**FLORIDA PUBLIC SERVICE COMMISSION**

**Fletcher Building**

**101 East Gaines Street**

**Tallahassee, Florida 32399-0850**

**M E M O R A N D U M**

**February 3, 1994**

**TO : DIRECTOR, DIVISION OF RECORDS AND REPORTING**

**FROM : DIVISION OF AUDITING AND FINANCIAL ANALYSIS (VANDIVER, WRIGHT)**

**DIVISION OF LEGAL SERVICES (MURPHY)**

**RE : DOCKET NO. 931144-TL - SOUTHERN BELL TELEPHONE & TELEGRAPH COMPANY - REQUEST FOR WAIVER OF RULE 25-4.020(3)(a), F.A.C., REGARDING RETENTION OF SOURCE DOCUMENTS IN THEIR ORIGINAL FORM FOR A MINIMUM OF THREE YEARS**

**AGENDA : 02/15/94 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE**

**CRITICAL DATES: NONE**

**SPECIAL INSTRUCTIONS: I:\PSC\AFA\WP\931144.RCM**

**DISCUSSION OF ISSUES**

**ISSUE :** Should the Company's request for waiver of Rule 25-4.020(3)(a), F.A.C., be granted?

**RECOMMENDATION:** The Company's request for waiver should be denied.

**STAFF ANALYSIS:** On November 29, 1993, Southern Bell Telephone & Telegraph Company (Southern Bell) filed a request for waiver of Rule 25-4.020(3)(a), F.A.C., regarding the retention of source documents in their original form for a minimum of three years. Southern Bell states that it currently retains certain vouchers that were originally created in paper form and wishes to store them electronically through the use of an optical imaging system (OIS). The Company states that this system will allow easy access to these records in that a paper copy of the particular record can readily be produced from the information electronically stored in the OIS. Further, these paper copies are equivalent to the originals, are clear and readable, and contain a clear reproduction of any handwritten notations.

Southern Bell also requests that the Commission grant a general rule waiver for the use of the OIS. The Company believes that it will, in the future, encounter situations in which the use of the OIS can provide a cost-efficient method to preserve other types of documents, in addition to vouchers, and requests that approval of this process be granted for all future uses.

The audit staff reviewed the OIS by reading the Company summary and procedures, touring the OIS office in Atlanta, and selecting vouchers and comparing them to the copies. The auditor observed the batch preparation, scanning application, quality assurance process and the retrieval procedure. Currently, the Company stores the following materials using the OIS: employee expense vouchers, supplier bill vouchers, advances, cover documents for the mechanized MAPS input as well as the mechanically generated text images, and internal audit announcement letters, reports, and response letters.

Based on Staff's review we found the copies to be clear and readable. However, during the batch preparation, the preparer includes the number of vouchers to be scanned, but not the number of pages. Each voucher could have several pages of documentation attached to it. The scanning system counts the number of pages scanned, but there is no point of comparison. Therefore, there is no assurance that every page is being scanned.

During the quality assurance process, company personnel informed staff that 10% of the pages are viewed. Staff selected ten vouchers. Two pages attached to one voucher were not copied completely. Staff is concerned that during the course of an audit, important portions of the documentation could be cut off or otherwise incomplete. Company personnel stated that there were plans to change the system. The mail service will scan the approved vouchers when they arrive and the scanned image will be routed to key data entry and the edit clerks. The voucher will be paid from the scanner. The edit clerks will look at the scanned image of the entire voucher and all the attachments the vouchers (just as they look at originals now). The edit clerks will have the option to either accept or reject a scanned image based on their review. The original documents will be kept in the same building as the scanning operation and if the edit clerks find a problem with the scanned image, the voucher can be re-imaged.

It appears that these intended procedures would capture any documents that were not scanned correctly and errors could be corrected before being committed to disk when the original is still on hand. Quality assurance would then only look for clarity. Company personnel indicated that this new procedure would not be in place until April, May or June of this year.

Therefore, based on Staff review, we recommend that the Company's request for waiver be denied. Because the system is not dependable regarding the completeness of the copies, Staff does not believe that the system should be relied on.

**ISSUE 2:** Should the docket be closed?

**RECOMMENDATION:** Yes, if no protests are received the docket should be closed.

**STAFF ANALYSIS:** If the staff's recommendation in Issue 1 is accepted and no protests are received, there are no other issues to be considered and the docket should be closed.