

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Citizens of the State) DOCKET NO. 890190-TL
of Florida to investigate SOUTHERN BELL)
TELEPHONE AND TELEGRAPH COMPANY'S cost) ORDER NO. 25297
allocation procedures)
_____) ISSUED: 11-05-91

ORDER GRANTING IN PART AND DENYING IN PART SUPPLEMENTED
REQUEST FOR CONFIDENTIAL TREATMENT OF DOCUMENT NO. 2902-91

I. BACKGROUND:

Pursuant to vote by the Full Commission at the Commission's September 24, 1991, Agenda Conference this matter was returned to the Prehearing Officer for an initial determination regarding Southern Bell Telephone and Telegraph Company's (Southern Bell or the Company) Supplemented Request for Confidential Classification & Motion for Permanent Protective Order for Information Requested by the Audit staff on March 1, 1991. The material at issue has been assigned Document No. 2902-91 by the Commission. A history of the confidentiality request follows:

A. On March 22, 1991, Southern Bell Southern Bell filed its Request for Confidential Classification of Document No. 2902-91, which is material associated with the Commission staff's Audit.

B. On April 3, 1991, the Office of Public Council (OPC) filed its Opposition to the Company's March 22, 1991, Request.

C. On April 25, 1991, the Prehearing Officer entered Order No. 24429 Denying Southern Bell's Request for Confidential Classification.

D. On May 6, 1991, Southern Bell filed its Motion for Reconsideration of the Prehearing Officer's Order No. 24429 to the Full Commission and Request for Oral Argument.

E. On May 14, 1991, the Prehearing Officer issued Order No. 24529 which granted Oral Argument on Reconsideration to the Full Commission.

F. On May 17, 1991, OPC filed its Opposition to Southern Bell's Motion for Reconsideration and Request for Oral Argument.

G. On May 22, 1991, Southern Bell filed a Supplement to its March 22, 1991, Request for Confidential Classification.

H. On May 28, 1991, OPC filed its Motion to Strike Southern Bell's May 22, 1991, Supplement to its March 22, 1991, Request for Confidential Classification.

DOCUMENT NUMBER-DATE

10984 NOV -5 1991

FPSC-RECORDS/REPORTING

ORDER NO. 25297
DOCKET NO. 890190-TL
PAGE 2

I. On May 29, 1991, the Full Commission convened to hear Oral Argument on Reconsideration of Order No. 24429. At that time, in addressing preliminary matters, it was determined that Southern Bell's May 6, 1991, Request for Oral Argument and Reconsideration should have been brought before the Full Commission at an Agenda Conference rather than to the Prehearing Officer.

J. On May 30, 1991, the Prehearing Officer issued Order No. 24601 Withdrawing Order No. 24529, which granted Oral Argument, as improvidently issued.

K. On June 4, 1991, Southern Bell filed its Response to OPC's May 28, 1991, Motion to Strike and also filed its Request to file Supplemental Pleading. OPC did not respond to Southern Bell's June 4, 1991, Request to file Supplemental Pleading.

L. On October 10, 1991, by Order No. 25210, the Commission: 1) denied the Office of Public Counsel's May 28, 1991, Motion to Strike Southern Bell's May 22, 1991, Supplement; 2) granted Southern Bell's June 4, 1991, Request to file a Supplemental Pleading; 3) set aside Order No. 24429; 4) made moot Southern Bell's May 6, 1991, Motion for Reconsideration and Request for Oral Argument on Reconsideration; 5) returned the matter to the Prehearing Officer to enter a ruling on Southern Bell's supplemented request for confidential treatment of the material at issue.

There is a presumption in the law of the State of Florida that documents submitted to governmental agencies shall be public records. The only exceptions to this presumption are the specific statutory exemptions provided in the law and exemptions granted by governmental agencies pursuant to the specific terms of a statutory provision. This presumption is based on the concept that government should operate in the "sunshine."

Pursuant to Section 364.183, Florida Statutes, and Rule 25-22.006, it is the party's burden to show that any material submitted to this Commission is qualified for specified confidential classification. Rule 25-22.006 provides that the Company may fulfill its burden by demonstrating that the documents fall into one of the statutory examples set out in Section 364.183, Florida Statutes, or by demonstrating that the information is proprietary confidential information, the disclosure of which will cause the party or its ratepayers harm.

ORDER NO. 25297
DOCKET NO. 890190-TL
PAGE 3

II. DISCUSSION OF SOUTHERN BELL'S SUPPLEMENTED ARGUMENTS:

In its May 22, 1991, Supplement, the Company makes six arguments which it applies through a chart to its line by line description of the material. OPC acknowledged the Company's supplemental arguments in its May 28, 1991, Motion to Strike Southern Bell's May 22, 1991, Supplement. However, OPC did not comment on the merits of the arguments raised by the Company in the supplemented pleading. We note that a partner of Coopers and Lybrand has submitted an affidavit in support of Southern Bell's position.

We now address the merits of Southern Bell's supplemented arguments:

A. The Company's first argument is that some of the information consists of internal auditing controls and that the workpapers associated with this material should be granted confidential treatment pursuant to Commission Orders and Section 364.183, Florida Statutes. The Company asserts that disclosure of this information would harm the Company and its ratepayers.

We accept this argument.

B. The Company's second argument is that some information was "derived from, taken from, or referenced from internal audits and internal audit workpapers." The Company asserts that this information should be held confidential under Commission Orders and Section 364.183, Florida Statutes and because disclosure of the information would harm the Company and its ratepayers.

We accept this argument. However, we note that this is second generation internal audit material and that, as such, the material to which this argument applies must be requested on a line by line basis rather than with a bulk request which is appropriate with first generation audit materials.

C. The Company's third argument is that some information relates to external audits and external audit workpapers. The Company asserts that pursuant to Section 473.318, Florida Statutes, such audit workpapers are the property of the Company's external auditors. The Company contends that the materials have been disclosed to the Commission's staff with the designation that they be kept confidential. The Company argues that this material should be held confidential because disclosing the external audit materials would harm the Company in the same fashion that it would be harmed by disclosure of an internal audit. The Company asserts

ORDER NO. 25297
DOCKET NO. 890190-TL
PAGE 4

that such disclosure would chill the auditing process to the detriment of both the Company and this Commission. The Company contends that, in Order No. 19778, at p.2, the Commission held that Commission staff's notes which were taken from Coopers and Lybrand external audit workpapers are entitled to confidential treatment. While noting that this Commission "is bound by the Florida Statutes and not by federal law or FCC rules," Southern Bell points out that the FCC treats the Coopers and Lybrand material, which is at issue in this case, as confidential.

We reject this argument. It is another in a series of attempts by Southern Bell to expand the statutory protection afforded internal audits to apply to external audits.

While a showing of harm to the ratepayers or the Company's business operations could warrant confidential treatment of material which happens to be an external audit, we find the Company's instant argument to be unpersuasive on this point. As we understand the argument, the Company asserts that if we hold external audits to be not entitled to confidential treatment, external auditors will fail to meet their professional responsibilities because forthrightness in the audit process might hurt Southern Bell. It is this "chill" to the audit process based upon an anticipated lack of candor on the part of external auditors that the Company asserts will result in harm. The Company also expresses a concern that this chain of events "will hamper [this] Commission's ability to have access to meaningful audit data and information." We simply disagree that external auditors will be induced to exhibit a lack of candor in derogation of their professional obligations in the conduct of an audit. We note that the external audit which is the subject of this request for confidentiality was mandated by the FCC.

Additionally, it appears that Order No. 19778, at 2---cited by the Company as precedent of this Commission holding staff notes derived from external audit workpapers to be confidential---was based upon the content of the notes which included undisclosed confidential business data regarding inside wire accounts, and not upon their status as having been derived from Coopers and Lybrand workpapers. Stated differently, the cited reference to Coopers and Lybrand in Order No. 19778 appears to be merely descriptive and not dispositive of the confidentiality issue. The workpaper ownership argument was not developed by the Company. The affidavit submitted by Coopers and Lybrand alleging ownership of the workpapers fails to establish how mere ownership mandates confidential status. The FCC argument is undermined by the Company's disclaimer that "this

ORDER NO. 25297
DOCKET NO. 890190-TL
PAGE 5

Commission is bound by Florida Statutes and not by federal law or FCC rules."

D. The Company's fourth argument is that some of the materials relate to competitive interests and unregulated operations, the disclosure of which would impair the competitive business or unregulated operations of Southern Bell. That as such, the material is entitled to confidential treatment pursuant to Section 364.183, Florida Statutes.

We accept this argument.

E. The Company's fifth argument is that some of the information consists of Coopers and Lybrand proprietary audit strategy and work program methodology which are unique to Coopers and Lybrand. The Company asserts that disclosure of this valuable business information would harm Coopers and Lybrand. Thus, the Company argues that, pursuant to Section 364.183(3)(e), Florida Statutes, the information should be held to be confidential because it relates to the "'competitive interest, the disclosure of which would impair the competitive business of the provider of the information.'" Southern Bell quoting Section 364.183(3)(e), Florida Statutes.

We accept this argument. However, we note that most substantive information regarding Southern Bell will not qualify under this argument and that only information which clearly reveals Coopers and Lybrand's strategy and work program methodology will qualify.

F. The Company's sixth argument is that some of the information relates to Company responses to Coopers and Lybrand provided on a confidential basis with regard to certain findings in a Coopers and Lybrand cost allocation compliance audit. The Company contends that the information should be held to be confidential because disclosing the information would disclose information contained in the external audit. The Company asserts that public disclosure of this information would cause future responses to such inquiries to be "toned down" and to be less open and frank. The Company concludes that this would make it more difficult for the Company to comply with cost allocation procedures in the future and would interfere with the Commission's ability to receive a frank and objective analysis of the Company's operations.

We reject this argument. Since external audits are not per se held to be confidential by this Commission, Southern Bell makes a weak case by asserting that disclosure of its responses to Coopers

ORDER NO. 25297
 DOCKET NO. 890190-TL
 PAGE 6

and Lybrand would reveal the content of a related external audit. Additionally, the external audit at issue was mandated by the FCC. Audits which are mandated by regulatory agencies require candid responses on the part of regulated companies. It is not within the legitimate discretion of Southern Bell to provide such external auditors with less than frank and open responses. The specter of an institutionalized lack of candor by a regulated industry in response to FCC mandated external audits is rejected as a basis for confidentiality.

III. THE ARGUMENTS AS APPLIED TO THE MATERIAL:

We have made our determinations based upon the decisions regarding the Company's arguments which are set forth above. To this end we have used a chart to address the material at issue.

In its supplemental pleading, Southern Bell listed multiple reasons to justify line entry information on 126 of 287 claims for confidential classification. While alternative or overlapping arguments are clearly appropriate in a pleading before this Commission, in the instant case, the Company frequently listed multiple lines with multiple arguments and thus, failed to sufficiently narrow its arguments to the material at issue. This put our staff in the position of narrowing the Company's case on a line by line basis. This burden has fallen to our staff for these materials twice. First, under the totally inadequate pleading which was denied in full by the Prehearing Officer in Order No.24429 (set aside by Order No. 25210 in order to allow the Company to better present its case), and now, under the Company's Supplement. While the supplemental pleading is a marked improvement upon the initial pleading, we note that the burden of proof is on Southern Bell under the provisions of Rule 25-22.006(4), Florida Administrative Code, and that requests may be denied in full under Subsection (e) of that Rule for failure to make its case in such a way to permit a "reasoned analysis."

IV.SPECIFIC HOLDINGS REGARDING THE MATERIAL AT ISSUE:

ITEM NO.	PAGE	LINE NUMBER	RECOMMENDATION
Report	1	32-33	Deny, cannot determine whether the
			source is from internal audit report
			or from C&L audit work. Generic
			summary statement of audit findings.

ORDER NO. 25297
 DOCKET NO. 890190-TL
 PAGE 7

ITEM NO.	PAGE	LINE NUMBER	RECOMMENDATION
	4	13-23	Grant, contains external audit strategy or methodology. Company claimed exemption on the basis of an internal audit.
		24-37	Grant lines 24-37, internal audit or internal audit derived.
	5	15-16	Deny, Staff inquiry.
	5	17-25	Grant, internal audit or internal audit derived.
		26-27	Deny, paraphrases staff audit inquiry.
		28-30	Deny, company response to external audit.
		31-35	Grant, contains external audit strategy or methodology. Company claim as internal audit material not supported.
		36-41	Grant, internal audit or internal audit derived.
	8	9-11	Grant, contains external audit strategy or methodology.
		12-20	Grant through "no access time.", internal audit or internal audit derived.
		20-23	Deny from Company , external audit results.
		24-30	Grant, internal audit or internal

ORDER NO. 25297
 DOCKET NO. 890190-TL
 PAGE 8

ITEM NO.	PAGE	LINE NUMBER	RECOMMENDATION
			audit derived.
	9	9-15	Deny, Southern Bell's response to the C&L audit report.
		16-18	Grant to "accurately.", internal audit or internal audit derived.
		18-21	Deny from "Proper", Audit results.
	11	7-11	Deny, external audit results.
		12-18, 19-26	Grant, contains external audit strategy or methodology.
		27-32	Grant, contains external audit strategy or methodology.
		33-36	Grant, internal audit or internal audit derived.
	12	1-8; 15-33,34,35	Grant, internal audit or internal audit derived.
		36-41	Deny, external audit results.
	14	12-13; 15-37	Grant, internal audit or internal audit derived.
	15	1-9; 24-32	Deny, company response to an internal audit.
		10-11; 19-23; 33-42	Grant, internal audit or internal audit derived.
	16	1; 11-21; 23-36	Grant, internal audit or internal audit derived.
	19	8-15	Deny, external audit results.

ORDER NO. 25297
 DOCKET NO. 890190-TL
 PAGE 9

ITEM NO.	PAGE	LINE NUMBER	RECOMMENDATION
		16-34	Grant, internal audit or internal audit derived.
		35-40	Deny, SoBell response to FPSC query.
	20	2-5	Grant, internal audit or internal audit derived.
	21	8-12, 14-22	Deny, external audit results.
	22	1-3	Grant through the word "affiliates.", contains external audit strategy or methodology.
	22	3-7; 11-20; 26-38	Grant, competitive interests or unregulated data.
	23	5-6	Deny, FPSC staff observation based on review of external audit work papers. There is no reference to C&L strategy or methodology.
	25	4-14	Grant, internal audit or internal audit derived.
		15-26	Deny, company response to internal audit.
	26	23-24	Grant, contains external audit strategy or methodology.
		25-32	Deny "Per" forward, external audit results.
	28	6-11	Grant, internal audit or internal audit derived.
	30	13-24	Grant, internal audit or internal

ORDER NO. 25297
 DOCKET NO. 890190-TL
 PAGE 10

ITEM NO.	PAGE	LINE NUMBER	RECOMMENDATION
			audit derived.
		25-32	Deny, company response to FPSC staff query and to an internal audit.
9-3A		6-16; 18-21	Request withdrawn
9-3	1	10-26	Grant, competitive interests or unregulated data.
9-3	2	11-15; 17-19	"
9-3	3	4-11	"
		12-16	Grant, contains external audit strategy or methodology.
9-3	5	7-18; 22-27	Deny, external audit results.
9-3	6	2-7; 12-14; 17-20	"
9-3	7	3-13	"
9-3	8	3-25	Grant, internal audit or internal audit derived.
9-3	9	2	Withdrawn
9-3	11	11-22	Grant, contains external audit strategy or methodology.
9-3	12	2-25	"
9-3	13	2-19	"
9-3	14	2-4; 7-21	"
9-3	15	2-3	Withdrawn
		5-22	Grant, contains external audit strategy or methodology.
9-3	16	2-14	"
9-4	1	13-23	"

ORDER NO. 25297
 DOCKET NO. 890190-TL
 PAGE 11

ITEM NO.	PAGE	LINE NUMBER	RECOMMENDATION
9-4	2	6-8; 11-12	"
		19-24	Deny, external audit results.
9-4	3	7-15; 17-25	Grant, contains external audit
			strategy or methodology.
9-4	4	2-8; 11-25	"
9-4	5	4-11; 18-25	"
		12-16	Deny, external audit results.
9-4	6	22-27	"
		2-20	Grant, contains external audit
			strategy or methodology.
9-4	7	2-6; 8-13	"
9-4	8	6-12	"
		14-29	Deny, external audit results.
9-4	9	5-26	Grant, contains external audit
			strategy or methodology.
9-4	10	3-15	"
		16-22	Deny, external audit results.
9-4	11	3-15; 17-24	Grant, contains external audit
			strategy or methodology.
9-4	12	3-20	"
9-4	13	6-10	"
9-4	14	2	Line 2 Withdrawn
		3-29	Grant, contains external audit
			strategy or methodology.
9-4	15	2-24	"
9-4	16	2-9	"

ORDER NO. 25297
 DOCKET NO. 890190-TL
 PAGE 12

ITEM NO.	PAGE	LINE NUMBER	RECOMMENDATION
9-5	1	6-8; 10-18	Grant, competitive interests or unregulated data.
		19-23	Deny, external audit results.
		25-32	Grant, competitive interests or unregulated data.
		33-40	Deny, external audit results.
9-5	2	3-10	Grant, contains external audit strategy or methodology.
		11-13; 15-31	Grant, contains external audit strategy or methodology.
9-5	3	39	Grant, contains external audit strategy or methodology.
9-5	4	10-20	Grant, contains external audit strategy or methodology.
		21-29	Deny, external audit results.
		30-31	Withdrawn
9-5	5	6-19; 21-25; 28-39	Grant, internal audit or internal audit derived.
9-5	6	4-10; 15-37	"
9-5	7	4-26	"
9-5	8	7-10; 12-17	Grant, contains external audit strategy or methodology.
		19-28	Grant, internal audit or internal audit derived.
9-5	9	4-10	Grant, contains external audit strategy or methodology.

ORDER NO. 25297
 DOCKET NO. 890190-TL
 PAGE 13

ITEM NO.	PAGE	LINE NUMBER	RECOMMENDATION
9-6	1	6-14	"
		15-16	Deny, external audit results.
		17	Grant, competitive interests or unregulated data.
		19-30	Grant, internal audit or internal audit derived.
9-6	2	5-6	Withdrawn
		8-21; 23-31; 33-40	Grant, internal audit or internal audit derived.
9-6	3	6-9; 11-25; 28-40	Grant, competitive interests or Florida unregulated data.
9-6	4	6-21; 23-30; 32-33	Grant, contains external audit strategy or methodology.
9-6	5	8	"
9-7	1	13-17	"
		6-11; 19-23; 25-28;	Withdrawn
		31; 36-40	Withdrawn
		29-30; 32-34	Grant, competitive interests or unregulated data.
9-7	2	6; 15-19; 21-23; 29;	Withdrawn
		33	Withdrawn
		35-43; 45-47	Grant, contains external audit strategy or methodology.
9-7	3	4-41	Grant, internal audit or internal audit derived.

ORDER NO. 25297
 DOCKET NO. 890190-TL
 PAGE 14

ITEM NO.	PAGE	LINE NUMBER	RECOMMENDATION
9-7	4	5-21	"
9-8	1	6; 11-13; 19-27;	Deny, external audit results.
		29-37	Deny, external audit results.
		10	Withdrawn
		16-18	Grant, audit scope for testing.
9-8	2	9-17	Deny, external audit deemed to be
			analogous to an internal audit.
		20-42	Grant, contains external audit
			strategy or methodology.
9-8	3	5-47	Grant, contains external audit
			strategy or methodology.
9-8	4	5-8	"
9-9	1	ALL LINES	Grant, competitive interests or
			unregulated data.
9-9	2	ALL LINES	Grant, internal audit or internal
			audit derived.
43-1	1	Paragraph 1-3.	Deny, appears to be public record.
		Paragraph 4	Grant, competitive interests or
			unregulated data.
43-1	2	ALL LINES	"
44A	1	28-33; 34-36	Grant, contains external audit
			strategy or methodology.
44-1		18-23; 25-30; 31-33	Grant, contains external audit
			strategy or methodology.
			Deny, external audit deemed to be
			analogous to an internal audit.

ORDER NO. 25297
 DOCKET NO. 890190-TL
 PAGE 15

ITEM NO.	PAGE	LINE NUMBER	RECOMMENDATION
44-2	1	14-22	Grant, competitive interests or
			unregulated data.
		31-32	Deny, audit purpose.
		34-43	Grant, contains external audit
			strategy or methodology.
44-2	2	8-12; 14-27; 32-38	Grant, internal audit or internal
			audit derived.
44-2	3	7-14; 25-26; 28-36	"
		18-21	Deny, company response to FPSC staff
			inquiry.
44-2/1		5-31	Grant, contains external audit
			strategy or methodology.
44-2/2	1	9-31	Deny, audit purpose.
		12-31	Grant, contains external audit
			strategy or methodology.
44-2/2	2	6-28	"
44-2/3	1	ALL LINES	Grant, internal audit or internal
			audit derived.
44-2/3	2	ALL LINES	"
44-2/3	3	ALL LINES	"
44-2/3	4	ALL LINES	"
44-2/3	5	ALL LINES	"
44-2/3	6	ALL LINES	"
44-2/3	7	ALL LINES	"
44-3	1	16-19	Grant, contains external audit

ORDER NO. 25297
 DOCKET NO. 890190-TL
 PAGE 16

ITEM NO.	PAGE	LINE NUMBER	RECOMMENDATION
			strategy or methodology.
		20-27	Deny, external audit results.
		39-41; 42-46	Grant, internal audit or internal audit derived.
44-3	2	7-9;	Grant, internal audit or internal audit derived.
		17-23	Deny, external audit results.
		32-33; 37-48	Grant, internal audit or internal audit derived.
44-3	3	7-12; 14-15; 17-31;	Grant, internal audit or internal audit derived.
		33-41	Deny, company response to internal audit.
		43-46	Grant, internal audit or internal audit derived.

44-3/1	1	ALL LINES	Grant, contains external audit strategy or methodology and contains a unique system pre-audit analysis.
44-3/1	2	ALL LINES	This workpaper analyzes labor error rates for a four state area. Grant for column numerical data, and the written discussion through the supporting "Note:" Deny for the last paragraph which appears to be external audit results.

ORDER NO. 25297
 DOCKET NO. 890190-TL
 PAGE 17

ITEM NO.	PAGE	LINE NUMBER	RECOMMENDATION
44-3/1	3	ALL LINES	This workpaper analyzes labor error rates for a four state area. Grant for column numerical data, and the following analytical paragraph. Deny for the last sentence beginning: "Error rate appears...". This is an external audit comment.
44-3/1	4	ALL LINES	Grant, contains external audit strategy or methodology.
44-3/1	5	ALL LINES	"
44-3/2	1	4-7	Deny, external audit results.
		8-11; 12-16	Grant, contains external audit strategy or methodology.
44-3/2	3	6-17; 21-26	Deny, external audit results.
44-3/2	4	1-7; 11-15; 16-19	"
44-3/3		8-14; 16-29	Grant, contains external audit strategy or methodology.
		31	Deny, company response to external audit.
44-3/4	1	ALL LINES	Grant, competitive interests or unregulated data.
44-3/4	2	ALL LINES	"
44-3/4	3	ALL LINES	"
44-3/5	1	ALL LINES	Deny, company response to an external audit.
44-3/5	2	ALL LINES	"

ORDER NO. 25297
 DOCKET NO. 890190-TL
 PAGE 18

ITEM NO.	PAGE	LINE NUMBER	RECOMMENDATION
44-3/5	3	ALL LINES	"
44-3/5	4	ALL LINES	"
44-4	1	19-26; 30-34	Deny, external audit results.
		27-29; 39-43	Grant, contains external audit strategy or methodology.
44-4	2	8-14	"
		21-28; 30-36; 38-44	Grant, internal audit or internal audit derived.
44-4	3	7-37	Grant, internal audit or internal audit derived.
44-4/1		6-27	Grant, contains external audit strategy or methodology.
44-4/2	****		Included in file without request for confidential designation.
44-4/3	1	ALL LINES	Grant, contains external audit strategy or methodology and contains a unique system pre-audit analysis.
44-4/3	2	ALL LINES	This workpaper analyzes labor error rates for a four state area. Grant for column numerical data, and the following analytical paragraph. Deny for the last sentence beginning: "The primary error in...". This is an external audit comment.
44-4/3	3	ALL LINES	This workpaper analyzes labor error rates for a four state area. Grant

ORDER NO. 25297
 DOCKET NO. 890190-TL
 PAGE 19

ITEM NO.	PAGE	LINE NUMBER	RECOMMENDATION
			for column numerical data, and the
			following analytical paragraph.
44-4/3	4	ALL LINES	"
44-4/3	5	ALL LINES	"
44-4/3	6	ALL LINES	"
44-4/3	7	ALL LINES	"
44-4/4	1	ALL LINES	Grant, external audit summarizes
			employee comments from an interview.
44-4/4	2	ALL LINES	"
44-4/4	3	ALL LINES	"
44-4/4	4	ALL LINES	"
44-4/4	5	ALL LINES	"
44-4/4	6	ALL LINES	"
44-4/5	1	2-12	Deny, external audit results.
44-4/5	2	3-15	"
44-4/5	3	6-17; 21-26	"
44-4/5	4	1-19	"
44-4/6	1	9-30	Grant, contains external audit
			strategy or methodology.
44-4/6	2	3-22	Grant, internal audit or internal
			audit derived.
44-5	1	27-29	Deny, audit purpose.
	1	31-42	Grant, internal audit or internal
			audit derived.
44-5	1	27-29; 31-42	"
44-5	2	8-10; 15-21; 25-39;	"

ORDER NO. 25297
 DOCKET NO. 890190-TL
 PAGE 20

ITEM NO.	PAGE	LINE NUMBER	RECOMMENDATION
		41-44	"
44-5	3	22-30; 39-40	"
		36-37	Deny, audit purpose.
44-5	4	7-23; 25-26; 29-35	"
		36-41	Deny, company response to internal audit.
44-5	5	7; 11-16; 23-30;	Grant, internal audit or internal audit derived.
		32-34	Deny, company response to internal audit.
44-5	6	7-13	Grant, internal audit or internal audit derived.
		15-20	Deny, company response to internal audit.
		25-29; 31-35	Grant, internal audit or internal audit derived.
44-5/1		5-12	"
		13-18	Deny, company response to internal audit.
44-5/2	1	8-21	Grant, contains external audit strategy or methodology.
44-5/2	2	1-19; 21-24	"
44-5/2	3	1-19	"
		21-26	Deny, external audit observations.
44-5/2	4	1-12	"
44-5/3	1	ALL LINES	Grant, information from SoBell

ORDER NO. 25297
 DOCKET NO. 890190-TL
 PAGE 21

ITEM NO.	PAGE	LINE NUMBER	RECOMMENDATION
			internal audit of multi state
			activity.
44-5/3	2	ALL LINES	"
44-5/3	3	ALL LINES	"
44-5/3	4	ALL LINES	"
44-5/3	5	ALL LINES	"
44-5/4	1	ALL LINES	Deny, company response to internal
			audit.
44-5/4	2	ALL LINES	"
44-5/4	3	ALL LINES	"
44-5/4	4	ALL LINES	"
44-5/4	5	ALL LINES	"
44-5/4	6	ALL LINES	"
44-5/5	1	ALL LINES	Grant, information from SoBell
			internal audit.
44-5/5	2	ALL LINES	"
44-5/5	3	ALL LINES	"
44-5/5	4	ALL LINES	"
44-5/5	5	ALL LINES	"
44-5/5	6	ALL LINES	"
44-5/5	7	ALL LINES	"
44-5/5	8	ALL LINES	"
44-5/5	9	ALL LINES	"
44-5/5	10	ALL LINES	"
44-5/5	11	ALL LINES	"
44-5/5	12	ALL LINES	"

ORDER NO. 25297
DOCKET NO. 890190-TL
PAGE 22

ITEM NO.	PAGE	LINE NUMBER	RECOMMENDATION
44-5/5	13	ALL LINES	"
44-5/5	14	ALL LINES	"
44-5/5	15	ALL LINES	"
44-5/5	16	ALL LINES	"
44-5/5	17	ALL LINES	"
44-5/5	18	ALL LINES	"
44-5/5	19	ALL LINES	"
44-5/5	20	ALL LINES	"
44-5/5	21	ALL LINES	"
44-5/5	22	ALL LINES	"
44-5/5	23	ALL LINES	"
44-5/5	24	ALL LINES	"
44-5/5	25	ALL LINES	"
45-6/3	1	9-53 Col F, G & H.	Grant, competitive interests or unregulated data.
45-6/3	2	9-46	"
45-7/3-1/1	1	1-11; 21-38 in Col F, G, & H.	"
45-7/3-1/1	2	9-53 Col F, G, & H.	"
45-7/3-1/1	3	9-49 Col F, G, & H.	"
46	3	4-8	Grant, contains external audit strategy or methodology.
		14-17	Deny, external audit results.
46-1	1	14-30; 44-47	Grant, internal audit or internal audit derived.
46-1	2	3-37 Col A.	Grant, competitive interests or

ORDER NO. 25297
 DOCKET NO. 890190-TL
 PAGE 23

ITEM NO.	PAGE	LINE NUMBER	RECOMMENDATION
			unregulated data.
46-1	2	Col B 1-10	Grant, contains external audit strategy or methodology.
46-1	3	23-30	Grant, competitive interests or unregulated data.
			Grant, internal audit or internal audit derived.
46-1/1		7-15	
46-1/2		7-10	"
46-1/4	2	ALL LINES	Deny, company response to internal audit.
			"
46-1/4	3	ALL LINES	"
46-1/4	4	ALL LINES	"
46-1/4	5	ALL LINES	"
46-2	1	10-11	Grant, competitive interests or unregulated data.
		12-18; 22-31	Grant, contains external audit strategy or methodology.
		37-46	Grant, competitive interests or unregulated data.
		47	Deny, does not contain external audit strategy or methodology.
46-2	2	1-2	"
46-2/1		9-21	Grant, competitive interests or unregulated data.
46-2/2		ALL LINES	Deny, BellSouth Enterprises response

ORDER NO. 25297
 DOCKET NO. 890190-TL
 PAGE 24

ITEM NO.	PAGE	LINE NUMBER	RECOMMENDATION
			to external audit. Does not contain
			external audit strategy or
			methodology.
46-3	1	16-20;22-31;	Grant, internal audit or internal
		38-41; 44	audit derived.
46-3	2	4-11	"
46-3/1		9-16	"
46-3/2-2	1	ALL LINES	Deny, Bell South Services response
			to internal audit. Does not contain
			audit strategy or methodology.
46-3/2-2	2	ALL LINES	"
46-4	1	12-14	Deny, audit purpose.
		16-24;	Grant, internal audit or internal
		26-27; 29-37; 39-44	audit derived.
46-4	2	3-8; 10; 12-24;	"
		26-29	"
46-4/1		9-21	"
46-5	1	11-16; 19-26; 28-32	"
		36-41;	"
		33-35; 44-48	Request Withdrawn
46-5	2	2-34	Grant, internal audit or internal
			audit derived.
46-5/1	1	12-14	Deny, audit Purpose.
		16-42	Grant, internal audit or internal
			audit derived.

ORDER NO. 25297
 DOCKET NO. 890190-TL
 PAGE 25

ITEM NO.	PAGE	LINE NUMBER	RECOMMENDATION
46-5/1	1	16-42	"
46-5/1	2	4-7; 11-13; 15-34;	"
		37-40	"
		41-44	Request Withdrawn
46-5/1	3	2; 7-15; 25-42	Grant, internal audit or internal audit derived.
46-5/1	4	1-4	"
		5-7	Request Withdrawn
46-5/1-1	1	3-4; 10-11	Grant, internal audit or internal audit derived.
46-5/1-1	2	15-24	"
46-5/1-2	2	ALL LINES	"
46-5/1-2	3	ALL LINES	Deny, Bell South Enterprises response to internal audit. Does not contain external audit strategy or methodology.
46-5/1-2	4	ALL LINES	"
46-5/2	1	10-12	Deny, audit purpose.
		13-18; 20-41	Grant, internal audit or internal audit derived.
46-5/2	2	8-22	"
46-5/3		6-17; 19-20; 22-35	"
46-6		10-29	Grant, competitive interests or unregulated data.
46-6/1		6-11	"
46-7	1	17-19	Grant, contains external audit

ORDER NO. 25297
 DOCKET NO. 890190-TL
 PAGE 26

ITEM NO.	PAGE	LINE NUMBER	RECOMMENDATION
			strategy or methodology.
		21-28	Deny, external audit results.
		29-30	Withdrawn
46-7/1		7-21; 24-26	Grant, competitive interests or unregulated data.
		22	Withdrawn
46-8		7-18	"
46-9		6-8	Grant, contains external audit strategy or methodology.
46-10	1	ALL LINES	Deny, FCC response to external audit. Company claim that the information involves the competitive interests of Southern Bell does not appear to be substantiated.
46-10	2	ALL LINES	"
46-11	3	6-12; 15-17; 19-22; 26-3 33-36 Col D&E	Grant, competitive interests or unregulated data.
46-11	4	8-32 Col D & E	"
		6 & 7 Col D & E	Withdrawn
47	1	7-12	Grant, internal audit or internal audit derived.
		32-35;40-47	Deny, external audit results.
47	2	1-13	"
		22-23	Deny, FPSC Audit observation
		18-21; 29-40	Grant, internal audit or internal audit derived.

ORDER NO. 25297
 DOCKET NO. 890190-TL
 PAGE 27

ITEM NO.	PAGE	LINE NUMBER	RECOMMENDATION
47	3	1-2	Deny, audit purpose.
		6-7; 9-26; Col A	Grant, internal audit or internal audit derived.
			"
		32-40 Col A	Deny, company response to internal audit.
		40, 47 Col A	Grant, internal audit or internal audit derived.
47	3	2-6 Col B	"
47	4	1-6; 12-13;	Deny, company response to internal audit.
		18-21	Deny, FPSC Audit observation
		23-24	Grant, internal audit or internal audit derived.
47	5	6-15	Deny, external audit results.
		16-34; 42-45	Grant, internal audit or internal audit derived.
47/1		ALL LINES	Deny, feeder system for cost accounting system
47-1	1	5-21; 25-29	Grant, internal audit or internal audit derived.
47-1	2	1-4; 6-24	Deny, external audit results.
47-1	3	1-8	Grant, internal audit or internal audit derived.
47-1/1	1-3		Deny. This is a transmittal memorandum regarding the work

ORDER NO. 25297
 DOCKET NO. 890190-TL
 PAGE 28

ITEM NO.	PAGE	LINE NUMBER	RECOMMENDATION
			product of a BellSouth Services task
			force on management procedures. The
			claim was represented as an external
			audit work paper.
	4-36		Deny, project management procedures
			with out an explanation of how
			release could harm the company.
47-2	1	7-9; 11-44	Grant, internal audit or internal
			audit derived.
47-2	2	2-33	"
47-2	3	1-28	"
47-3	1	8-16	Deny, audit purpose.
		18-42	Grant, internal audit or internal
			audit derived.
			"
47-3	2	5-36; 38-43	"
47-3	3	4-26; 28-31; 33-44	"
47-3	4	4-42	"
47-4	1	ALL LINES	Deny, BellSouth response to external
			audit. Does not contain C&L audit
			strategy as claimed.
47-4	2	ALL LINES	"
47-4	3	ALL LINES	"
47-4	4	ALL LINES	"
47-5	1	5-8	Grant, internal audit or internal
			audit derived.

ORDER NO. 25297
DOCKET NO. 890190-TL
PAGE 29

ITEM NO.	PAGE	LINE NUMBER	RECOMMENDATION
		9-13	Deny, extracted from a Bell South Services response to internal audit.
47-5	2	ALL LINES	"
47-5	3	ALL LINES	Grant, for the sentence beginning "Finding 1 states..." and for the sentence beginning "Finding 2 states..." as extracted from internal audit or internal audit derived. Deny all other unnumbered lines.
47-7	1	ALL LINES	Grant, internal audit or internal audit derived.
47-7	2	ALL LINES	"
47-8		7-15	Deny, company response to FPSC inquiry regarding changes resulting from an internal audit.
48		6-9	Deny, external audit results.


Based on the foregoing, it is

ORDERED by Commissioner Thomas M. Beard, as Prehearing Officer that each and every finding set forth herein is approved in every respect.

120

ORDER NO. 25297
DOCKET NO. 890190-TL
PAGE 30

By ORDER of Commissioner Thomas M. Beard, as Prehearing Officer, this 5th day of NOVEMBER, 1991.


THOMAS M. BEARD, Commissioner
and Prehearing Officer

(S E A L)

CWM

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.