

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request that GTE FLORIDA) DOCKET NO. 940242-TL
INCORPORATED provide information) ORDER NO. PSC-94-0414-FOF-TL
for the audit of four) ISSUED: April 11, 1994
telecommunications companies')
marketing provisions for)
customer premises equipment,)
voice mail, and inside wire)
services.)
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
SUSAN F. CLARK
JULIA L. JOHNSON
DIANE K. KIESLING
LUIS J. LAUREDO

ORDER REQUIRING PRODUCTION OF AUDIT INFORMATION

BY THE COMMISSION:

I. BACKGROUND

On January 18, 1994 the Commission's Division of Communications (CMU) requested that the Bureau of Regulatory Review (BRR) conduct a management audit of United, Centel, General, and Southern Bell Telephone Companies' customer premises equipment (CPE), voice mail, and inside wire operations. The objective of the audit is to determine if the four large local exchange telephone companies confer any marketing advantage on their nonregulated CPE, inside wire, and voice mail services that is not available to independent CPE vendors. CMU requested BRR complete the audit by August 2, 1994 in advance of the Customer Premises Equipment and Inside Wire investigation.

On January 20, 1994 BRR staff sent out the audit initiation letter and the audit survey requesting general information of the four local exchange telephone companies as a basis for the audit. Three of the four companies Southern Bell, United and Centel Telephone Companies have provided staff with all the information requested. The fourth company, GTE Florida Incorporated, responded on by letter on February 10, 1994 stating that it was refusing to answer most of the survey questions because it was outside the Commission's authority. Of the sixteen questions in the audit initiation survey, GTE provided no response to thirteen questions.

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FPSC-RECORDS/REPORTING

II. REQUIREMENT TO PROVIDE INFORMATION

The Company has denied our audit team's request to provide general records relating to the provision of its nonregulated services. The Company's response states:

While GTEFL recognizes that matters such as separations and accounting as between regulated and nonregulated operations are proper subjects for inquiry, GTEFL does not believe that detailed information (e.g., revenues, market penetration) about nonregulated services is relevant to any purpose within the Commission's authority. For this reason, no such data have been supplied.

The Commission's access to information is governed principally by Section 364.183(1), Florida Statutes. This section provides, in part:

The commission shall have reasonable access to all company records, and to the records of the telecommunications company's affiliated companies, including its parent company, regarding transactions or cost allocations among the telecommunications company and such affiliated companies, and such records necessary to ensure that a telecommunications company's ratepayers do not subsidize the company's unregulated activities.

In addition the Commission has the responsibility pursuant to Section 364.01(d), Florida Statutes, to:

Ensure that all providers of telecommunications services are treated fairly, by preventing anticompetitive behavior.

Upon consideration, we find that we not only have the authority to review information related to the local exchange companies' marketing methods and internal auditing controls but a responsibility to do so. Otherwise, the Commission cannot meet its statutory responsibility to ensure no cross subsidy exists between regulated and nonregulated operations. Nor can we ensure that anticompetitive behavior is not occurring.

While the information requested by staff is not directly accounting related, it is, nonetheless, critical in a review of the provision of those services. Knowledge of how the local exchange company or its subsidiaries market nonregulated services will

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facilitate an analysis and evaluation of whether cross subsidy is occurring and whether the company is accounting for those services properly. Reviewing whether the local exchange company is conducting any internal auditing of its nonregulated services is critical in protecting the regulated operations of the company and the ratepayers. In addition, it allows us to determine if the local exchange company is conferring a competitive advantage on the nonregulated operations over independent service providers.

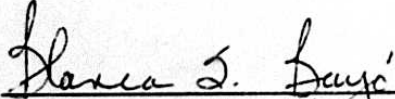
Accordingly, GTEFL shall provide the requested information by March 29, 1994.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that GTE Florida Incorporated shall provide the requested audit survey information by March 29, 1994, as set forth in the body of this Order. It is further

ORDERED that this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 11th day of April, 1994.



BLANCA S. BAYO, Director
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

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

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Civil Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.