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BEFORE THE PUBLIC SERVICE COMMISSION

In re: Show Cause proceeding )  
against Southern Bell Telephone )  
and Telegraph Company for )  
misbilling customers )  
\_\_\_\_\_ )

920260  
Docket No. 900960-TL

Filed: August 16, 1993

STATE OF FLORIDA)  
COUNTY OF DUVAL )

Depositions of CHARLIE L. CUTHBERTSON, JR., and  
CHARLES J. SANDERS, taken pursuant to Notice of Taking  
Deposition, on Friday, September 10, 1993, at 301 West Bay  
Street, Southern Bell Tower, 20th Floor, Conference Room C,  
commencing at 10:00 a. m., as recorded by Patricia H.  
Vierengel, CSR, RPR and Notary Public in and for the State  
of Florida at Large.

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PPSC-RECORDS/REPORTING

## A P P E A R A N C E S

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(Continued)

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A P P E A R A N C E S (Continued)

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ALSO PRESENT: Brenda Bucan, Commission Staff

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I N D E X

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WITNESSES:

CHARLIE L. CUTHBERTSON, JR.  
and  
CHARLES J. SANDERS

DIRECT EXAMINATION BY:

MR. BECK.....Pg. 7  
MR. VINSON.....Pg. 56  
MR. GREER.....Pg. 58

CROSS EXAMINATION BY MR. ANTHONY.....Pg. 59

REDIRECT EXAMINATION BY MR. BECK.....Pg. 60

E X H I B I T S

DEPOSITION COMPOSITE EXHIBIT 1.....Pg. 7  
DEPOSITION COMPOSITE EXHIBIT 2.....Pg. 36  
(Matrix in explanation of Exhibit 1 - to  
be attached if and when recieved)  
DEPOSITION COMPOSITE EXHIBIT 3.....Pg. 36  
DEPOSITION COMPOSITE EXHIBIT 4.....Pg. 42  
DEPOSITION COMPOSITE EXHIBIT 5.....Pg. 46  
DEPOSITION COMPOSITE EXHIBIT 6.....Pg. 48  
DEPOSITION COMPOSITE EXHIBIT 7.....Pg. 53

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E R R A T A S H E E T

IN RE: Florida Public Service Commission Docket No.  
900960-TL FILED: August 16, 1993

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By the above corrections, if any, I hereby sign my deposition.

CHARLIE L. CUTHBERTSON, JR. and/or  
CHARLES J. SANDERS

STATE OF FLORIDA)  
COUNTY OF NASSAU)  
Sworn to and subscribed before me this \_\_\_\_\_ day of  
\_\_\_\_\_, 1993, by \_\_\_\_\_,  
who is personally known to me or had produced \_\_\_\_\_  
as identification and who  
did take an oath.

Print Name:  
Notary Public - State of Florida at Large.  
My Commission expires:  
Commission No.:

MARIE C. GENTRY & ASSOCIATES

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S T I P U L A T I O N

IT IS STIPULATED that this deposition was taken pursuant to notice in accordance with the applicable Florida Rules of Civil Procedure; that objections, except as to the form of the question, are reserved until hearing in this cause; and that the reading and signing was not waived.

IT IS ALSO STIPULATED that any off-the-record conversations are with the consent of the deponent.

---oOo---

1 CHARLIE L. CUTHBERTSON, JR. and  
2 CHARLES J. SANDERS,  
3 having been produced and first duly sworn simultaneously  
4 herein, testified as follows:

5 MR. BECK: As we did last time, if I could, we  
6 will try to treat this deposition as a panel, and if  
7 either one of you specifically wants to answer, go  
8 ahead. And there may be times when I ask specific  
9 questions of each of you, if that's agreeable?

10 I have handed out a document --

11 THE REPORTER: Excuse me. I have no  
12 identification of our witnesses.

13 MR. BECK: Okay.

14 A MAN: Charlie L. Cuthbertson, Jr., General  
15 Manager, Human Resources.

16 A MAN: C. J. Sanders, Vice-president/Network  
17 Operations South.

18 DIRECT EXAMINATION

19 BY MR. BECK:

20 MR. BECK: And you both work for BellSouth  
21 Telecommunications?

22 MR. CUTHBERTSON: Yes.

23 MR. BECK: Could I have the document we passed  
24 out marked as Deposition Exhibit 1.

25 (Whereupon, the instruments last above-referred to were

1 marked as Deposition Composite Exhibit 1 for  
2 identification).

3 MR. BECK: Do either of you recognize Deposition  
4 Exhibit 1?

5 MR. CUTHBERTSON: Yes, I do.

6 MR. BECK: Okay. Mr. Cuthbertson, I wonder if  
7 you could go through the creation of this document and  
8 discuss how this was created as a start?

9 MR. ANTHONY: Charlie, excuse me. I assume that  
10 you're not referring to the first page, which is the  
11 cover letter from Bob Winicki to you?

12 MR. BECK: No.

13 MR. ANTHONY: It's the underlying handwritten  
14 portion?

15 MR. BECK: Yes.

16 MR. CUTHBERTSON: You really have to divide this.  
17 Even though it's one exhibit, there are two parts.  
18 The first -- The first one begins with the page of  
19 after the cover sheet, and this appears to be the  
20 document that was prepared by the discipline panel  
21 that reviewed privileged material and put together  
22 recommendations for possible discipline for  
23 nonmanagement employees.

24 MR. BECK: Mr. Cuthbertson, I tried to number  
25 these on the bottom right-hand-side corner.



1 MR. CUTHBERTSON: Oh, I'm sorry. I was looking  
2 for numbers. Okay.

3 MR. BECK: Would that go from Page 1 through and  
4 including Page 18?

5 MR. CUTHBERTSON: Yes. 1 through Page 18.

6 MR. BECK: And then the other half of the  
7 document?

8 MR. CUTHBERTSON: The other half, this is  
9 recommendations prepared by the panel for recommending  
10 discipline for management employees, Pay Grade 5 and  
11 below.

12 MR. BECK: Okay. And do you recall about when  
13 those panels met?

14 MR. CUTHBERTSON: The panels met in 1991, the  
15 summer. Perhaps it may have been August-September.  
16 That time frame.

17 MR. BECK: Do you know whose handwriting this is  
18 on this document?

19 MR. CUTHBERTSON: Pages 1 through 18 I do not  
20 recognize the handwriting. I don't know.

21 MR. BECK: Okay. Mr. Sanders, do you know who  
22 actually wrote this document?

23 MR. SANDERS: No, I do not.

24 MR. BECK: If I could, I would like to ask a few  
25 questions about Page 1. Do you notice under the

1 column where it says, "Action Recommended," there's  
2 check marks next to the certain items, and that's --  
3 that type of pattern follows throughout most of the  
4 document. Do you know what those check marks mean?

5 MR. CUTHBERTSON: No, I do not.

6 MR. BECK: Mr. Sanders, do you?

7 MR. SANDERS: No.

8 MR. BECK: Could you look down to the entry on  
9 Page 1 under There's a "C" with  
10 a line through it and then a "W" next to it. Would  
11 either of you know what that means?

12 MR. SANDERS: I don't know what it means in this  
13 case.

14 MR. CUTHBERTSON: I know from discussions that I  
15 had with the members of this panel they were using "C"  
16 for counseling entries and "W" for warning entries.

17 MR. BECK: In this case under does  
18 that mean there was originally a recommended action of  
19 counseling, and then it was changed to warning?

20 MR. CUTHBERTSON: I don't know. It could have  
21 been a mistake. It could have just been a writing  
22 error. I don't know.

23 MR. BECK: Do you know whether there was a  
24 process where an initial recommendation was made and  
25 then those were reviewed and modified?

1           MR. CUTHBERTSON: The panel met a couple of  
2 times. I don't recall, you know, the series of  
3 events. You know, it's been two years ago, and I  
4 wasn't a part of this panel, so I really don't know if  
5 they went back and made some changes to their  
6 recommendations or what really happened there.

7           MR. BECK: On Page 2 there's a listing of a  
8 number of employees under the category, "Other  
9 Employees Not Listed on Security Summary," and then  
10 there's two people listed with, "Actions Recommended."  
11 Do you see those two?

12           MR. CUTHBERTSON: Yes. Yes.

13           MR. BECK: Why would there be actions recommended  
14 on an employee not listed on the security summary?

15           MR. CUTHBERTSON: Mr. Beck, I don't know the  
16 answer to that.

17           MR. BECK: Do you know what the source of the  
18 names of the employees is that are not listed on this  
19 security summary?

20           MR. CUTHBERTSON: No, I do not.

21           MR. BECK: Do you have an opinion as to why those  
22 names would be on this document at all?

23           MR. CUTHBERTSON: I don't know.

24           MR. BECK: Mr. Sanders, do you know the answers  
25 to any of those questions?

1 MR. SANDERS: No, I don't.

2 MR. BECK: Mr. Cuthbertson, could you go over the  
3 recommended actions with what the various  
4 abbreviations mean?

5 MR. CUTHBERTSON: "I" would be an informal  
6 counseling, no record entry. "C" would be a formal  
7 counseling entry in a person's record. The "Ws" would  
8 be a warning entry in a person's record.

9 MR. BECK: In the order that you gave them, each  
10 would be a progressively more stern action, would it  
11 not?

12 MR. CUTHBERTSON: Yes. That's correct.

13 MR. BECK: Let's go to Page 19, if we could, and  
14 that's the first page of the document that relates to  
15 the management employees, is that correct?

16 MR. CUTHBERTSON: Correct.

17 MR. BECK: Do you know whether the actions  
18 recommended in this document accurately portray the  
19 actions actually taken against the employees?

20 MR. CUTHBERTSON: In some cases the  
21 recommendation shown is not the action that was taken.

22 MR. BECK: Do you know which cases that would  
23 apply to?

24 MR. CUTHBERTSON: Some of them I may recall;  
25 others I won't know simply because I don't recall.

1 MR. BECK: Let me go through a few.

2 MR. CUTHBERTSON: Okay.

3 MR. BECK: On Page 19 --

4 MR. CUTHBERTSON: Okay.

5 MR. BECK: -- next to

6 MR. CUTHBERTSON: I see that.

7 MR. BECK: -- there's an action recommended of  
8 "T"?

9 MR. CUTHBERTSON: Correct.

10 MR. BECK: Could you tell me what the "T" stands  
11 for?

12 MR. CUTHBERTSON: The "T" was a recommendation  
13 for termination.

14 MR. BECK: Was terminated?

15 MR. CUTHBERTSON: No, he was not.

16 MR. BECK: Do you know why he was not?

17 MR. CUTHBERTSON: Subsequent to the panel making  
18 its recommendations there were discussions between  
19 myself and Mr. Sanders regarding some of the  
20 discipline that had been recommended, and we made some  
21 changes in the discipline, and this is one of them  
22 that we changed.

23 MR. BECK: Okay. And why did you change this  
24 one?

25 MR. CUTHBERTSON: In reviewing the matters at

1 hand as far as the items associated with  
2 and also considering overall what we wanted to do, we  
3 just made a decision that we would implement  
4 discipline other than termination.

5 MR. BECK: Did that apply across the board to all  
6 managers?

7 MR. CUTHBERTSON: That is correct. All the  
8 people shown in here as terminations were not  
9 terminated.

10 MR. BECK: Was the basis for recommending  
11 termination the fact that an employee was actively  
12 involved in intentionally perpetrating a  
13 falsification?

14 MR. ANTHONY: To the extent that Mr. Cuthbertson  
15 can answer that from his knowledge, exclusive of the  
16 company's privileged investigation, which is an issue  
17 now on appeal to the Supreme Court, he's free to  
18 answer that. To the extent that his knowledge rests  
19 upon the information he may have gleaned from the  
20 privileged investigation, I'm going to instruct Mr.  
21 Cuthbertson, and Mr. Sanders as well, not to answer  
22 that question.

23 MR. CUTHBERTSON: Upon Counsel's advice I'm  
24 unable to answer your question.

25 MR. BECK: Without referring to any specific

1 employee, what was the basis for recommending an  
2 employee be terminated?

3 MR. ANTHONY: Again, to the extent that Mr.  
4 Cuthbertson can answer that generally without  
5 reference to the investigation, he's free to answer.  
6 If he has to refer to the investigation, then I'm  
7 going to instruct him not to answer.

8 MR. CUTHBERTSON: The termination recommendations  
9 were for those people that were viewed as being  
10 involved in the more serious activities. Beyond that,  
11 I -- I will not be able to answer your question.

12 MR. BECK: Okay. Now without referring to any  
13 specific employee, why did you as a matter of, I take  
14 it as policy, but correct me if I'm wrong, decide not  
15 to terminate any management employee?

16 MR. CUTHBERTSON: We made a decision to -- that  
17 we felt our interest was best served by applying  
18 discipline other than termination, and we resorted to  
19 a financial penalty for those people that were seen as  
20 being guilty of more serious acts.

21 MR. BECK: And what was your basis for  
22 determining that your interests would be best served  
23 by taking that action?

24 MR. CUTHBERTSON: Well, I think where we really  
25 came out was that we did not have information here

1 sufficient upon reviewing it, and looking back through  
2 it, that justified a termination.

3 MR. BECK: Okay. Let me see if I understand  
4 that. The panel felt that that was the appropriate  
5 action, to terminate in those instances where there's  
6 a "T" next to the "Action Recommended"?

7 MR. CUTHBERTSON: That was the recommendation of  
8 the panel.

9 MR. BECK: And it was your determination, and Mr.  
10 Sanders' determination, that there was not sufficient  
11 basis for that action?

12 MR. CUTHBERTSON: Correct.

13 MR. BECK: And is it based upon a review of the  
14 same evidence that was available to the panel?

15 MR. CUTHBERTSON: Based upon a review of the same  
16 evidence, yes.

17 MR. BECK: You were a member of this panel, were  
18 you not?

19 MR. CUTHBERTSON: Correct.

20 MR. BECK: Did you concur in the panel's  
21 recommendation initially?

22 MR. CUTHBERTSON: I did.

23 MR. BECK: And was it later then that you changed  
24 your opinion?

25 MR. CUTHBERTSON: Yes.



1 MR. BECK: And was that a result of talking with  
2 Mr. Sanders?

3 MR. CUTHBERTSON: The result of having some time  
4 to think about it, and the result of talking to Mr.  
5 Sanders.

6 MR. BECK: Mr. Sanders, can you add anything to  
7 that response?

8 MR. SANDERS: No. My decisions were made based  
9 on review of the investigation material.

10 MR. BECK: Okay. Back briefly to the craft  
11 employees. Was any of the discipline recommended by  
12 the panel for craft employees actually administered?

13 MR. CUTHBERTSON: None.

14 MR. BECK: Are there any plans to do so?

15 MR. CUTHBERTSON: We have no plans to discipline  
16 craft employees.

17 MR. BECK: Okay. Why is that?

18 MR. CUTHBERTSON: We have made a decision not to  
19 discipline craft employees because several things have  
20 changed. The company has come out with a code of  
21 ethics. That code of ethics has become a part of our  
22 Personal Responsibility Book. The Personal  
23 Responsibility booklet has been reviewed with all  
24 employees.

25 There's also been a number of material produced

1 by the company calling attention to the importance of  
2 correctly reporting results, overall issues of ethics  
3 and integrity. So, our feeling was that we did not  
4 need to discipline craft employees in order to  
5 influence future behavior; that the point had been  
6 made without disciplining those people.

7 MR. BECK: Do you believe the purpose of the  
8 discipline was to influence future behavior?

9 MR. CUTHBERTSON: Mr. Beck, in an industrial  
10 setting all discipline is for the purpose of  
11 influencing future behavior.

12 MR. BECK: In the case of the majority of the  
13 managers, you did not tell them the basis for their  
14 discipline, did you?

15 MR. CUTHBERTSON: In the cases of the managers,  
16 other than very, very generally, that was not told.

17 MR. BECK: If the purpose of the discipline is to  
18 influence future behavior, why did you not tell them  
19 the basis for the discipline?

20 MR. CUTHBERTSON: The purpose in dealing with the  
21 managers was one that they were aware of the general  
22 items that were being discussed, and our purpose in  
23 disciplining managers was to bring to their attention  
24 the importance of ethical behavior in all situations,  
25 including such as these. And so that was the purpose

1 of dealing with the managers the way we did.

2 MR. BECK: When we last had a deposition, as I  
3 recall at that point with respect to the craft  
4 employees, you were still considering whether to take  
5 action as recommended by the board; is that right?

6 MR. CUTHBERTSON: That's right.

7 MR. BECK: Okay. Have you had meetings or other  
8 events since that time that have led to the present  
9 determination not to take any action?

10 MR. CUTHBERTSON: Mr. Sanders and I have talked.  
11 I also discussed it with Jerry Barnes, who is  
12 Assistant Vice-president for Labor Relations. Mr.  
13 Beck, there probably have been some discussions  
14 perhaps with other people, but I recall those in  
15 particular. Those are the ones that I specifically  
16 recall right now.

17 MR. BECK: Did you have occasion to review the  
18 security report once again?

19 MR. CUTHBERTSON: No, I did not.

20 MR. BECK: Okay. Mr. Sanders, have you reviewed  
21 the security investigation since the time of our last  
22 deposition?

23 MR. SANDERS: No. No.

24 MR. BECK: Do you know if any other persons have?

25 MR. SANDERS: No. I don't have any knowledge of

1 anyone else.

2 MR. BECK: Have you had occasion to discuss the  
3 investigation with any other persons since the time of  
4 our last deposition?

5 MR. SANDERS: Only With Charlie, or Mr. Anthony.

6 MR. BECK: Okay. Mr. Cuthbertson, have you,  
7 other than with Mr. Sanders?

8 MR. CUTHBERTSON: I discussed it with Mr.  
9 Sanders. I previously mentioned Mr. Barnes. And  
10 having been reminded, certainly I discussed it with  
11 Mr. Anthony.

12 MR. BECK: During the discussions, except with  
13 Mr. Anthony, was it ever brought up that the craft  
14 employees might have a defense to discipline, that  
15 they were acting at the direction of management?

16 MR. CUTHBERTSON: You mean during the discussions  
17 we have had subsequent to the deposition?

18 MR. BECK: Yes.

19 MR. CUTHBERTSON: I don't recall specifically  
20 discussing that.

21 MR. SANDERS: Huh-ha. (Negative Response). No.

22 MR. BECK: Is one of the reasons you're not  
23 disciplining the craft the fact that they would say,  
24 in your opinion, that they were acting at the  
25 direction of management?

1 MR. CUTHBERTSON: That's not really a part of the  
2 rationale for not disciplining.

3 MR. BECK: All right. Other than what you have  
4 already said, are there any other reasons for the  
5 decision not to carry out the discipline  
6 recommendations of the board, or the panel?

7 MR. CUTHBERTSON: No. Not that I --

8 MR. SANDERS: Are you talking about for the non-  
9 management now --

10 MR. BECK: Yes.

11 MR. SANDERS: -- for the craft? I think the only  
12 other thing we talked about was the systems changes --

13 MR. CUTHBERTSON: That's a good point.

14 MR. SANDERS: -- that had been made in the  
15 mechanized systems, and that's the only other thing we  
16 talked about

17 MR. BECK: Were any of the systems changes made  
18 as a result of the investigation?

19 MR. SANDERS: Well, they were made as a result of  
20 I guess a review of the problems that had been  
21 identified, yeah.

22 MR. BECK: Okay. Who were the people who were in  
23 charge of making -- I guess recommending and  
24 implementing systems changes?

25 MR. SANDERS: Well, I guess any of our managers

1 can recommend system changes. And we got -- We have  
2 got information services type systems that are handled  
3 through our information services organization. And  
4 then we have network type systems that are handled  
5 through our network staff on any recommended changes,  
6 and the systems are slotted at different individuals,  
7 but they would go back to the staff organization for  
8 recommendations.

9 MR. BECK: Were there any systems recommendations  
10 that you made personally as a result of the review of  
11 the investigation?

12 MR. SANDERS: Well, yeah. We had -- We had a  
13 change associated with a clearing close time issue.

14 MR. BECK: Could you describe what that system  
15 change was?

16 MR. SANDERS: Well, our system was basically set  
17 up to recognize when a customer's service was  
18 restored, and then a time was entered into the system  
19 that the service had been cleared. Our technicians,  
20 as they go about their job they can clear the trouble,  
21 but may not be through with the other routine work  
22 that needs to be done, but as far as the customer is  
23 concerned, they can use the service. So at that point  
24 in time the customer's service is actually available  
25 to them.

1           Well, we had instructed the technicians and all  
2           that when they had the service back they reported that  
3           time. It was entered, and that was the time that was  
4           then used as the time for the PSC measurements, the  
5           customer was back in service.

6           We also had a time then which was the time you  
7           actually closed the complete work out, and that was  
8           the close time. One of the things that was I guess  
9           clear to me that there was a misunderstanding in --  
10          from our technicians' standpoint is we encouraged them  
11          to clear the trouble as quickly as possible and report  
12          that time, but in fact there was another time for  
13          closing the complete trouble out: that in our efforts  
14          to try to meet the PSC standards and provide the  
15          quality of service that the PSC had instructed us to,  
16          then there was -- there was a communications problem.  
17          And it was a general kind of thing when I looked  
18          across the total scope of the operation. So what we  
19          did is we eliminated that and we went to a closed time  
20          which simply said when you are through with the whole  
21          thing you close it out, and that's the time interval  
22          that is used now to report back to the PSC, and we  
23          incorporated that into the system so that you cannot  
24          get -- you can't get two different times, and it no  
25          longer, I hope, confuses the -- our people out there.

1           So we did that.

2           We made some other changes in the system which --  
3           and I don't remember exactly when we have done all of  
4           these, is we have reviewed I guess what I thought was  
5           misunderstandings as a result of the systems we had in  
6           place. But that's an example of the -- of what we  
7           have done.

8           MR. BECK: Okay. And that would be as a result  
9           of the investigation that was done?

10          MR. SANDERS: It was a result of reviewing the  
11          information and the -- what I perceived as lack of  
12          understanding in some of the information that I read.

13          MR. BECK: Mr. Sanders, did you review the audit  
14          of the Loop Maintenance Operating System -- Loop  
15          Maintenance Operations System, LMOS?

16          MR. SANDERS: Yes, I'm sure I did. I have done a  
17          lot of audits on it and I know I've -- I know I've  
18          seen several.

19          MR. BECK: Can you identify any systems changes  
20          that were made as a result of that audit?

21          MR. SANDERS: Oh, I don't even remember all the  
22          different things that were included in the audit. I  
23          would have to have a copy of the audit to be able to  
24          go down through it with you.

25          MR. BECK: Okay. Do you recall an audit of the



1 MOOSA?

2 MR. SANDERS: Yes, I know we made an audit of the  
3 MOOSA.

4 MR. BECK: Were there any systems changes made as  
5 a result of that audit?

6 MR. SANDERS: There were, and I don't remember  
7 what they were, but I know we made some changes.

8 MR. BECK: Do you recall, and just one more on  
9 the audits -- do you recall one on the key service  
10 indicators?

11 MR. SANDERS: We made a lot of them on that.  
12 Yeah, I recall those audits.

13 MR. BECK: Do you recall any systems changes that  
14 were implemented as a result of that audit?

15 MR. SANDERS: Well again, I -- I have seen  
16 several audits. That one, I don't recall anything  
17 specific, but if I saw the audit I might recall  
18 something that we did on it. I just -- I know we made  
19 audits, and we certainly react to audits in things  
20 that are pointed out that we need to improve our  
21 controls on.

22 MR. BECK: Okay. Mr. Sanders, have you had any  
23 discussions with Mr. Locker concerning the discipline  
24 of either craft or management employees?

25 MR. SANDERS: We have had general discussions.

1 We have not had detailed discussions of the, of the  
2 disciplinary action on individuals or anything.

3 MR. BECK: Was he brought in to concur with the  
4 decision not to discipline any craft employees?

5 MR. SANDERS: I made that decision in connection  
6 with Charlie's recommendations, and, no, he was  
7 advised of it, but he wasn't brought in as far as the  
8 decision making was concerned.

9 MR. BECK: Okay. You were the final decision-  
10 maker on that?

11 MR. SANDERS: Yes.

12 MR. BECK: Do you recall about when that decision  
13 was made?

14 MR. SANDERS: I guess it wasn't too long after we  
15 had our last meeting with you and you raised that  
16 issue, and we went back and said, "Okay. Why don't we  
17 decide what it is we want to do, and all we do expect;  
18 we are going to have some more data, and what might it  
19 be." And so it was shortly after that time. I don't  
20 remember precisely.

21 MR. BECK: Okay. Mr. Cuthbertson, back to the  
22 documents on Page 19.

23 MR. CUTHBERTSON: Yes.

24 MR. BECK: What would an "N" mean next to an  
25 action recommended?

1 MR. CUTHBERTSON: "Nothing."

2 MR. BECK: Would a "W" be a warning?

3 MR. CUTHBERTSON: Yes.

4 MR. BECK: On Page 21 there's an "S" next to a  
5 person's name.

6 MR. CUTHBERTSON: It would be for "suspension".

7 MR. BECK: And with respect to on Page  
8 21, there's an "N" next to his name. Do you see that?

9 MR. CUTHBERTSON: Yes.

10 MR. BECK: In fact, there was some discipline  
11 taken against wasn't there?

12 MR. CUTHBERTSON: Yes, there was.

13 MR. BECK: Why was there discipline taken against  
14 when the recommended action was none?

15 MR. CUTHBERTSON: -

16 MR. ANTHONY: Again, to the -- excuse me, Mr.

17 Cuthbertson. To the extent you can answer the  
18 question exclusive of the information you've gathered  
19 from the privileged investigation, you can answer the  
20 question; otherwise I'm going to instruct you not to  
21 answer it.

22 MR. CUTHBERTSON: was disciplined for  
23 his management performance.

24 MR. BECK: Was that not one of the considerations  
25 of the panel?

1           MR. CUTHBERTSON: That was not a consideration of  
2 the panel.

3           MR. BECK: When you say his management, is that  
4 the on-your-watch type discipline?

5           MR. CUTHBERTSON: I think somehow it has been  
6 given the so-called on-your-watch name, yes.

7           MR. BECK: Would it be correct then that none of  
8 the recommendations of the panel would reflect  
9 on-your-watch type discipline?

10          MR. CUTHBERTSON: Mr. Beck, what I recall is that  
11 the panel's activities centered on specific acts that  
12 were covered by the investigative material.

13          MR. BECK: In the progressive severity of the  
14 discipline, would counseling be at the low side?

15          MR. CUTHBERTSON: Yes.

16          MR. BECK: And then warning would be the next  
17 step up?

18          MR. CUTHBERTSON: There are also, if I recall,  
19 some "Is" in here, once again being an informal  
20 discussion.

21          MR. BECK: That would be less severe discipline

22          --

23          MR. CUTHBERTSON: Yes.

24          MR. BECK: -- than counseling?

25          MR. CUTHBERTSON: Yes.

1 MR. BECK: And then comes counseling?

2 MR. CUTHBERTSON: Counseling.

3 MR. BECK: And then warning?

4 MR. CUTHBERTSON: And then warning.

5 MR. BECK: And then suspension?

6 MR. CUTHBERTSON: Correct.

7 MR. BECK: And then termination?

8 MR. CUTHBERTSON: Correct.

9 MR. BECK: On Page 22, next to

10 MR. CUTHBERTSON: Yes?

11 MR. BECK: -- there's a "T" for "termination";  
12 would that be correct?

13 MR. CUTHBERTSON: Yes. I see that.

14 MR. BECK: Could you tell me what the basis is  
15 for the "T" on account?

16 MR. ANTHONY: To the extent, Mr. Cuthbertson,  
17 that you can answer the question from information that  
18 you haven't received from the privileged  
19 investigation, you can answer it. To the extent it  
20 relates to the investigation and it was derived from  
21 it, I'm going to instruct you not to answer.

22 MR. CUTHBERTSON: I must respectfully decline to  
23 answer based upon Counsel's advice.

24 MR. BECK: You do know the answer, you're just  
25 not answering because of Counsel's claim of privilege;

1 is that correct?

2 MR. CUTHBERTSON: I would know the answer if I  
3 were allowed to go do some research, but I don't  
4 recall right now if -- If counsel would allow me to  
5 answer the question, I couldn't answer the question.  
6 I just don't recall.

7 MR. BECK: But if you reviewed the investigation  
8 again, could you answer?

9 MR. CUTHBERTSON: Yes, I could.

10 MR. BECK: Okay. On Page 27 there's a "T" next  
11 to name.

12 MR. CUTHBERTSON: I see that.

13 MR. ANTHONY: Mr. Cuthbertson -- Well, I'll let  
14 you ask the question first.

15 MR. BECK: Do you recall what the basis is for  
16 the recommendation of termination in  
17 case?

18 MR. CUTHBERTSON: My answer is the same --

19 MR. ANTHONY: The same instruction.

20 MR. CUTHBERTSON: -- the same as before.

21 MR. BECK: Do you recall independently, sitting  
22 here now, what it was in his case?

23 MR. CUTHBERTSON: I have no knowledge independent  
24 of the investigation.

25 MR. BECK: Have you reviewed any of the

1 depositions that we have taken in this case?

2 MR. CUTHBERTSON: No.

3 MR. BECK: On Page 27, under there's  
4 two persons listed with no -- with just blanks on the  
5 action recommended, a and a Do you  
6 know why there are blanks next to those names?

7 MR. CUTHBERTSON: No, I don't.

8 MR. BECK: Do you know why there would be blanks  
9 next to any name?

10 MR. CUTHBERTSON: I don't recall why there were  
11 blanks there.

12 MR. BECK: On Page 35 --

13 MR. CUTHBERTSON: Yes?

14 MR. BECK: Mr. Sanders, I'm assuming that you  
15 don't know the answers to questions that have been  
16 asking of Mr. Cuthbertson --

17 MR. SANDERS: Your assumption is correct.

18 MR. BECK: Next to name there's a  
19 blank there. Do you know why it is in the case of

20

21 MR. CUTHBERTSON: I know in that case.  
22 was no longer an employee.

23 MR. BECK: Would the same be true to at  
24 the bottom of the page?

25 MR. CUTHBERTSON: That's correct.

1                   MR. BECK: Were not                   , and  
2                   involved in the same transaction or occurrence that  
3                   led to the two being on here?

4                   MR. ANTHONY: Excuse me. Your question was were  
5                   the two of them involved in doing the same conduct?

6                   MR. BECK: Yes.

7                   MR. ANTHONY: Just between the two of them?

8                   MR. CUTHBERTSON: I'm hesitant to answer yes when  
9                   we say, "the same." I would answer the question by  
10                  saying they were involved in conduct involving repair  
11                  service.

12                  MR. BECK: Didn't                   direct  
13                  to falsify some test OKs leading to both their letting  
14                  go from the company?

15                  MR. CUTHBERTSON: I am a little bit fuzzy on the  
16                  details of that because it has been some time ago, but  
17                  my recollection now is that                   did direct

18                                  to do some improper activity associated with  
19                  the repair service. I don't recall exactly what it  
20                  was at this point.

21                  MR. BECK: Now, with respect to                   on this  
22                  document, the alleged activity under his name is 1?

23                  MR. CUTHBERTSON: Yes.

24                  MR. BECK: And under                   there is a 6  
25                  for the alleged activity?



1 MR. CUTHBERTSON: Yes.

2 MR. BECK: Why would they be different?

3 MR. CUTHBERTSON: Mr. Beck, I don't even recall  
4 right now the matrix that we were using, what a 1 and  
5 what a 6 were.

6 MR. BECK: Okay.

7 MR. CUTHBERTSON: So without that I wouldn't be  
8 -- I wouldn't be able to answer.

9 MR. BECK: Hank, can we use a late-filed exhibit  
10 using an explanation of the matrix that was used and  
11 what they stand for?

12 MR. ANTHONY: I may reserve the right to object  
13 to providing that matrix to you, but I'll provide a  
14 response on the other two.

15 MR. BECK: Let's call that potential late-filed  
16 Exhibit 1, or label it as Exhibit 1, an explanation of  
17 the matrix.

18 And, Hank, just so we are specific for the  
19 record, I'm looking for something that will say,  
20 "alleged activity 1 meant..."

21 MR. ANTHONY: 1 meant jumping off the bridge, and  
22 2 meant climbing up the side of the building, or  
23 whatever it may be.

24 MR. BECK: Yes. Yes.

25 But in any event, Mr. Cuthbertson, you don't

1 recall why they are different, and

2

3 MR. CUTHBERTSON: No, I don't recall.

4 MR. BECK: On Page 45, which is the last page,  
5 there are a number of manager's names listed where  
6 there's blanks under "Alleged Activity" and "Action  
7 Recommended." Do you see that?

8 MR. CUTHBERTSON: Yes.

9 MR. BECK: Could you tell me why there's blanks  
10 under "Alleged Activity" and "Action Recommended"?

11 MR. CUTHBERTSON: The panel's conclusion was that  
12 they were not involved in any improper activity and,  
13 therefore, there was no action required.

14 MR. BECK: name is in there, is that  
15 right, near the bottom?

16 MR. CUTHBERTSON: Yes.

17 MR. BECK: Do you know where he works?

18 MR. CUTHBERTSON: I don't know.

19 I don't know

20 MR. BECK: Okay. And s name is listed  
21 there. Do you see that?

22 MR. CUTHBERTSON: Yes.

23 MR. BECK: She, in fact, was administered some  
24 discipline; is that correct?

25 MR. CUTHBERTSON: Yes.

1           MR. BECK: Do you know why she was administered  
2 discipline but she was not recommended by the panel?

3           MR. CUTHBERTSON:                 discipline was for  
4 management performance, and the panel did not consider  
5 that, as we discussed earlier.

6           MR. BECK: Her's was an on-your-watch type?

7           MR. CUTHBERTSON: Yes.

8           Mr. Beck, that's -- I'm reflecting on that. That  
9 is my recollection at the moment, that that was the  
10 reason for her discipline, was a management  
11 performance discipline.

12          MR. BECK: Mr. Sanders, is that your recollection  
13 as well?

14          MR. SANDERS: Yeah, I think so.

15          MR. BECK: Okay. I have other -- a number of  
16 other exhibits for identification. I wish I had more.

17          Mr. Sanders, I think most of these questions will  
18 be directed toward yourself.

19          And as exhibit -- Let me get our exhibit numbers  
20 straight.

21          THE REPORTER: Well, it was my understanding that  
22 you wanted the matrix attached to Exhibit No. 1 is the  
23 verbage that came out.

24          MR. BECK: We need to correct that.

25          THE REPORTER: Okay.

1           MR. BECK: Exhibit 1 is the documents we have  
2           been discussing with the deponents, that's 45 pages,  
3           attached with a cover letter.

4           So late-filed Exhibit 2 would be the matrix.  
5           (Whereupon, the instrument last above-referred to as the  
6           late-filed matrix, upon receipt, is to be marked as  
7           Deposition Exhibit 2 for identification).

8           MR. ANTHONY: Call this Exhibit 3 then?

9           MR. BECK: Yes. Exhibit 3 is the Southern Bell's  
10          response to Public Counsel's Interrogatory No. 725.  
11          Or, I'm sorry, Request for Production of Documents I  
12          would imagine.

13          (Whereupon, the instruments last above-referred to were  
14          marked as Deposition Composite Exhibit 3 for  
15          identification).

16          MR. ANTHONY: Even though the prehearing officer  
17          said no more than 500.

18          MR. BECK: This goes way back before that number,  
19          that ordering.

20          MR. ANTHONY: I had to throw that in somewhere,  
21          Charlie.

22          MR. BECK: I have been waiting.

23          Mr. Sanders, do you have Exhibit 3 in front of  
24          you?

25          MR. SANDERS: Yes.

1 MR. BECK: Could you turn to the last page,  
2 please?

3 MR. SANDERS: Yes.

4 MR. BECK: Under the area "Network" there's your  
5 name, "Sanders-Fia Operations"?

6 MR. SANDERS: Yes.

7 MR. BECK: And as I understand it, this shows  
8 that your expenses under the current month for your  
9 area of control were in 19- -- in the month of June  
10 1992, \$40,699,000 compared to \$40,340,000 in June of  
11 '93; is that right?

12 MR. SANDERS: That's right.

13 MR. BECK: So they are very relatively close,  
14 would you agree?

15 MR. SANDERS: Yes.

16 MR. BECK: The year to date actuals shows that  
17 the year to date for June '92 is 222,640,000?

18 MR. SANDERS: Yes.

19 MR. BECK: But the actuals for '93, for that  
20 analogous period are 251,523 now?

21 MR. SANDERS: Yes.

22 MR. BECK: 251,523,000, meaning that for that  
23 same period year to date 1993 exceeded 1992 by more  
24 than \$28 million; is that right?

25 MR. SANDERS: That's right.

1           MR. BECK: Could you tell me why the -- you're  
2 exceeding 1993 to 1992 levels?

3           MR. SANDERS: Hurricane Andrew and the Storm of  
4 the Century.

5           MR. BECK: Okay. Why would that mean '93 would  
6 be above '92?

7           MR. SANDERS: Because Hurricane Andrew hit in  
8 August of 1992, and you're looking at results of June  
9 of '92 to June of '93. I still had out-of-state  
10 people in Florida working in south Florida to recover  
11 from the hurricane. We also had the Storm of the  
12 Century that hit in March, and I had neither of those  
13 events in 1992 --

14           MR. BECK: Okay.

15           MR. SANDERS: -- between January and June.

16           MR. BECK: Would -- In your opinion, would that  
17 explain the entire variance?

18           MR. BECK: It would explain so much of it we  
19 wouldn't have enough left to talk about.

20           MR. BECK: Looking back to the "Current Month"  
21 column, are your -- since June of '93 are your current  
22 month variances staying relatively close to what the  
23 '92 levels were?

24           MR. SANDERS: We are -- We are -- We have overrun  
25 our budget year to date, and I don't -- I don't recall

1 the exact number, but it is somewhere still around the  
2 28 to 30 million. So the -- The out-of-state forces  
3 that we had in Florida have been returned to the other  
4 states, and as I recall, we are still in the 30  
5 million and over category. So they have been pretty  
6 close in the last couple of months.

7 MR. BECK: What's your expectation through the  
8 end of this year?

9 MR. SANDERS: My expectation is that I'm probably  
10 going to overrun the budget somewhere in that amount.

11 MR. BECK: The 28 to 30 million area?

12 MR. SANDERS: Yes.

13 MR. BECK: Now, I understand we are talking  
14 roughly at this point?

15 MR. SANDERS: Yes.

16 MR. BECK: So for the remainder of this year,  
17 would it be fair to say that you think your expenses  
18 will be roughly equivalent to what they were in the  
19 '92 area, absent Hurricane Andrew?

20 MR. SANDERS: Well, wait just a second now,  
21 because I'm comparing '92 to '93. This is not against  
22 the budget. I can't answer that question, because  
23 obviously our expenses in September of 1992 went right  
24 out the roof.

25 MR. BECK: Right.

1           MR. SANDERS: So in September I had all the --  
2           from the latter part of August through the end of the  
3           year with substantial expenditures, and this year will  
4           not run nearly what last year did. So I -- You know,  
5           I may come in even less than I spent in 1992 --

6           MR. BECK: Would that be --

7           MR. SANDERS: -- when I put the hurricane in  
8           there. I just -- I don't -- I would have to go back  
9           and look at the numbers because I have not been  
10          working back against the 1992's compared to '93  
11          because of those two storms we had.

12          MR. BECK: All right. When did you complete  
13          having out-of-state workers come in and helping out in  
14          Florida?

15          MR. SANDERS: The end of June.

16          MR. BECK: And is it your expectation that no  
17          more will be needed, no more out-of-state workers will  
18          be needed to fix Hurricane Andrew related items?

19          MR. SANDERS: Well, what we -- We still have --  
20          If you have been down in that area you know that  
21          there's still a lot of damage down there. There's a  
22          lot of construction work going on. There's a lot of  
23          folks that are digging, and gouging around, and  
24          tearing up our cables and all those kind of things.  
25          There are a lot of our cables that have been damaged,



1 and pulled and so forth, that have not -- until we get  
2 some more rains and things like that you don't  
3 recognize that. It really takes -- it takes probably  
4 a couple of years even to recover from a minor  
5 hurricane, much less Andrew.

6 So I can't say for sure. I have -- At this point  
7 in time I have pulled people from north Florida and  
8 southeast Florida and I have about 80 of those people  
9 down in south Florida right now because of the heavy  
10 workload, (1) from the continuing identification of  
11 damage, and (2) from the fact that we have a lot of  
12 our customers that left south Dade and moved back now,  
13 and our installation activity is higher than it was  
14 the same period last year. And that's the movement of  
15 people back in there as their houses are restored and  
16 so forth.

17 So my agreement with my boss is that whatever it  
18 takes to try to keep the service up in south Florida  
19 and all, that they are supportive from around the  
20 company and we will pull people when we need them.

21 MR. BECK: But right now you're pulling them with  
22 -- shifting within the state?

23 MR. SANDERS: Yes.

24 MR. BECK: But you think that could possibly  
25 change in the future?

1           MR. SANDERS: Well, I'm praying for October,  
2           November and December, when the weather gets better,  
3           and I'm looking at what I think is a decreasing  
4           installation load now that a lot of the people moved  
5           around the time school started, and so I am hopeful  
6           that we will be able to handle the business within  
7           Florida and with Florida people.

8           MR. BECK: Okay. Mr. Sanders, do you have  
9           Exhibit 4 in front of you?

10          MR. SANDERS: Yes.

11          MR. BECK: Do you recognize this?

12          MR. SANDERS: Yes.

13          MR. BECK: Is this a nine-state area analysis of  
14          results?

15          MR. SANDERS: Yes. It's BellSouth  
16          Telecommunications.

17          MR. BECK: And this would be for the March 1993  
18          year to date time period; would it not?

19          MR. SANDERS: Yes.

20          (Whereupon, the instruments last above-referred to were  
21          marked as Deposition Composite Exhibit 4 for  
22          identification).

23          MR. BECK: Okay. I ask you to look at the page  
24          that has the number 3 at the bottom, and it's the  
25          third-to-the-last page, and specifically I was going

1 to ask you if you could take a moment and look at the  
2 section where it says, "Employees are up 1% for 856  
3 employees."

4 MR. SANDERS: Yes.

5 MR. BECK: Could you take a second and read  
6 through that? And I would like to ask you some  
7 questions about it if I could.

8 MR. SANDERS: Okay.

9 MR. BECK: Okay. Do you see the paragraph where  
10 it says most of the total increase is in temporary  
11 employees?

12 MR. SANDERS: Yes.

13 MR. BECK: Is that referring to the head count in  
14 Florida?

15 MR. SANDERS: No. Most of the increase in  
16 Florida is permanent employees.

17 MR. BECK: Okay.

18 MR. SANDERS: It may have been back in the March  
19 time frame. I don't -- I don't think so even in the  
20 March time frame. We do have some temporary  
21 employees, but not most of the increase.

22 MR. BECK: Okay. At least in this time period it  
23 had management employees up by 138 and nonmanagement  
24 by 718. And it says that that increase in head count,  
25 or, "the increases in head count are related to hiring

1 because of Hurricane Andrew, and efforts to manage  
2 service overload and increase the quality of service  
3 throughout Florida." Now you're saying most of those  
4 are permanent increases?

5 MR. SANDERS: You've got the total for all the  
6 organizations here, and I can't speak to the number of  
7 718, and I don't recall where we were back in March.

8 But, for example, I can tell you that from the --  
9 I just looked at these numbers is the reason I can  
10 tell you this -- is that from the end of 1992 through  
11 August I had added 214 outside technicians in the  
12 State of Florida. And I can't be precise about this,  
13 but the last time I looked, from June of 1992 to June  
14 of 1993 I was up 400, approximately 400 outside  
15 employees. So I hired a lot of -- a lot of people at  
16 the end -- well, I guess around the September-October  
17 time frame of 1992, and I am in the process right now  
18 of hiring additional people in the State of Florida.  
19 These are outside technicians and construction people.

20 MR. BECK: Okay. Do you anticipate -- or are  
21 these permanent employees that you're hiring?

22 MR. SANDERS: Yes.

23 MR. BECK: And you anticipate them staying in  
24 Florida?

25 MR. SANDERS: Yes.

1           MR. BECK: And what -- What's brought about that  
2 level of increase in employees for outside  
3 technicians?

4           MR. SANDERS: The storms that we have had and the  
5 length of time of recovery, for one. The work in  
6 order to do some what I would term as loop improvement  
7 activities, which are designed to reduce future  
8 troubles. The work associated with the increased  
9 expected demand in Florida for service. And another  
10 reason is the need to perform better against the PSC  
11 standards.

12           MR. BECK: How would you deploy people or use  
13 people in order to perform better against PSC  
14 standards?

15           MR. SANDERS: Well, the PSC standards speak to  
16 response time on repairs, and speak to response time  
17 on installation, and we have, following the hurricane  
18 and the other storms, and the increased trouble loads  
19 we have had, we have not performed as well against  
20 those standards as we should have, and so I'm trying  
21 to increase the forces so I can do that.

22           Workload is up substantially, and I have got to  
23 balance that with the forces.

24           MR. BECK: One more on this line, if I could.  
25 Back on the record, the last exhibit that we had,

1           which was the three-month BellSouth Telecommunications  
2           analysis results for March 1993 year to date, that was  
3           Exhibit 4. Exhibit 5 is Southern Bell's response to  
4           the Citizens' 35th Interrogatories, Number 850.

5           (Whereupon, the instruments last above-referred to were  
6           marked as Deposition Composite Exhibit 5 for  
7           identification).

8           MR. BECK: Mr. Sanders, could I ask you to look  
9           at the bottom on Page 3 of 5 and the explanation  
10          that's given regarding Account 6421?

11          MR. SANDERS: Um-ha. (Affirmative Response).  
12          All right.

13          MR. BECK: Near the top of that explanation it  
14          talks about -- Well, let me say, it says on the second  
15          sentence, "As a result of Hurricane Andrew work  
16          activities planned in 1992 to improve the trouble  
17          report rate were deferred." Could you expand on that,  
18          on what type of things were deferred because of the  
19          hurricane?

20          MR. SANDERS: We identified loop improvement  
21          programs in south Florida that we were gearing up to  
22          do the work down there, and the hurricane came in and  
23          did some of the work for us, because it hit some of  
24          the area that we were going to replace. And so we  
25          replaced those, but it didn't get all of them, and we

1 were not able to divert the forces to do that work.

2 MR. BECK: Okay. Are there other -- other than  
3 simply replacing the loops, are there other types of  
4 things that would be included in a loop improvement  
5 program of this type?

6 MR. SANDERS: You might not have to -- You may  
7 not have to replace all the facilities. You might  
8 recondition them. Those kinds of things. But it  
9 deals with the outside plant conditions.

10 MR. BECK: Okay. Further on in the explanation  
11 of Account 6421 it says, "In reviewing the 1993 budget  
12 it was determined that an additional \$24.9 million was  
13 required for plant labor." I was wondering if you  
14 could elaborate on that?

15 MR. SANDERS: No, because I didn't -- I have not  
16 seen this material before and I -- it says Southern  
17 Bell on the top of it, and so I assume it's the entire  
18 company, and I can't speak to that.

19 MR. BECK: Okay.

20 MR. ANTHONY: I would note for the record the  
21 request was by account for the company, just for Mr.  
22 Sander's identification.

23 MR. BECK: Independent of this you're not  
24 familiar with the specific number \$24.9 million for  
25 plant labor?

1 MR. SANDERS: No. No.

2 MR. BECK: Okay. Mr. Sanders, on Page 1 of this,  
3 under the Account 6421 it shows the comparison between  
4 '92 actuals and '93 budget of about 46 million to  
5 about 58 million. Do you see that?

6 MR. SANDERS: Um-ha. (Affirmative Response).

7 MR. BECK: Is that for the nine-state area, or  
8 would that be Florida at that level?

9 MR. SANDERS: No, it would be nine-state. I  
10 don't know that any of these supplies are just to  
11 Florida. I'm not familiar with the numbers anyway. I  
12 don't --

13 MR. BECK: Okay. On this exhibit -- This one is  
14 for Mr. Cuthbertson. This is No. 6. It's the  
15 response to Public Counsel's Request for Production of  
16 Documents, No. 726.

17 Mr. Cuthbertson, do you see Exhibit No. 6?

18 MR. CUTHBERTSON: Yes, I have it.

19 (Whereupon, the instruments last above-referred to were  
20 marked as Deposition Composite Exhibit 6 for  
21 identification).

22 MR. BECK: Are you familiar with this type of  
23 report?

24 MR. CUTHBERTSON: I'm not familiar with this  
25 report.



1 MR. BECK: Let me ask you this: There's four  
2 classifications of the count of employees in Florida  
3 listed on the first page, the RF, RP, TF and TP.

4 MR. CUTHBERTSON: Okay.

5 MR. BECK: Do you know what those classifications  
6 stand for?

7 MR. CUTHBERTSON: Would you like for me to  
8 speculate?

9 MR. BECK: Yes. Please.

10 MR. CUTHBERTSON: I think it stands for --

11 MR. ANTHONY: Although I'm not sure I would like  
12 to you speculate. I mean, if you know the answer,  
13 fine; if you don't know the answer you don't know the  
14 answer. If you've got a pretty good informed  
15 analysis, I don't care about this one so much, but --

16 MR. BECK: As head of Personnel of this entire  
17 state, would you have an opinion of what that might  
18 be?

19 MR. CUTHBERTSON: RF is "regular full time," I  
20 think. RP is "regular part time." TF is "temporary  
21 full time," and TP is "temporary part time."

22 MR. ANTHONY: That's not really, really fine,  
23 really importance or --

24 MR. BECK: Mr. Cuthbertson, the third page of  
25 this document shows for Florida as of December 31st,

1 1992 regular full-time employees, 17,367, and that  
2 number decreasing by August 21st of '93 to 17,291.  
3 Would that be your interpretation of this document?

4 MR. CUTHBERTSON: Yes.

5 MR. BECK: Okay. Do you have an opinion as to  
6 why the total number of regular full-time employees  
7 has been decreasing since December 31st, 1992 in  
8 Florida?

9 MR. CUTHBERTSON: I can't specifically answer the  
10 question.

11 MR. BECK: Network people have been going up  
12 since that time, have they not?

13 MR. SANDERS: No.

14 MR. BECK: People reporting to you and Mr.  
15 Sanders have not gone up?

16 MR. SANDERS: Well, maybe slightly up. What I  
17 pointed out to you is I have added outside  
18 technicians. That's the area I was short in.

19 MR. BECK: Okay.

20 MR. SANDERS: At the same time, and I don't have  
21 the numbers, but at the same time we have put in place  
22 mechanized projects and other changes in organization  
23 that have allowed us to make reductions. I don't  
24 remember what the total balance is for Network right  
25 offhand, but it is not -- You know, you just can't

1           make the assumption it's up or down, because I have  
2           added in the outside. I have made changes on the  
3           inside, and even in my own organization some functions  
4           have been transferred to other departments. So you've  
5           got to look at all of that before you make a general  
6           statement on it.

7           MR. BECK: Okay. Without numbers, where are the  
8           areas where the numbers of employees that come under  
9           your jurisdiction may have been going down?

10          MR. SANDERS: In the IMC Operation. In the --  
11          and some of the centers where we have added additional  
12          test capabilities. We had a special project of  
13          reviewing central office alarms, and we finished that  
14          project. So those are some of the examples.

15          MR. BECK: Okay. Now, you have already mentioned  
16          the outside technicians part going up.

17          MR. SANDERS: Yes.

18          MR. BECK: Are there other areas where you have  
19          been adding to employee levels?

20          MR. SANDERS: That's been the basic one. That's  
21          where the force and load balance needed attention.

22          MR. BECK: Do you have temporary full-time  
23          employees that would come within your area?

24          MR. SANDERS: Yes.

25          MR. BECK: What types of work do they do?

1           MR. SANDERS: I have 27 or 28 that are now down  
2 in south Florida doing inside wire work based on the  
3 folks moving back in their homes. And I'm in the  
4 process of adding another 23 or so, anticipating that  
5 that work will probably go on for a couple of years.  
6 And then we will be back to a normal pattern, and so I  
7 chose to use temporaries in that situation.

8           MR. BECK: How was that different than using a  
9 contractor, or I guess what would be -- Why would you  
10 use a temporary employee as opposed to a contractor?

11          MR. SANDERS: Because of our contracts with the  
12 union.

13          MR. BECK: All right. Is it possible to be a  
14 little more specific on the contracts, what would  
15 cause that?

16          MR. SANDERS: Well, when we get into the  
17 contracting outside of it, Charlie, you can probably  
18 do a better job of answering that than I can.

19          MR. CUTHBERTSON: Yeah. We have some  
20 restrictions in our agreement with the Communication  
21 Workers of America regarding the contracting out of  
22 certain work.

23          MR. BECK: Mr. Cuthbertson, do you have an  
24 opinion as to why the number of temporary full-time  
25 employees has gone up since December of '92?

1 MR. CUTHBERTSON: No, I don't have an opinion as  
2 to why it's gone up.

3 MR. BECK: One last exhibit. This is 7. It's  
4 the response to Citizens' -- or it's part of the  
5 response to Citizens' Documents Request 727.

6 (Whereupon, the instruments last above-referred to were  
7 marked as Deposition Composite Exhibit 7 for  
8 identification).

9 MR. BECK: If you'll hand that to Mr. Sanders.  
10 (Document tendered to Mr. Sanders).

11 Mr. Sanders, have you seen Exhibit 7, or had a  
12 chance to read through it?

13 MR. SANDERS: Yeah, I have had a chance to read  
14 through it.

15 MR. BECK: And for identification, this is a  
16 letter to BST Officers from Mr. Drummond regarding  
17 Residential Customer Service Guarantee.

18 Mr. Sanders, are you one of the officers that  
19 received this memo?

20 MR. SANDERS: I'm sure I did.

21 MR. BECK: Do you recall having any discussions  
22 with Mr. Drummond or others about the GTE service  
23 guarantee?

24 MR. SANDERS: No. Not as a result of this  
25 letter.

1           MR. BECK: Okay. Other than as a result of this  
2 letter, have you had occasion to discuss their GTE  
3 plan?

4           MR. SANDERS: Not the GTE plan. We have  
5 discussed service guarantees before.

6           MR. BECK: Okay. What is your feeling about  
7 service guarantees?

8           MR. SANDERS: I guess I think they are  
9 appropriate in some cases, and I don't think they are  
10 appropriate in some cases.

11          MR. BECK: Could you elaborate on that?

12          MR. SANDERS: Well, you got to understand, this  
13 is my opinion. This has nothing to do with BST  
14 policy.

15                 I think there are some situations, for example,  
16 where we get customers caught between us and other  
17 vendors and the customer is confused as to who is  
18 causing the problem. And many times in our tests we  
19 can't tell precisely where the problem is, and so the  
20 customer has two of us involved. And in many cases  
21 they are -- they have to pay either us or the other  
22 vendors for the, for the visit, and I think if we had  
23 some, some way of making some guarantees in that  
24 regard where we didn't have the customer caught in  
25 that kind of situation, that that would be an

1 appropriate kind of thing.

2 My experience in trying to manage loads of the  
3 type you're talking about here, when you have the  
4 volume of business that we have, and normal  
5 installations and repair, that it is very difficult to  
6 balance those loads when you have such things as the  
7 storm you had in Tallahassee I believe about last  
8 Tuesday as I was going through there. We all had  
9 lighting. It's just hard to guarantee that you'll be  
10 out there, and you can have significant misses in one  
11 particular day, not because you don't have the people  
12 out there, but they cannot work in the lighting and  
13 all, and so, you know, you missed those. And I just  
14 -- I think it's very difficult to guarantee in those  
15 kind of situations.

16 But, you know, that's -- that is a decision that  
17 is best made by those in the marketing and customer  
18 side of the business as opposed to us in the Network  
19 side of the business.

20 MR. BECK: Have you had any discussions with Mr.  
21 Locker concerning that subject?

22 MR. SANDERS: Mr. Locker and I have discussed the  
23 service guarantees.

24 MR. BECK: Do you recall what he told you about  
25 it, or what his feelings were about it?

1           MR. SANDERS: I gave him more my feelings than I  
2 have just given you. His was asking for opinion, not  
3 stating opinion.

4           MR. BECK: That's all I have. Thank you very.  
5 There may be some more, though.

6           MR. VINSON: Mr. Sanders, when you were  
7 discussing the change relating to the use of using  
8 clear time versus closed time --

9           MR. SANDERS: Um-ha. (Affirmative response).

10          MR. VINSON: -- and you mentioned some confusion  
11 on the part of the service technicians, or  
12 misunderstandings, if you recall what you were  
13 thinking of at the time you were making that response,  
14 could you elaborate a little bit on the confusion and  
15 the results of that?

16          MR. ANTHONY: Again, Mr. Sanders, to the extent  
17 that you have information that's derived from a source  
18 other than the privileged investigation, then you are  
19 free to answer. If it's derived from the privileged  
20 investigation, I would instruct you not to answer that  
21 question.

22          MR. SANDERS: That's derived basically from the  
23 investigation.

24          MR. VINSON: Okay. This question is directed to  
25 both Mr. Sanders and Mr. Cuthbertson. Was the



1 decision to delay -- let me start over -- the decision  
2 to not discipline the craft employees in any way  
3 impacted by the renegotiation of the CWA contract in  
4 August of '92?

5 MR. SANDERS: No.

6 MR. CUTHBERTSON: No.

7 MR. VINSON: Were any considerations of the  
8 upcoming renegotiation of that contract ever discussed  
9 regarding whether or not to discipline the craft  
10 employees?

11 MR. SANDERS: No.

12 MR. CUTHBERTSON: No.

13 MR. VINSON: Mr. Sanders, you mentioned some  
14 mechanized systems that had resulted in -- I believe I  
15 understood you to say mechanized systems in the  
16 maintenance center had resulted in the ability to  
17 reduce some staff. Could you elaborate on that a  
18 little bit further, what these systems were and what  
19 positions they led you to reduce numbers in?

20 MR. SANDERS: That's kind of an ongoing thing.

21 Let me see if I can think of an example here. We  
22 changed -- We have made some changes I guess in the  
23 call-back procedures which require folks in the  
24 centers. We have made some changes in screening  
25 rules. We have improved our terminals that our

1 technicians use so that they can pull more information  
2 without having to go back to the center for  
3 information. They can pull it directly out of the  
4 data base.

5 Those are some examples, but we are continually  
6 looking at center operations to see what improvements  
7 we can make in efficiency without deteriorating  
8 service.

9 MR. VINSON: Thank you. Those are the only  
10 quesitons I have.

11 MR. GREER: I have got one. If you could flip to  
12 Page 14 I believe of Exhibit 1. There's an asterisk  
13 in the "Action Recommended" about four lines down. I  
14 was just curious of what that stood for, if you know?

15 MR. CUTHBERTSON: I have no idea.

16 MR. GREER: That's all I have.

17 MR. ANTHONY: I need about one minute and then --  
18 Why don't we take about a five-minute brake and see if  
19 I have anything.

20 MR. BECK: Sure. Before we go off the record,  
21 before with respect to confidentiality, many of the  
22 questions and documents that have been asked here, or  
23 many of the documents you have a claim of  
24 confidentiality on, and many of the questions are  
25 based on that, so is there a time period where you're

1

--

2

MR. ANTHONY: I was going to raise that as an issue at the end of the deposition, but we might as well do it now.

4

5

Yeah, I think if we can again wait -- I think the standard practice has been to wait for 10 days from the receipt of the transcript and then notify you as to if we claim confidentiality for all or any part of the depo.

6

7

8

9

10

MR. BECK: And would you do that also with respect to the exhibits as well as the deposition itself?

11

12

13

MR. ANTHONY: Yes.

14

MR. BECK: Okay.

15

MR. ANTHONY: We will take about a five-minute break.

16

17

(Brief recess).

18

#### CROSS EXAMINATION

19

BY MR. ANTHONY

20

MR. ANTHONY: We're ready. I'll address this question to either Mr. Locker -- or, not Locker -- Mr. Sanders or Mr. Cuthbertson. I have Locker on the mind

21

22

23

Now, either one of you or both of you, if you can answer this question: Mr. Beck had earlier asked some questions about some steps that may have been taken

24

25

1 after the company's investigation, changes in systems  
2 and whatnot. Can either of you, Mr. Sanders, Mr.  
3 Cuthbertson, tell me if you know what the purpose of  
4 the company's investigation was, the investigations  
5 that Mr. Beck referred to that the company has claimed  
6 as privileged?

7 MR. SANDERS: The purpose of the investigation,  
8 as I understand it, was to prepare to defend itself in  
9 the case of possible lawsuits.

10 MR. ANTHONY: For the company to provide legal  
11 advice -- for the lawyers to provide legal advice to  
12 the company?

13 MR. SANDER: Yes. Sure.

14 MR. ANTHONY: Do you know what the purpose of the  
15 audits that Mr. Beck ticked off -- I think he  
16 mentioned a MOOSA audit, and LMOS, and a service  
17 quality audit.

18 MR. SANDERS: The same.

19 MR. ANTHONY: The same purpose?

20 MR. SANDERS: The same purpose.

21 MR. ANTHONY: I have no further questions.

22 MR. BECK: Oh, I do.

23 REDIRECT EXAMINATION

24 BY MR. BECK:

25 MR. BECK: Mr. Sanders, how do you know that

1           that's the purpose of the investigation and the  
2           audits?

3                   MR. SANDERS: Because I was advised of that when  
4           I came to Florida.

5                   MR. BECK: Who advised you of that?

6                   MR. SANDERS: I think it was probably Joe Locker.

7                   MR. BECK: But nonetheless, certain corrective  
8           actions were taken as a result of your review of that  
9           document?

10                   MR. SANDERS: That's correct.

11                   MR. BECK: Okay.

12                   MR. ANTHONY: I don't have anything further.

13           Thank you, gentlemen.

14                   (Witnesses excused).

15           (Whereupon, the depositions were concluded at 11:50 a.m.)

16

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AFFIDAVIT OF DEPONENTS

This is to certify that we, CHARLIE L. CUTHBERTSON, JR., and CHARLES J. SANDERS, have read the foregoing transcript of our testimony, Pages 1 through 58, given on September 10, 1993, in Docket No. 900960-TL, and find the same to be true and correct, with the exceptions, and/or corrections, if any, as shown on the errata sheet attached hereto.

\_\_\_\_\_  
CHARLIE L. CUTHBERTSON, JR.

\_\_\_\_\_  
CHARLES J. SANDERS

SWORN to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 1993

\_\_\_\_\_  
Print name:  
Notary Public - State of Florida  
My Commission expires:  
My Commission No.:

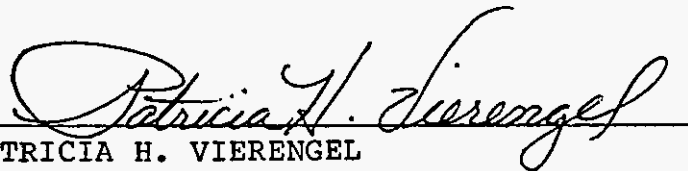
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F L O R I D A )

: CERTIFICATE OF OATH

I, the undersigned authority, certify that CHARLIE L. CUTHBERTSON, JR., and CHARLES J. SANDERS appeared before me and were duly sworn.

WITNES my hand and official seal this 21st day of September, 1993.



PATRICIA H. VIERENGEL  
Notary Public - State of Florida  
My Commission expires:  
My Commission No.:

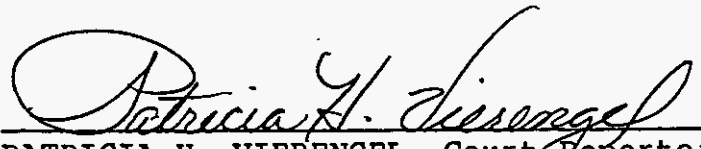
**PATRICIA H. VIERENGEL  
NOTARY PUBLIC STATE OF FLORIDA  
MY COMMISSION EXPIRES 6/21/97  
COMM. # CC 296027**

1 COUNTY OF DUVAL)  
2 STATE OF FLORIDA)  
3 :  
4 COUNTY OF DUVAL )

CERTIFICATE OF REPORTER

5  
6 I, PATRICIA H. VIERENGEL, Court Reporter, DO HEREBY  
7 CERTIFY that I was authorized to and did stenographically  
8 report the foregoing depositions of CHARLIE L. CUTHBERTSON,  
9 JR., and CHARLES J. SANDERS;

10 I FURTHER CERTIFY that I am not a relative, employee,  
11 attorney or counsel of any of the parties, nor am I a  
12 relative or employee of any of the parties' attorney or  
13 counsel connected with the action, nor am I financially  
14 interested in the action.

15   
16 PATRICIA H. VIERENGEL, Court Reporter  
17 Telephone No.: (904) 725-8657

18 STATE OF FLORIDA)  
19 :  
20 COUNTY OF DUVAL )

21 The foregoing certificate was acknowledged before me  
22 this \_\_\_\_\_ day of \_\_\_\_\_, 1993, by PATRICIA H. VIERENGEL,  
23 who is personally known to me.

24 \_\_\_\_\_  
25 Print name:  
Notary Public - State of Florida  
My Commission No.:  
My Commission expires:



D

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April 1, 1993

EXTRA COPY

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

Re: Petition on behalf of Citizens of the State of Florida  
to Initiate Investigation Into Integrity of Southern  
Bell Telephone and Telegraph Company's Repair Service  
Activities and reports; Case No. 910163-TL

Dear Mr. Beck:

Pursuant to our telephone conversation, enclosed are copies  
of the redacted Panel Recommendations. Please note that each  
page has been stamped confidential and is not subject to public  
disclosure.

I hope that this information assists you in determining that  
there is no longer an issue relating to the Panel  
Recommendations.

Should you disagree with any of the redactions, please do  
not hesitate to call me to see if we can resolve this discovery  
dispute.

As always, if you have any questions, please do not hesitate  
to call.

Sincerely,

*Bob*  
Robert J. Winicki

RJW/sj  
Enclosure

c: Harris R. Anthony, Esquire (w/encls.)  
Mr. J. Terry Deason (w/o encls.)



LOCATION Orlando

GROUP IMC

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NAME	title	US	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
			11	I ✓	
			7	C ✓	
			7	C ✓	
			11	I ✓	
			7	C ✓	
			7	C ✓	
			7	C ✓	
			7	F ✓	
			NONE	NONE ✓	
			7	X ✓	
			7	F ✓	
			5	CW ✓	
			NONE	NONE ✓	
			7	I ✓	
			NONE	NONE ✓	
			NONE	NONE ✓	
			NONE	NONE ✓	
			NONE	NONE ✓	

**CONFIDENTIAL**

LOCATION Orlando  
 GROUP IMC

I C W  
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NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	17	I ✓	↑
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	7	C ✓	
<u>Other employees not listed on Security Summary</u>			
	NONE	NONE	↓ Redacted →
	NONE	NONE	
	NONE	NONE	
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	7	C ✓	
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**CONFIDENTIAL**

LOCATION West Palm Beach

GROUP IMC

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			3	CW		
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**CONFIDENTIAL**

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LOCATION West Palm Beach

GROUP IMC

NAME	title	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
		NONE	NONE	Redacted
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CONFIDENTIAL

LOCATION North Jacksonville

GROUP IMC

1 2 3

NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
<i>Jill W. J.</i>	7	F.W.	Redacted →
	NONE	NONE	
	2	.W	
	7	F.W.	
	7	C.	
	NONE	NONE	
	NONE	NONE	
	11	I.	
	NONE	NONE	
	NONE	NONE	
<u>† listed on</u>			<u>Security Summary</u>
	NONE	NONE	Redacted →
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	2	C.	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	

CONFIDENTIAL

(6)

(E)

LOCATION Gainsville

GROUP IMC

I C W  
1 3

NAME	TITLE	US	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
			NONE	NONE	
			NONE	NONE	
			7	C	
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	
			11	I	
			NONE	NONE	
			NONE	NONE	
			7	C	
			NONE	NONE	
			7	C	
			NONE	NONE	
			<u>listed</u>	<u>on Security Summary</u>	
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	

CONFIDENTIAL

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②

LOCATION Costal

GROUP DMC

NOISE

NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
The US	NONE	NONE	← Redacted →
<u>Other Employees Not Listed on Security Summary</u>			
	NONE	NONE	↑ Redacted → ↓
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	
	NONE	NONE	

CONFIDENTIAL

(8)  
(17)



LOCATION Indian River  
 GROUP IMC

18  
 I C W S  
 2 3

NAME	title	U.S.	ALLEGED ACTIVITY	ACTION REC.	COMMENTS	
			7	φ W	↑ ← Redacted → ↓	
			7	φ W		
			7	C		
			NONE	NONE		
			NONE	NONE		
			7	φ W		
			7	C		
			NONE	NONE		
Not listed on Security Summary						↑ Redacted → ↓
			NONE	NONE		
			NONE	NONE		
			NONE	NONE		
			NONE	NONE		
			NONE	NONE		
			NONE	NONE		
			NONE	NONE		
			NONE	NONE		
			NONE	NONE		

**CONFIDENTIAL**

9  
 9



LOCATION West Florida

GROUP IMC

NAME	TITLE L.S.	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
		NONE	NONE	<p style="text-align: center;">↑</p> <p style="text-align: center;">← Redacted →</p> <p style="text-align: center;">↓</p>
		NONE	NONE	
		NONE	NONE	
		NONE	NONE	
		NONE	NONE	
		NONE	NONE	
		NONE	NONE	
		NONE	NONE	
		NONE	NONE	
		NONE	NONE	

CONFIDENTIAL

LOCATION North Dade  
 GROUP JMC

I C WS  
 3

NAME	Title	US	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
			NONE	NONE	Redacted ↑ ↓
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	
			6	C	
			NONE	NONE	
			7	C ✓	
			7	C ✓	
<u>Other employees NOT LISTED ON Security Summary</u>					
			NONE	NONE	Redacted ↑ ↓
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	

CONFIDENTIAL

LOCATION Central Data  
 GROUP IMC

13  
 1 2 3 4

NAME	title	W-S	ALLEGED ACTIVITY	ACTION REC.	COMMENTS	
			7	φ W	↑ Redacted → ↓	
			NONE	NONE		
			7	C ✓		
			7	C ✓		
			NONE	NONE		
			NONE	NONE		
			7	φ W		
			7	φ W		
			NONE	NONE		
			NONE	NONE		
			7	C ✓		
			3	φ W		
			NONE	NONE		
<u>Other employees</u>	<u>NOT</u>	<u>Listed</u>	<u>ON</u>	<u>Security Summary</u>		← Redacted →
			NONE	NONE		
			NONE	NONE		

CONFIDENTIAL

LOCATION South Jacksonville  
 GROUP IMC      I C U S  
                                  2 U 2

NAME	title WS	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
		7	QW	Redacted → ↑ ↓ Redacted → ↑ ↓
		2	C ✓	
		7	I ✓	
		NONE	NONE ✓	
		NONE	NONE ✓	
		7	I ✓	
		NONE	NONE ✓	
		7	C ✓	
		NONE	NONE ✓	
		7	C ✓	
		7	C ✓	
		2	QW	
		NONE	NONE ✓	
		<u>listed</u>	<u>ON Security Summary</u>	
		NONE	NONE ✓	
		NONE	NONE ✓	
		NONE	NONE ✓	
		NONE	NONE ✓	
		NONE	NONE ✓	
		NONE	NONE ✓	
		NONE	NONE ✓	
		NONE	NONE ✓	

CONFIDENTIAL

LOCATION South Beach

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3  
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4  
W  
3

GROUP IMC

NAME	title	u.s	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
			7	C	Redacted →
			7	C	
			2	C	
			7	*	
			2	C	
			7	C	
			7	C	
			NONE	NONE	
			7	I	
			NONE	NONE	
			2	W	
			11	I	
			<u>ON</u>	<u>Security Summary</u>	Redacted →
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	
			7	I	
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	

CONFIDENTIAL

LOCATION South Dade

35 I C 20 E  
3 : 1 :

GROUP IMC

NAME	TITLE	W.S.	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
			NONE	NONE	
			11	I ✓	
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	
			11	I ✓	
			NONE	NONE	
			7	EW	
			7	I ✓	
			7	C ✓	
			7	EW	
			NONE	NONE	
			7	EW	
			7	EW	
			7	EW	
			7	NONE	
			7	EW	
			7	EW	
			3	EW	
			7	EW	
			7	C ✓	
			7	EW	
			2	EW	

↑  
Redacted →  
↓

CONFIDENTIAL

cluded in security summary

↑  
Redacted →  
↓

(16)

(TE)



LOCATION Miami Metro

GROUP IMC

NAME	title	WS.	ALLEGED ACTIVITY	ACTION REG.	COMMENTS
			NONE	NONE	Redacted
			NONE	NONE	
			NONE	NONE	
			NONE	NONE	
			7	CV	
			NONE	NONE	
<u>Other employees not listed on Security Summary</u>					
			NONE	NONE	Redacted
			NONE	NONE	

CONFIDENTIAL

LOCATION North Broward

GROUP IMC

21  
I C W S  
9 5

1 of 2

NAME	Title	W.S.	ALLEGED ACTIVITY	ACTION REC.	COMMENTS	
			7	C ✓		
			7	C ✓		
			7	C W ✓		
			7	C ✓		
			7	C W ✓		
			7	C W ✓		
			7	C ✓		
			NONE	NONE		
			7	C ✓		
			7	C ✓		
			NONE	NONE		
			7	C ✓		
			7	NONE C ✓		
			2	C W ✓		
			2	C W ✓		
			NONE	NONE		
			7	C ✓		
			7	C ✓		
			ON Security Summary			
			NONE	NONE		
			NONE	NONE		
			NONE	NONE		
			NONE	NONE		

Redacted →

CONFIDENTIAL

Redacted → (18)

LOCATION North Broadway  
GROUP T.M.C.

NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
<i>Dillig</i>	None	None	<p style="text-align: center;">↑</p> <p style="text-align: center;">Redacted →</p> <p style="text-align: center;">↓</p>
	None	None	
	None	None	
	None	None	
	None	None	
	None	None	
	None	None	
	None	None	

CONFIDENTIAL

CATION North Jacksonville

DUP PC 5 + Below

NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	1	N	↑ Redacted → ↓
	11	N	
	2	W	
	1	:	
	1	W	
	11	W	
	1	T	

CONFIDENTIAL

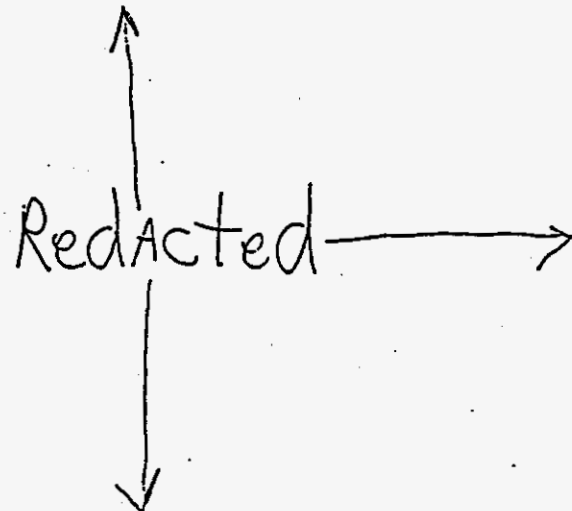
(20)

LOCATION South Jacksonville

GROUP PG 5 + Below

NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	1	N	
	8		
	10	N	
	1	N	

Redacted



CONFIDENTIAL

LOCATION West Florida

GROUP PG 5 + Below

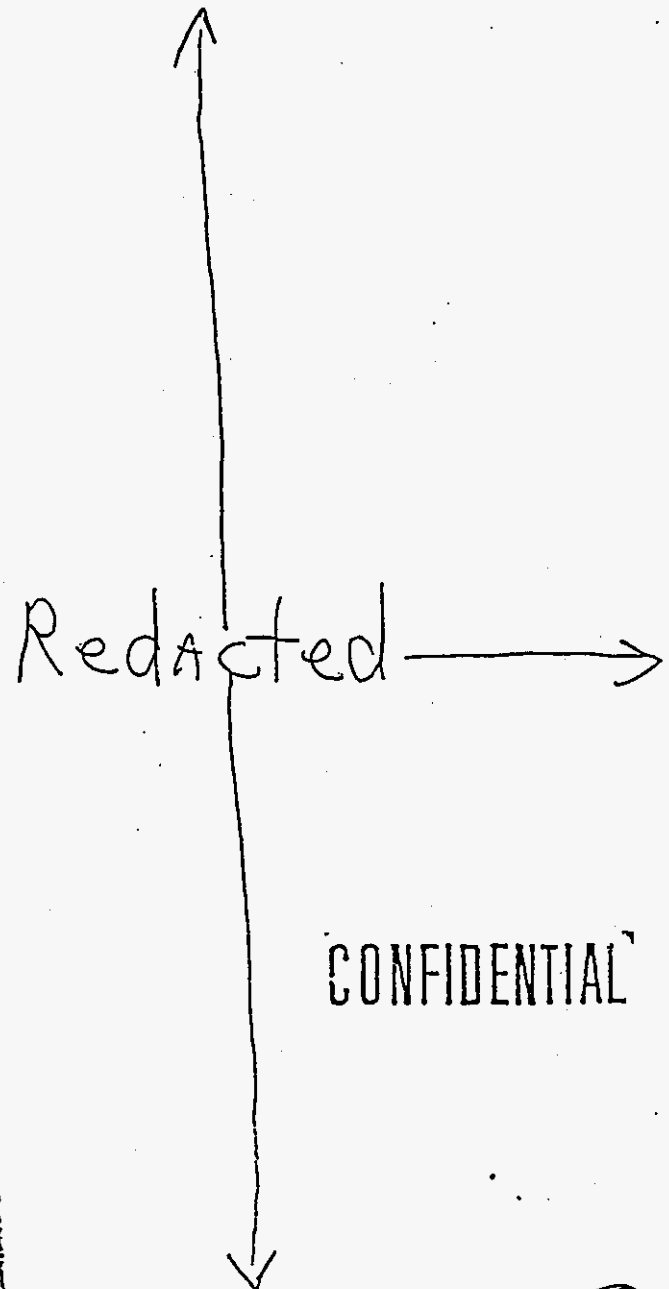
NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	1	S	Redacted
	1	N	
	1	N	
	12	C	
	9, 12	S	
	1	C	
	1	C	

CONFIDENTIAL (22)

(21)

LOCATION Goinesville

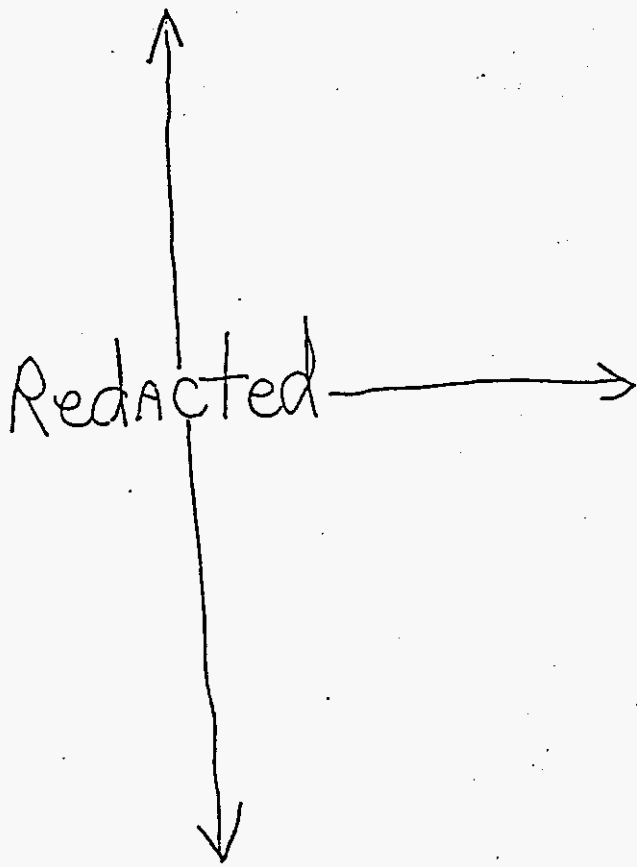
GROUP PG 5 + Below

NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	/	S	 <p>Redacted →</p>
	/		
	/	T	
	/		
	/	W	
	/		
	/	W	
	/	W	
	/	W	
	/	W	

CONFIDENTIAL

CATION Gainesville

GROUP P6 S + Below

NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	/		
	/	S	
	/		
	/	W	
	/	W	
	/	W	

CONFIDENTIAL



LOCATION Delon do

GROUP PG 5 and Below

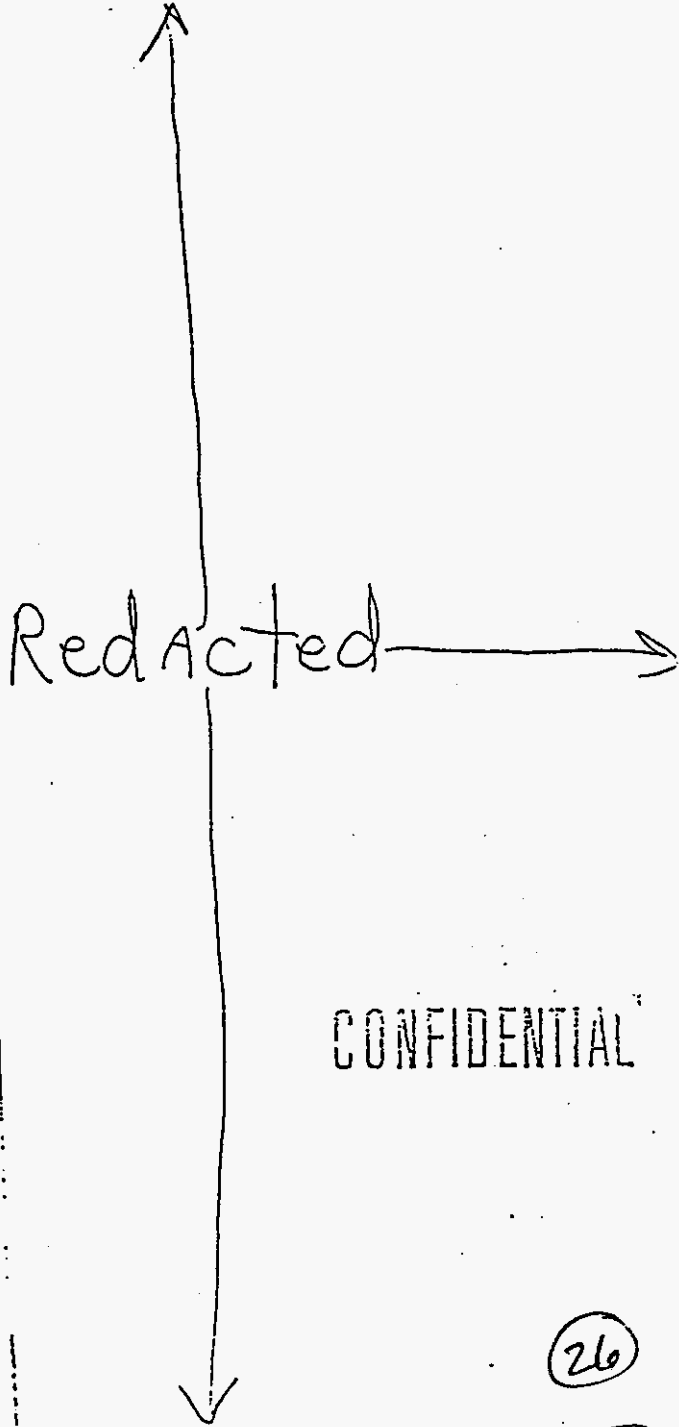
NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	1	W	
	1	W	
	12	N	
	12	N	
	1	W	
	1	W	
	1	W	

Redacted →

CONFIDENTIAL

LOCATION Orlando

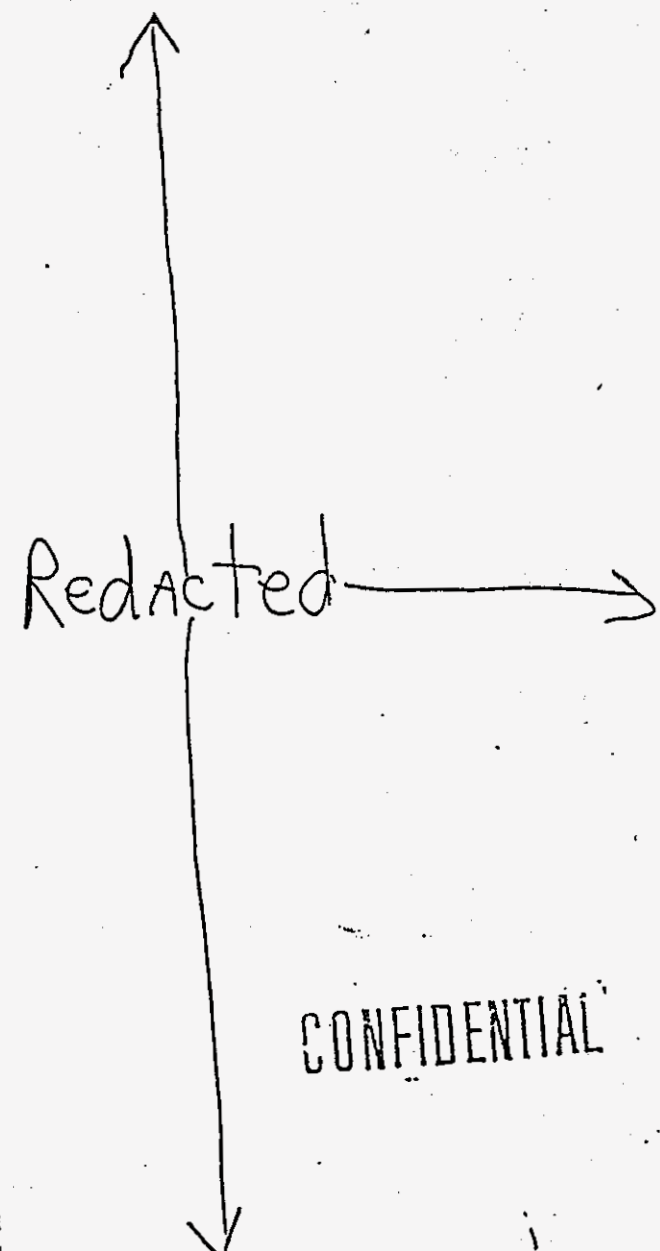
GROUP PGS + Below

NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	12	N	
	1	W	
	12	N	
	1	W	
	1	W	
	1	S	
	1	W	
	1	W	
	1	W	

CONFIDENTIAL

LOCATION Oxlando

DUP PG 5 + Below

NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	1	W	
	1	S	
	12	N	
	1	S	
	1	W	
	1	W	

CONFIDENTIAL

LOCATION Indian River

GROUP PG 5 + Below

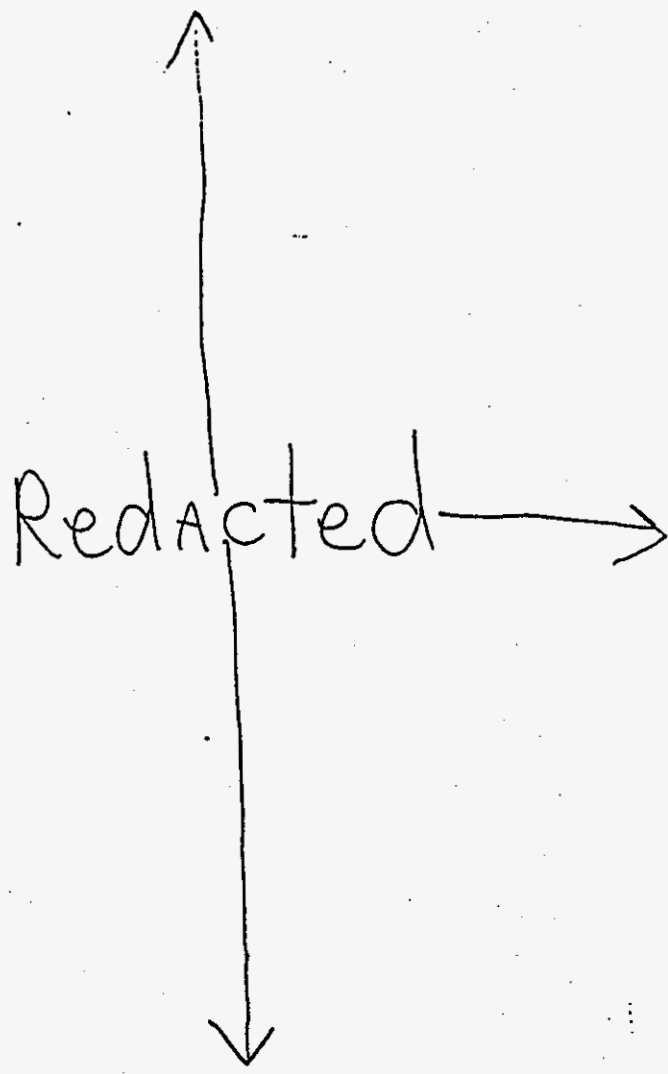
NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	1	T	
	1		
	1		
	1	w	Redacted →
	7	w	

↑  
Redacted →  
↓

CONFIDENTIAL

LOCATION Indian River

GROUP PG 5 + Below

NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	1	W	
	7		
	1	W	
	1	T	
	7	S	
	1	C	

CONFIDENTIAL

LOCATION West Palm Beach


GROUP PG 5 + Below

NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	6	W	Redacted
	1	S	
	1	C	
	1	C	
	1	N	
	1	C	
	2	W	
	1	W	

CONFIDENTIAL

LOCATION West Palm Beach

GROUP PG 5 & Below

NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	1	N	 <p>Redacted</p>
	1	N	
	1	S	
	12	N	
	1	N	
	1	N	
	1	C	

CONFIDENTIAL

LOCATION North Broward

GROUP PG 5 + Below


NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	1	S	Redacted →
	9	N	
	1	W	
	1	C	
	12	I	
	1	C	

CONFIDENTIAL



CATION North Broward


GROUP P6 5 + Below

NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	12	C	 <p>Redacted</p>
	1	C	
	1	W	
	1	W	
	1	C	

CONFIDENTIAL

CATION North Broward


GROUP PG 5 + Below

NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	1	C	 <p>Redacted</p>
	1	C	
	2	C*	
	1	C	
	1	C	
	1	C	
	1	C	

CONFIDENTIAL

LOCATION South Broward


GROUP PG 5 + Below

NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	1	C.	Redacted 
	1	W	
	1	C	

CONFIDENTIAL

LOCATION North Dade


GROUP PG 5 + Below

NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	1		 Redacted
	1	S	
	1		
	1	S	
	1	C	
	2	N	
	1	W	
	6		

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LOCATION North Dade

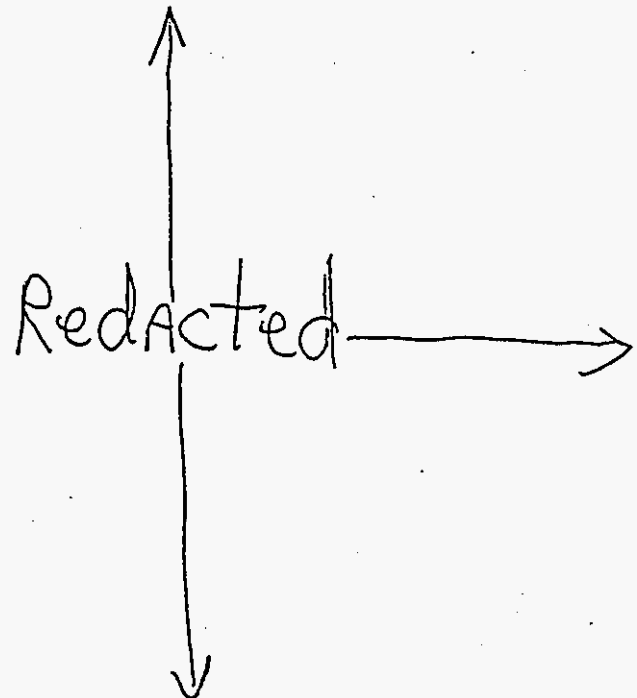
GROUP PG 5 + Below

NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	/	C	 <p>Redacted</p>
	/	W	
	/	S	
	/	S	
	/	W	
	/	W	
	/	W	

CONFIDENTIAL

LOCATION Miami - Metro

GROUP PG 5 + Below

NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	/		Redacted 
	/	W	
	11	C	
	/		
	/	C	
	/		

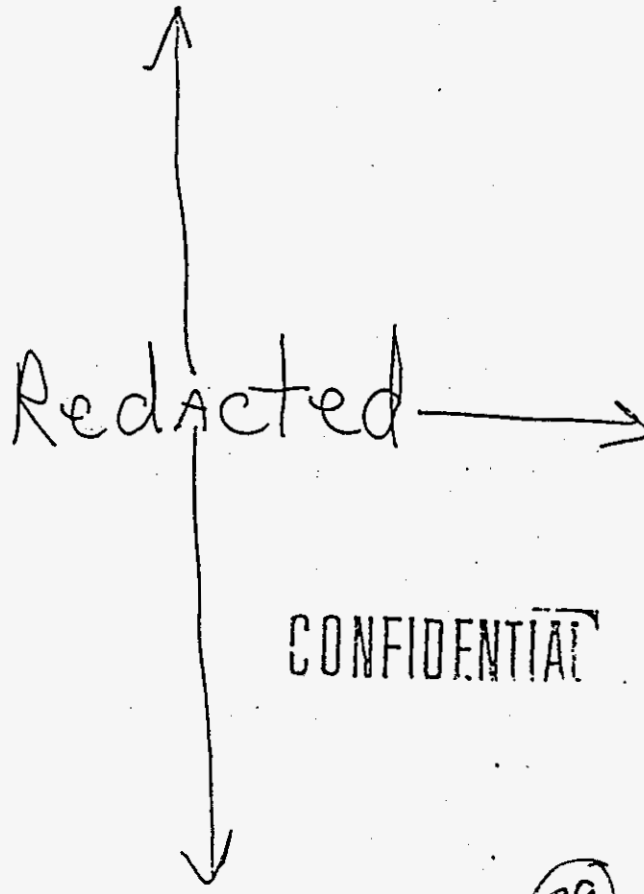
CONFIDENTIAL

LOCATION Central Dade

GROUP PG 5 + Below

NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	/	W	
	/	W	
	/	I	
	/	I	

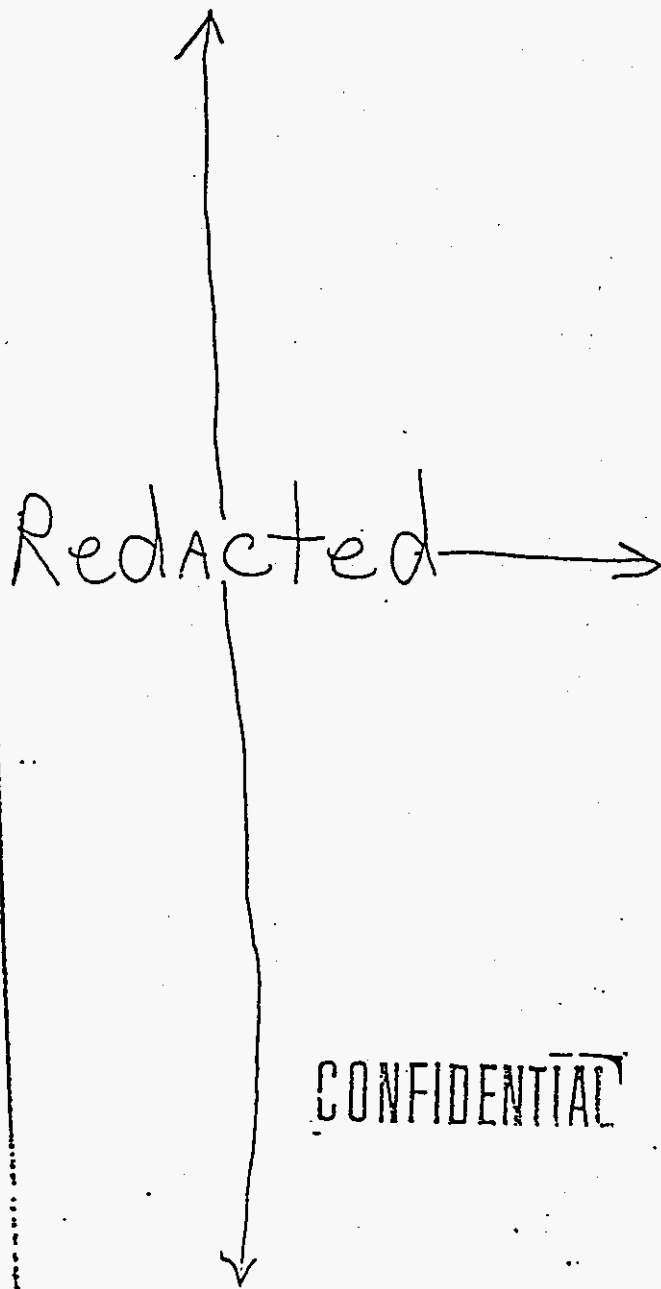
Redacted



CONFIDENTIAL

LOCATION Central Dade

GROUP PG 5 & Below


NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	2	I	 <p>Redacted</p>
	1	W	
	1	C	
	1	C	
	1	I	
	1	S	
	1	S	

CONFIDENTIAL



LOCATION Central Depts

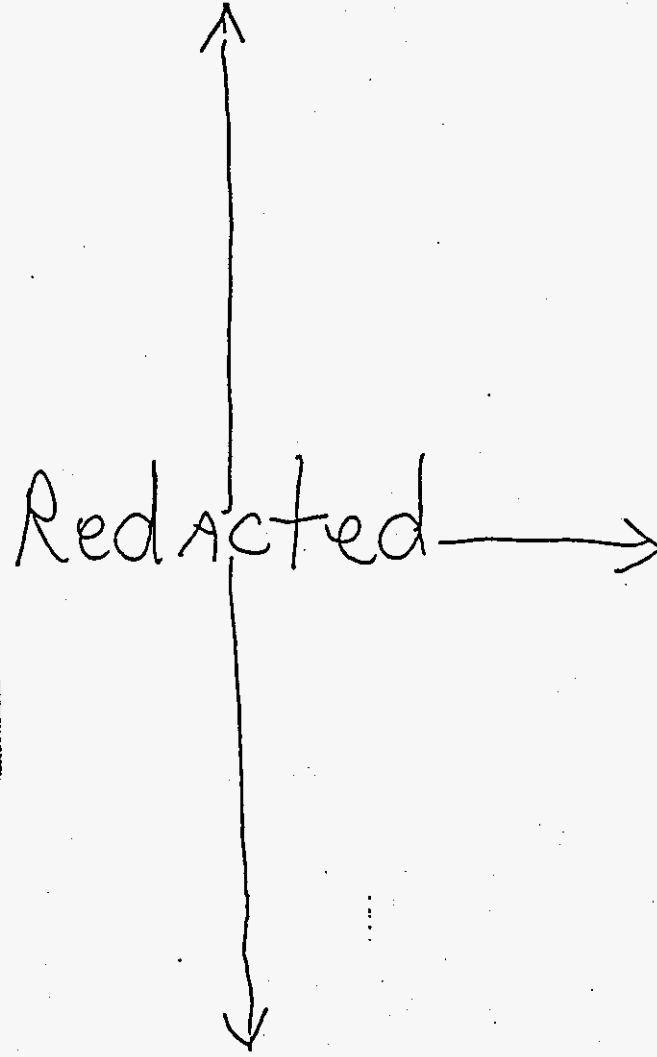
GROUP PG 5 & Below

NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	/	.	 <p>Redacted</p>
	/	S	
	/	w	
	/	S	
	/	C	

CONFIDENTIAL

LOCATION Central Dade

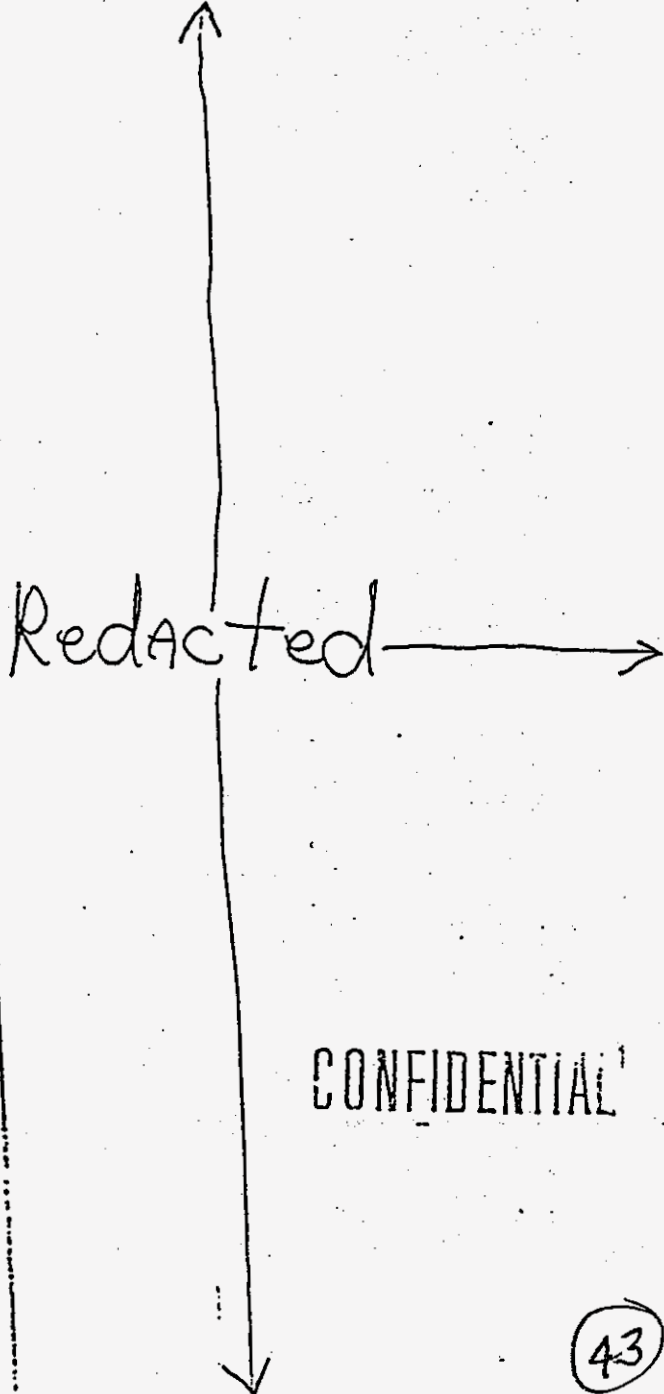
GROUP PS + Below

NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	/	S	
	/	I	
	/	S	
	/	I	
	/	C	

CONFIDENTIAL

LOCATION South Dade


GROUP PG 5 + Below

NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	1	S	
	1	S	
	12	I	
	1	N	
	11	C	
	2	W	

CONFIDENTIAL

LOCATION South Dade

GROUP PG 5 & Below

NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	6	I	Redacted → 
	1	C	
	2	I	
	1	C	
	11	I	
	6	N	

CONFIDENTIAL

LOCATION South Dade

GROUP PG 5 & Below

NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS
	/	C.	↑ Redacted → ↓
	/	S	

CONFIDENTIAL

LOCATION Staff

GROUP PG 5 + Below

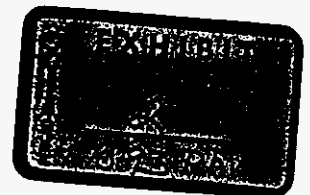
NAME	ALLEGED ACTIVITY	ACTION REC.	COMMENTS

↑  
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CONFIDENTIAL

MATRIX IN EXPLANATION OF EXHIBIT 1

(To be attached if and when received).



Exh. #3

Panel Depo  
Cust.  
Sandria  
9/10/93

920260-TL

PUBLIC COUNSEL'S 46<sup>th</sup> P.O.D.

DATE: 8/30/93

ITEM NO. 725

PROPRIETARY:

Y

N





**BELLSOUTH**  
**TELECOMMUNICATIONS** ©

# Florida Operations Council Results



June, 1993

Prepared by Comptrollers Staff

FOIA46Z 0001312

**BELLSOUTH TELEPHONE OPERATIONS  
FLORIDA INCOME STATEMENT  
ACTUALS YEAR-OVER-YEAR**

REPORT PERIOD:  
JUNE 1993

Prepared By:  
Fla Compt Staff

	DESCRIPTION (\$000)	CURRENT MONTH			YEAR TO DATE		
		6/92 ACTUAL	6/93 ACTUAL	DIFF	6/92 ACTUAL	6/93 ACTUAL	DIFF
1.	Local Service Revenue	116,508	123,759	7,251	678,889	738,248	59,359
2.	Network Access Rev-Inter	58,327	54,286	(4,041)	368,942	365,193	(3,749)
3.	Network Access Rev-Intra	23,556	24,053	497	141,948	145,891	3,943
4.	Long Distance Rev	28,698	28,386	(312)	174,410	180,562	6,152
5.	Miscellaneous Rev	34,252	34,490	238	237,536	204,546	(32,990)
6.	InterCo Oper & Other Ext Rev	92	226	134	1,061	1,342	281
7.	<b>TOTAL OPR REVENUE</b>	<b>261,434</b>	<b>265,200</b>	<b>3,766</b>	<b>1,602,786</b>	<b>1,635,781</b>	<b>32,995</b>
	<b>NETWORK</b>	<b>51,148</b>	<b>49,776</b>	<b>(1,372)</b>	<b>287,712</b>	<b>313,234</b>	<b>25,522</b>
	JONES - STRATEGIC PLANNING	4,486	2,142	(2,344)	13,882	11,802	(2,080)
	PALMES - PLANNING & ENG	5,645	4,481	(1,164)	36,923	33,552	(3,371)
	SANDERS - FLA OPERATIONS	40,699	40,340	(359)	222,640	251,523	28,883
	ALL OTHER	318	2,813	2,495	14,267	16,357	2,090
	<b>MARKETING GROUP</b>	<b>26,249</b>	<b>22,620</b>	<b>(3,629)</b>	<b>155,798</b>	<b>154,727</b>	<b>(1,071)</b>
	NORTH W/O UNCOLL	19,089	17,557	(1,532)	95,110	102,833	7,723
	UNCOLLECTIBLE	3,687	(2,665)	(6,352)	24,439	13,838	(10,601)
	ALL OTHER	3,473	7,728	4,255	36,249	38,056	1,807
	<b>REGULATORY GROUP</b>	<b>8,198</b>	<b>7,253</b>	<b>(945)</b>	<b>40,954</b>	<b>47,211</b>	<b>6,257</b>
	LACHER W/O BCI SALES	1,020	802	(218)	7,629	8,474	845
	FLA SALES EXP (BCI)	5,232	4,761	(471)	23,472	28,805	5,333
	ALL OTHER	1,946	1,690	(256)	9,853	9,933	80
	<b>SERVICES GROUP</b>	<b>21,306</b>	<b>19,946</b>	<b>(1,360)</b>	<b>125,001</b>	<b>140,489</b>	<b>15,488</b>
	BOREN	11,470	8,486	(2,984)	65,097	68,723	3,626
	DUNN	2,203	2,284	81	12,178	15,005	2,827
	DANIELS	7,623	9,166	1,543	47,670	56,697	9,027
	ALL OTHER	9	10	1	55	64	9
	<b>COMPTROLLERS</b>	<b>5,011</b>	<b>4,913</b>	<b>(98)</b>	<b>30,060</b>	<b>31,843</b>	<b>1,783</b>
	<b>LEGAL</b>	<b>1,086</b>	<b>3,938</b>	<b>2,852</b>	<b>6,604</b>	<b>11,316</b>	<b>4,712</b>
	<b>EXECUTIVE</b>	<b>1,827</b>	<b>2,786</b>	<b>959</b>	<b>10,848</b>	<b>14,973</b>	<b>4,125</b>
	<b>CORPORATE</b>	<b>100,986</b>	<b>82,372</b>	<b>(18,614)</b>	<b>586,793</b>	<b>598,052</b>	<b>11,259</b>
	DEPRECIATION	65,905	45,092	(20,813)	365,178	343,908	(21,270)
	TAXES OTHER THAN INCOME	14,048	14,602	554	85,029	87,612	2,583
	BENEFITS	20,685	24,947	4,262	127,457	142,731	15,274
	ALL OTHER CORP	348	(2,269)	(2,617)	9,130	23,801	14,671
124.	<b>TOTAL OPR EXP</b>	<b>215,811</b>	<b>193,606</b>	<b>(22,205)</b>	<b>1,243,772</b>	<b>1,311,846</b>	<b>68,074</b>
125.	<b>NET OPR REVENUES</b>	<b>45,623</b>	<b>71,594</b>	<b>25,971</b>	<b>359,014</b>	<b>323,937</b>	<b>(35,077)</b>
126.	OTH INC OR EXP NET	429	(22,000)	(22,429)	16,365	(22,213)	(38,578)
127.	FUNDS DURING CONST (AFUDC)	176	377	201	1,043	2,026	983
128.	INTEREST EXPENSE	12,259	14,583	2,324	76,946	78,710	1,764
129.	INT EXP (NET W/AFUDC)	12,083	14,206	2,123	75,903	76,683	780
130.	INC BEF INC TAX	33,969	35,388	1,419	299,477	225,040	(74,437)
131.	FEDERAL INC TAXES	7,474	7,531	57	79,553	55,737	(23,816)
132.	STATE & LOC INC TAX	3,495	2,003	(1,492)	19,136	16,538	(2,598)
133.	<b>TOTAL INC TAXES</b>	<b>10,969</b>	<b>9,534</b>	<b>(1,435)</b>	<b>98,690</b>	<b>72,276</b>	<b>(26,414)</b>
134.	EXTRAORDINARY ITEMS	0	0	0	0	0	0
135.	INC TAX EXTRA ITEMS	0	0	0	0	0	0
136.	<b>NET INCOME</b>	<b>23,000</b>	<b>25,854</b>	<b>2,854</b>	<b>200,787</b>	<b>152,765</b>	<b>(48,022)</b>

\*\*\*\*\*NOTICE: NOT FOR USE OR DISCLOSURE OUTSIDE THE BELLSOUTH SYSTEM EXCEPT UNDER WRITTEN AGREEMENT\*\*\*\*\*

920 260-72

PC's 38<sup>th</sup> POD

Item 533

Proprietary 4/N

7/1/93



EXECUTIVE SUMMARY  
MARCH 1993 YTD  
ANALYSIS OF RESULTS

BELLSOUTH TELECOMMUNICATIONS, INC. (\$M)

	1992 YTD ACTUAL	1993 YTD BUDGET	1993 YTD ACTUAL	% CHANGE '93 VS '92	% DEV VS BUDGET
OPERATING REVENUES	3,271	3,331	3,337	2.0	.2
OPERATING EXPENSES	2,468	2,573	2,597	5.2	.9
DEPRECIATION	693	710	706	1.8	-.5
NON-DEPR EXPENSES	1,775	1,863	1,891	6.5	1.5
EXTRAORDINARY ITEM	0	0	0	N/A	NA
NET INCOME	468	410	388	-17.1	-5.5
EMPLOYEES	82,591	83,719	83,447	1.0	-.3
ACCESS LINES (000)	18,285	18,900	18,910	3.4	.1

NOTE: The above data is derived from the FACTS system and has been rounded for display purposes; therefore, some amounts may appear out of balance.

Year-Over-Year Analysis

Operating Revenues are up 2.0% or \$66M.

- Volume of Business Revenue increases more than offset net unfavorable Intrastate Regulatory Actions of -\$24M.
- Local Revenues are up 7.7% or \$116M. Without \$50M in positive regulatory actions, local revenues would have been up 4.4% or \$66M, which is due to:
  - \$37M increase in Optional Area Revenues due to shifts from other local categories and toll
  - \$10M increase in Secondary Central Office Features
  - \$5M increase in Public Revenues
  - \$14M due to increases in access lines and other.
- Interstate Access Revenues are up \$16M or 2.3% due primarily to Minutes of Use (MOU), which increased 5.5%. We further recognized that
  - End User Revenue increases (\$10M) more than offset decreases in NECA Settlement Revenues (\$8M).
- Intrastate Access Revenues are down 5.1% or \$12M and absent \$14M in rate decreases, would have been up .9% or \$2M. MOU are up 6.7%.
- Toll revenues are down 9.3% or \$31M because of \$27M of rate decreases, without which toll revenues would have still been down \$4M or 1.3%. Toll messages are down 8.4% due to increased competition and migration of toll to local through expanded local area plans.

NOT FOR USE OR DISCLOSURE OUTSIDE BELLSOUTH WITHOUT WRITTEN AGREEMENT

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EXECUTIVE SUMMARY  
MARCH 1993 YTD  
ANALYSIS OF RESULTS

BELLSOUTH TELECOMMUNICATIONS, INC. (\$M)

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Year-Over-Year Analysis (cont'd)

- Miscellaneous and Other External Revenues are down 4.9% or \$23M. Without negative regulatory impacts of \$33M, Miscellaneous would have been up 2.3% or \$10M, which is due to:
  - \$9M increase in incentive regulation revenues, primarily in TN, KY. This includes a \$3M reduction in SC.
  - \$2M increase in Directory Revenues.
  - \$1M decrease in Other.

Operating Expenses are up 5.2%, or \$129M.

Depreciation Expenses are up 1.8% or \$13M.

- The increase is due to increases in plant partially offset by decreases of \$9M in regulatory actions

Non-Depreciation Expenses increased by 6.5% or \$116M.

- Salary expense increased by \$10M. Wage expense increased by \$15M. The wage increase is due to the CWA contract. Also, employee force levels increased modestly which caused a salary increase of \$2M and a wage increase of \$5M.
- Overtime expenses not accrued for in 1992, excluding weather related estimated expenses of \$28M, are down \$8M because of 1993 service improvement activity.
- Estimated weather related impacts in 1993 have increased expenses approximately \$40M. These expenses are embedded within the increases in Overtime, Material, and Contracted Services mentioned in this summary.
- The amortization of Hurricane Andrew increased expense by \$4M.
- Pension, benefit and payroll tax expenses increased by \$13M. This increase was caused by the escalating cost of benefits, the adoption of FAS 106 (OPEBS), and larger employee body, plus the impact of a \$3M credit received in 1992.
- Material expenses, excluding weather related estimated expenses of \$5M, are up \$3M. This increase is driven by 1993 service improvement programs.
- Contracted Services, excluding weather related estimated expenses of \$6M, increased \$4M due to consultant fees, special studies, and activity for service improvement.
- Conference, travel and other employee-related expenses are up \$4M.
- Computer expenses are up \$2M; home relocation expenses are up \$2M; commission expenses decreased by \$2M; and supplies expenses increased \$4M.
- Direct General expenses which includes contributions, witness fees, and legal settlements increased by \$8M.
- Independent Company (ICO) billing and collection expenses are up \$8M in GA, due to the new accounting required for the Primary Carrier Plan.
- Billing expenses from BSC and Bellcore are down \$1M each.

NOT FOR USE OR DISCLOSURE OUTSIDE BELLSOUTH WITHOUT WRITTEN AGREEMENT

EXECUTIVE SUMMARY  
MARCH 1993 YTD  
ANALYSIS OF RESULTS

BELLSOUTH TELECOMMUNICATIONS, INC. (\$M)

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Year-Over-Year Analysis (cont'd)

- RTU fees decreased \$3M because of one-time buyout expenses that occurred in early 1992.
- Advertising expenses decreased by \$2M due to rescheduling of a 1993 business campaign until later in 1993.
- BSP expenses increased by \$11M due to increased volume of business.
- BBS expenses increased by \$3M.
- Other decreased by \$5M.

Other Expenses (Before Tax) are up \$61M

- February bond refinancing decreased Other Income \$6M.
- True-up of the January ITC entry increased expense \$3M.
- Interest for Nonqualified Deferred Compensation and Income Plans increased expense \$3M.
- 1992's results included the \$57M Summary Assessment.

Net Income is down 17.1%, or \$80M.

- The unfavorable change in Net Income (NI) is driven by reduced margin (expenses exceeding revenues - \$38M NI Impact) and increased Other Expenses (- \$42M NI Impact).

Employees are up 1.0% or 856 employees.

- Management employees are up .6%, or 138; non-management employees are up 1.2%, or 718. The increases in headcount are related to hiring because of Hurricane Andrew and efforts to manage service order load and increase quality of service throughout Florida. Also, headcount increases in Operator Services are required to handle increased call volume. However, most of the total increase is in temporary employees.

Access Lines In Service (ALIS) increased by 3.4%, or 625K.

- Residence ALIS are up 2.9%, or 376K, and Business ALIS are up 5.4%, or 265K and Coin ALIS are down 16K or 5.7%.

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(3)

## Budget Deviation Analysis

Operating Revenues are overrunning Budget by \$6M or .2%.

- Local underrun (\$2M) is driven by Services Removed Refund offset by ALIS overruns in NC.
- Interstate Access is under budget by \$15M due primarily to MOU underruns and unbudgeted adjustments to carrier billing.
- Intrastate Access is under budget by \$6M due primarily to MOU underruns due to competition not materializing as budgeted and miscellaneous unbudgeted adjustments to carrier billing.
- Toll revenues are over budget \$15M due to competition not materializing as budgeted. Also overruns in ICO settlements were realized in six states.
- Miscellaneous overrun (\$10M) is due to an overrun in BSP and delay of the bad debt true up budgeted for March, offset by the Primary Carrier Plan's impacts in GA.
- Intrastate regulatory impacts are over budget \$4M, which is primarily in Local and Miscellaneous.

Operating Expenses are overrunning Budget by \$24M or .9%.

Depreciation Expense is underrunning Budget by \$4M or .5%.

Non-Depreciation Expenses are over Budget by 1.5%, or \$28M.

- The unaccrued portion of salaries and wages (including engineering, plant labor, and distribution) is over budget by \$18M because of large overtime payments, changes in the Incentive Award accruals, and partial non-funding of this year's salary raise. The total S&W deviation of \$45M is partially offset by Hurricane Andrew accrual reversals of \$26M. Included in the \$45M is \$28M related to weather conditions.
- Georgia experienced an overrun of \$8M due to the Primary Carrier Plan.
- RTU fees are underrunning by \$14M.
- Materials are overrunning by \$12M because of service improvement activities. This is net of \$5M related to weather conditions.
- Advertising is underrunning by \$5M because a business campaign that was budgeted for January, February, March was rescheduled to begin in April.
- Rents and leases are under budget by \$4M.
- Contracted services/contracted labor is underrunning by \$7M because of delayed billing from consultants. This is net of \$6M related to weather conditions.
- A shift of \$20M was made in January budget levels to more accurately align the budget with expected results. The shift will appear as an overrun until June.

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(4)

Budget Deviation Analysis (cont'd)

Net Income is underrunning by 5.5% or \$22M.

- The underrun in net income is due to expense and other overruns (-\$26M), NI impact slightly offset by revenue overruns (+\$4M) NI impact.

Employees are under budget by 272 or .3%.

ALIS are over budget by 10K or .1%.

NOT FOR USE OR DISCLOSURE OUTSIDE BELLSOUTH WITHOUT WRITTEN AGREEMENT  
(5)

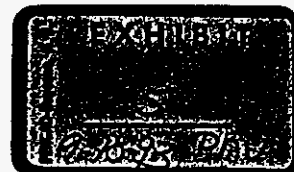


REQUEST:

850. O&M Prior Year Variances. List by FCC account the Company's annual O&M expenses for the year ended December 31, 1992 and as projected for 1993. For each account having a variance over/under the prior period exceeding 10%, explain the cause of such variance, listing and describing each significant causative item and the associated dollar amount.

RESPONSE:

ACCOUNT NUMBER	ACCOUNT TITLE	1992 ACTUALS	1993 BUDGET	% DIFF
6112	Motor Vehicle Expense	7,578,408	2,845,473	-62.45%
6113	Aircraft Expense	1,810,655	1,116,059	-38.36%
6114	Special Purpose Vehicle	593	0	-100.00%
6115	Garage Work Equipment	362,262	288,628	-20.33%
6116	Other Work Equipment	722,237	643,859	-10.85%
6110	Total Network Support	10,474,155	4,894,019	-53.28%
6121	Land and Building	66,765,187	63,204,000	-5.33%
6122	Furniture and Artwork	2,187,686	2,072,000	-5.29%
6123	Office Equipment	12,708,954	12,031,000	-5.33%
6124	General Purpose Computer	76,913,033	72,812,000	-5.33%
6120	Total General Support	158,574,860	150,119,000	-5.33%
6211	Analog Electronic	33,506,312	34,338,297	2.49%
6212	Digital Electronic	64,150,649	67,760,272	5.63%
6215	Electro-Mechanical	0	0	0.00%
6220	Operator Systems	3,139,565	2,072,948	-33.97%
6231	Radio Systems	720,464	504,751	-29.94%
6232	Circuit Equipment	51,363,835	49,963,302	-2.73%
6230	Total C.O. Transmission	52,084,299	50,468,053	-3.10%
6311	Station Apparatus	153,232	113,626	-25.85%
6341	Large PBX	1,138,864	648,994	-43.01%
6351	Public Tel Terminal Eqpt.	15,490,437	18,580,181	19.95%
6362	Other Terminal Eqpt.	64,248,083	57,600,164	-10.35%
6310	Total Information			
	Origination/Termination	81,030,616	76,942,965	-5.04%
6411	Pole Expense	7,046,181	7,101,150	0.78%
6421	Aerial Cable	46,813,742	58,065,075	24.03%
6422	Underground Cable	18,395,206	18,717,416	1.75%
6423	Buried Cable	116,305,297	127,352,999	9.50%



Southern Bell Tel. & Tel. Co.  
 FPSC Docket No. 920260-TL  
 Citizens' 34th Interrogatories  
 July 20, 1993  
 Item No. 850  
 Page 2 of 5

RESPONSE (cont.)

ACCOUNT NUMBER	ACCOUNT TITLE	1992 ACTUALS	1993 BUDGET	% DIFF
6424	Submarine Cable	84,360	83,405	-1.13%
6426	Intrabuilding Net. Cable	1,447,956	9,678,379	568.42%
6431	Aerial Wire	72,693	24,819	-65.86%
6441	Conduit Systems	2,550,348	2,169,354	-14.94%
6410	Total Other Cable and Wire Facilities	4,155,357	11,955,957	187.73%
6511	Prop Held Future Use	0	0	0.00%
6512	Provisioning Expense	3,666,151	2,376,000	-35.19%
6510	Total Other Property Plant and Equipment	3,666,151	2,375,850	-35.19%
6531	Power Expense	10,343,729	11,681,000	12.93%
6532	Network Administration	28,376,754	32,245,000	13.63%
6533	Testing Expense	78,734,676	84,022,000	6.72%
6534	Plant Oper Admin	96,589,063	86,245,000	-10.71%
6535	Engineering Expense	75,716,752	81,070,000	7.07%
6540	Access Expense	12,801,652	11,760,000	-8.14%
6611	Product Management	19,272,057	19,645,000	1.94%
6612	Sales Expense	63,249,084	72,816,000	15.13%
6613	Product Advertising	16,722,244	20,021,000	19.73%
6621	Call Completion Svc	20,221,004	21,693,000	7.28%
6622	Number Services	58,039,042	63,789,000	9.91%
6623	Customer Services	247,890,581	259,710,000	4.77%
6711	Executive Expense	9,809,011	14,630,000	49.15%
6712	Planning Expense	4,662,479	2,727,000	-41.51%
6721	Accounting & Finance	37,090,310	33,119,000	-10.71%
6722	External Relations	22,515,549	22,430,000	-0.38%
6723	Human Resources	27,467,355	30,439,000	10.82%
6724	Information Management	61,390,260	67,270,000	9.58%
6725	Legal Expense	14,138,863	10,107,000	-28.52%
6726	Procurement Expense	10,432,706	10,523,000	0.87%
6727	Research & Development	11,679,000	12,062,000	3.28%
6728	Other General & Admin.	118,525,036	100,265,000	-15.41%

Accounts having a variance over/under the prior period exceeding 10%, are explained below:

Account 6112 1992 expenses were higher due to Hurricane Andrew. Actuals for the last 5 months of 1992 exceed the 1993 budget by \$4M.

- Account 6113 1992 expenses were higher due to Hurricane Andrew. Actuals for the last 5 months of 1992 exceed the 1993 budget by \$0.5M.
- Account 6114 Too small to budget in 1993.
- Account 6115 Fuel tank leaks that required clean up caused 1992 expenses to be higher than normal.
- Account 6116 1992 expenses were higher due to Hurricane Andrew.
- Account 6220 Right To Use Fees are lower by approximately \$0.9M in 1993.
- Account 6231 1992 expenses include approximately \$0.3M due to Hurricane Andrew.
- Account 6311 1992 expenses were higher due to Hurricane Andrew. Actuals for the last 5 months of 1992 exceed the 1993 budget by \$26K.
- Account 6341 Emergency E911 equipment due to Hurricane Andrew.
- Account 6351 Credits and accruals for Hurricane Andrew reduced 1992 expenses by approximately \$0.4M. 1993 budget includes \$1.5M for the installation of Smartsets.
- Account 6362 1992 expenses include approximately \$6.4M due to Hurricane Andrew.
- Account 6421 The 1993 planning budget for plant labor assumed aggressive force and technological savings which did not materialize. As a result of Hurricane Andrew, work activities planned in 1992 to improve the trouble report rate were deferred; therefore not achieving the force and technological savings forecasted for 1993 and beyond. In reviewing the 1993 budget, it was determined that an additional \$24.9M was required for plant labor. In fact, service requirements have necessitated an increase in the permanent work force during 1993 above that funded by the \$24.9M, which is not in the forecast. Account 6421 received \$3.3M of the \$24.9M.

- Account 6426 See account 6421 above. Account 6426 received \$8,6M of these funds which should have been funded in account 6423.
- Account 6431 1992 expenses were higher due to Hurricane Andrew. Actuals for the last 5 months of 1992 exceed the 1993 budget by \$46K.
- Account 6441 1992 expenses were higher due to Hurricane Andrew. Actuals for the last 5 months of 1992 exceed the 1993 budget by \$0.3M.
- Account 6512 1992 expenses include approximately \$1.5M due to Hurricane Andrew. An inventory adjustment reduced 1992 expenses by approximately \$0.3M.
- Account 6531 Power expense is made up of two accounts: Account 6121, House Service Power, and Account 6531, Network Power. The budget is built for total power and then split between the two accounts. If the two accounts are added together, total power decreases by less than 5% from 1992 to 1993. Thus, the difference is due to the factors used to split the power costs into accounts.
- Account 6532 See account 6421 above. Account 6532 received \$1.8M of these funds.
- Account 6534 1992 expenses were higher due to Hurricane Andrew. Actuals for the last 5 months of 1992 exceed the 1993 budget by \$14M.
- Account 6612 Affiliate Billing accounts for \$9.3M of the difference. In 1993 the Authorized Sales Representatives (ASR's) became part of BellSouth Communications, Inc. (BCI); this increased Affiliate Billing by \$2m and reduced commission expense. Normal inflation accounts for another \$2M. The remaining increase is due to a shift in sales effort to Network Services.

Account 6613 1993 includes higher media cost of about \$0.8M and anticipated promotional programs of approximately \$3M (Designer Listing, Calling Name ID, and Area Calling Plans).

Account 6711 The increase in 1993 is due to budgeting of various items in account 6711 instead of splitting them among accounts 6711, 6712, and 6721. For example, the total expenses for the Reengineering Group was budgeted as \$5.4M in 1993 compared to \$5.3M in 1992. The 1993 budget had all of the expenses in account 6711, and the 1992 actuals had \$2.3 in account 6711, \$1M in 6712, and \$2.0 in 6721.

Account 6712 See 6711 above; this accounted for about \$1M decrease. In addition, 1993 includes a reduction of about \$1M in strategic planning for BST.

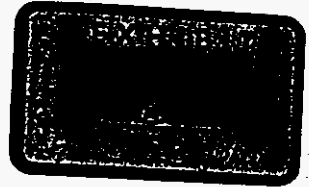
Account 6721 See 6711 above; this accounted for about \$2M. In addition, 1992 includes approximately \$2M due to Hurricane Andrew.

Account 6723 The major reasons for the change is an increase in contract services of about \$1.5M (primarily the development and delivery of new training courses) and an increase in basic salary and wages of approximately \$2.2M.

Account 6725 A decrease in outside counsel fees is the principal reason for this reduction.

Account 6728 Benefit related items decreased by approximately \$20M in this account due primarily to SFAS 106, which caused these charges to go to final accounts.

Response provided by: T. F. Lohman  
General Manager - Comptrollers  
150 W. Flagler Street, Suite 1901  
Miami, Florida 33130



920260-TL

PUBLIC COUNSEL'S 47<sup>th</sup> P.O.D.

DATE: 9/3/93

ITEM NO. 726

PROPRIETARY:

Y

N

PAGE 1

NANCY DOOLE  
404-249-555  
930830  
HR 5080

COUNT OF BST EMPLOYEES LOCATED IN FLORIDA  
DATA AS OF 930821

ST_ABBR	CLAS	M_NM		TOTAL
		M	N	
FL	RP	3120	14171	17291
	RP	3	79	82
	TF	7	562	569
	TF	0	26	26
TOTAL		3130	14838	17968

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INDIVIDUALS. ANY ACTION TAKEN IN RESPONSE TO THIS DATA SHALL BE IN  
ACCORDANCE WITH BELLSOUTH'S EEO POLICIES

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PAGE 1

NANCY DOOLE  
404-249-5551  
930830  
HR 5080

COUNT OF BST EMPLOYEES LOCATED IN FLORIDA  
DATA AS OF 930731

ST_ABBR	CLAS	M_NM		TOTAL
		M	N	
FL	RF	3131	14194	17325
	RP	2	79	81
	TF	15	572	587
	TP	0	28	28
TOTAL		3148	14873	18021

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PAGE 1

NANCY DOOLI  
 404-249-551  
 930830  
 HR 5080

COUNT OF BST EMPLOYEES LOCATED IN FLORIDA  
 DATA AS OF 921231

ST_ABBR	CLAS	M_NM		TOTAL
		M	N	
FL	RF	3202	14165	17367
	RP	2	53	55
	TF	0	379	379
	TP	0	18	18
TOTAL		3204	14615	17819

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PAGE 1

NANCY DOOLEY  
404-249-5558  
930830  
HR 5080

COUNT OF SBT EMPLOYEES LOCATED IN FLORIDA  
DATA AS OF 911231

ST_ABBR	CLAS	M_NM		TOTAL
		M	N	
FL	RF	3022	13719	16741
	RP	1	64	65
	TF	3	35	38
TOTAL		3026	13818	16844

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PAGE 1

NANCY DOOLEY  
404-249-5555  
930830  
HR 5080

COUNT OF BSS EMPLOYEES LOCATED IN FLORIDA  
DATA AS OF 911231

ST_ABER	CLAS	M_NM		TOTAL
		M	N	
FL	RF	161	288	449
	TF	0	35	35
TOTAL		161	323	484

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REQUESTED BY  
LAURIE HUBBELL  
205-985-6773  
0055BCI

COUNT OF SCI EMPLOYEES LOCATED IN FLORIDA  
DATA AS OF 930731

ST_ABBR	CLAS	M_NM		TOTAL
		M	N	
FL	RF	357	157	514
TOTAL		357	157	514

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ACCORDANCE WITH BELLSOUTH'S EEO POLICIES

REQUESTED BY  
LAURIE HUBBELL  
205-985-6773  
0055BCS

COUNT OF BCS EMPLOYEES LOCATED IN FLORIDA  
DATA AS OF 930731

ST_ABBR	CLAS	M_NM		TOTAL
		M	N	
FL	RF	26	134	160
TOTAL		26	134	160

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920260-TL

PUBLIC COUNSEL'S 47th P.O.D.

DATE: 9/3/93

ITEM NO. 727

PROPRIETARY:  Y  N



June 15, 1993

TO: BST Officers  
FROM: Jere Drummond  
SUBJECT: Residential Customer Service Guarantee

I have attached a news article summary from the Lexington Herald-Leader, dated June 2, 1993, concerning GTE's offering of a service guarantee to its customers in Kentucky, Tennessee, West Virginia, and Virginia. As I read that, I could not help but think of our commitment to improve customer service and to exceed our customers' expectations. I firmly believe that putting our financial resources behind a service guarantee is a fundamental part of any plan to exceed our customers' expectations. I am sending you this article just to raise your level of consciousness of the fact that many other companies are now offering residential service with guarantees. In fact, we considered a similar residential service guarantee that would have credited \$25 to any customer where we missed an installation or repair appointment, but based on our current service levels, that plan would have cost us \$35 million a year. Based on those numbers, we have elected to put that plan on hold but still feel it should be implemented at some point in the future.

I would like for you to think about this plan and give me feedback about your feelings concerning the need for BellSouth to move to a residential service guarantee plan. I think it is important that we be together in any initiative of this sort, and I would appreciate just a note or a call from you giving me your reaction.

Thanks for your consideration.

Jere Drummond

Attachment

ATTACHMENT

GTE Offers Service Promise

LEXINGTON, KY. -- GTE made a pledge to customers (Tuesday) that puts its money where its mouth is. If GTE misses an installation or repair commitment to customers in Kentucky, Tennessee, West Virginia, or Virginia, the phone company will give residential customers a \$25 credit and business customers a \$100 credit. The on-time commitment applies to basic phone service, SmartCall, CentraNet and other local network services and communications equipment under GTE rental, warranty or standard maintenance contract.

-- Lexington Herald-Leader, June 2, Page B-6p