Plant Specific Expense Factor (PSEF). PSEFs assign maintenance expenses per dollar of directly related investment. A narrative description of the development of the PSEF can be found in Section 4, Inputs - Loadings and Factors, of the above-referenced filing. The workpapers and other documentation supporting the development of PSEFs can be found in Appendix B, Loadings and Factor Workpapers, of the above-referenced filing.

Respectfully submitted this 17th day of August, 1998.

BELLSOUTH TELECOMMUNICATIONS, INC.

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