



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: September 26, 2007

TO: Office of Commission Clerk (Cole, Lockard)
Office of General Counsel (Teitzman, Bellak)

FROM: Division of Regulatory Compliance and Consumer Affairs (Freeman, Vandiver) ^F ^W

RE: Docket 060598-TL, Revised recommendation concerning BellSouth Telecommunications, Inc. (BellSouth's) requests for confidential classification concerning staff's working papers prepared during the audit titled "BellSouth Telecommunications, Inc. Audit to Verify 2005 Storm Costs", Documents Numbered 09896-06 and 10431-06, and working papers prepared during the supplemental audit titled "BellSouth Telecommunications Inc. Audit to Verify 2005 Storm Costs Revised November 17, 2006", Documents Numbered 10765-06 and 11421-06

Request reassignment for evaluating the confidential status of document 08481-07

REVISED RECOMMENDATION

Please place documents numbered 09896-06, 10765-06, 10431-06 and 11421-06 in a claimed confidential classification status with a declassification date of 5 years after the docket closes.

Please assign the responsibility of processing the confidentiality evaluation of document 08481-07 to the Division of Competitive Markets and Enforcement.

This memorandum revises and supersedes the previous staff recommendation filed on May 11, 2007 (Document No. 03951-07).

CMP Background

COM _____

CTR _____ This revised recommendation pertains to 2 sets of audit working papers obtained or prepared during an initial and a supplemental audit examination of BellSouth's 2005 Storm Costs. Both

ECR _____ examinations were assigned audit control number 06-255-1-1:

GCL _____ "BellSouth Telecommunications, Inc. Audit to Verify 2005 Storm Costs", Documents Nos.

OPC _____ 09896-06 and 10431-06", and

RCA _____ "BellSouth Telecommunications Inc. Audit to Verify 2005 Storm Costs Revised November 17, 2006", Documents Nos. 10765-06 and 11421-06.

SGA _____

SEC _____

OTH Marguerite

DOCUMENT NUMBER-DATE

08864 SEP 26 07

FPSC-COMMISSION CLERK

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BellSouth Telecommunications, Inc. Request

Chronology of Events – Initial Audit

On October 27, 2006, at the audit exit conference, BellSouth requested that certain portions of staff's working papers prepared during the audit titled "BellSouth Telecommunications, Inc. Audit to Verify 2005 Storm Costs", be held in a temporary confidential status in accordance with Rule 25-22.006(3)(a)2., Florida Administrative Code (FAC).

On October 27, 2006, staff filed those working papers with the Commission Clerk (Document No. 09896-06).

On November 13, 2006, BellSouth filed its request for confidential classification for certain portions of the working papers pursuant to Section 364.24 and Section 364.183, Florida Statutes (F.S.), and Rule 25-22.006, FAC. The BellSouth request included redacted copies of the materials for public use (Exhibit B, Document No. 10432-06) and copies of the materials with the sensitive portions highlighted (Document No. 10431-06).

On January 18, 2007, after discussions with the audit staff, BellSouth filed an Amended Request for Specified Confidential Classification concerning its November 13, 2006 request. On May 4, 2007, in an email response to staff follow-up, the utility reduced its request until all staff concerns set out in the April 20, 2007, letter to the utility were resolved. This recommendation to allow a claim of confidentiality reflects all amendments to BellSouth's filing for confidential classification.

Chronology of Events -- Supplemental Audit

On November 22, 2006, at the supplemental audit exit conference, BellSouth requested that certain portions of staff's working papers prepared during the supplemental audit titled "BellSouth Telecommunications, Inc. Audit to Verify 2005 Storm Costs Revised November 17, 2006", be held in a temporary confidential status in accordance with Rule 25-22.006(3)(a)2., FAC.

On November 22, 2006, staff filed those supplemental working papers with the Commission Clerk (Document No. 10765-06).

On December 13, 2006, the Division of Competitive Markets & Enforcement staff (Wright) recommended that document 10765-06 be held as confidential. This staff recommendation allowed Document No. 10765-06 to be held in a "temporary confidential" status pursuant to Rule 25-22.006(3)(a)2., FAC and in a "claimed confidential" status pursuant to Rule 25-22.006(5), FAC.

On December 13, 2006, BellSouth filed its request for confidential classification for certain portions of the working papers pursuant to Section 364.24 and Section 364.183, F.S., and Rule 25-22.006, FAC. The BellSouth request included redacted copies of the materials for public use (Exhibit B, Document No. 11420-06) and copies of the materials with the sensitive portions highlighted (Document No. 11421-06).

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BellSouth Telecommunications, Inc. Request

Current Status

Filed on May 11, 2007, staff originally reported that sensitive audit working papers were introduced in Hearing Exhibit No. 21, and therefore, pursuant to Rule 22.006(5)(c), FAC, the audit material could not be "claimed as confidential." This conclusion was incorrect. It is a case of mistaken identity. Information presented at the hearing in Exhibit No. 21 and Exhibit 15 consists of utility documents and not staff's audit working papers.

On September 17, 2007, ATT Florida filed Document No. 08481-07 as a replacement to the December 7, 2006, hearing exhibit No. 15 (The affected hearing transcript was filed as Document No. 11235-07). This ATT Florida filing makes clear which sensitive audit-related material was filed by the utility in this matter.

Exhibit No. 21 and Exhibit No. 15 present utility documents. Exhibit No. 15 consists of sensitive responses prepared by the utility during the audit and given to the auditors. Hearing Exhibit No. 21 consists of the utility's public responses to the audit questions and also contains a summary listing of both public and confidential responses to the audit questions.

Utility responses to audit questions stops short of being the actual audit working papers. Written responses to the auditor's questions are considered unaudited and are prepared at the beginning of the audit process. The audit working papers are the final work product of the auditor and contain the responses to audit inquiries as well as the auditor's notes, conclusions and opinions developed during the audit. In this case, the final audit working papers (Document Nos. 09896-06, 10765-06, 10431-06 and 11421-06) were not presented at hearing to the Commission. The Commission received utility documents and not the final audit working papers.

Thus after further review, we found the information within Hearing Exhibits No. 15 and hearing Exhibit 21 were sponsored by the utility and consist of utility documents.

Revised Staff Recommendation

Since audit working papers were not presented to the Commission, pursuant to Rule 25-22.006(5), FAC, Documents numbered 09896-06, 10765-06, 10431-06, and 11421-06 are eligible for a "claim of confidentiality" which can be processed administratively. Document 08471-07, the replacement hearing exhibit No. 15, remains subject to a confidentiality evaluation.

Documents numbered 09896-06, 10765-06, 10431-06, and 11421-06 should be granted a claim of confidentiality.

In accordance with records retention requirements, the staff audit working papers (Documents 09896-06 and 10765-06) should be destroyed five years after the docket closes. Also five years after the docket closes, the utility copies in support of their filing (Documents 10431-06 and 11421-06) may be returned to the source.

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BellSouth Telecommunications, Inc. Request

The responsibility for developing a recommendation concerning the confidential status of company documents from the December 7, 2006, Commission hearing rests with the Commission's Division of Competitive Markets and Enforcement. Please reassign the processing of confidential document 08481-07 to the Division of Competitive Markets and Enforcement.

A temporary copy of this recommendation will be held at I: 10431-06 & 11421-06 Revision to Claim BellSouth Storm Cost RAF.doc for a short period.

CC: Division of Regulatory Compliance and Consumer Affairs (Deamer)