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GTE Telephone Operations

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October 25, 1996

Ms. Blanca S. Bayo, Director
Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket Nos. 960847-TP and 960980-TP
Petitions by AT&T Communications of the Southern States, Inc.,
MCI Telecommunications Corporation and MCI Metro Access
Transmission Services, Inc. for arbitration of certain terms and conditions
of a proposed agreement with GTE Florida Incorporated concerning
interconnection and resale under the Telecommunications Act of 1996

Dear Ms. Bayo:

Please find enclosed for filing an original and fifteen copies of GTE Florida Incorporated's (GTEFL) Request for Confidential Classification and Motion for Protective Order in connection with information submitted in response to the Commission Staff's First Request for Production of documents in the above matter. Due to the voluminous nature of this filing, GTEFL is submitting only two redacted copies of the documents. If additional copies are needed, please let me know.

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
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- OTH _____

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FPSC-BUREAU OF RECORDS

A part of GTE Corporation

DOCUMENT NUMBER-DATE

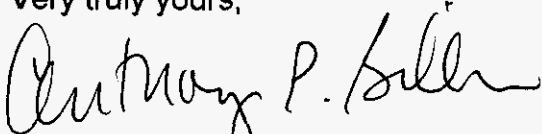
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Ms. Blanca S. Bayo
October 25, 1996
Page 2

If there are any questions regarding this filing, please contact me at (813) 483-2615.

Very truly yours,

A handwritten signature in black ink, appearing to read "Anthony P. Gillman". The signature is written in a cursive, flowing style.

Anthony P. Gillman

APG:tas
Enclosures

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by AT&T Communications)
of the Southern States, Inc. for arbitration)
of certain terms and conditions of a proposed)
agreement with GTE Florida Incorporated)
concerning interconnection and resale under)
the Telecommunications Act of 1996)
_____)

Docket No. 960847-TP
Filed: October 25, 1996

In re: Petition by MCI Telecommunications)
Corporation and MCI Metro Access)
Transmission Services, Inc. for arbitration of)
certain terms and conditions of a proposed)
agreement with GTE Florida Incorporated)
concerning interconnection and resale under)
the Telecommunications Act of 1996)
_____)

Docket No. 960980-TP

**GTE FLORIDA INCORPORATED'S REQUEST FOR CONFIDENTIAL
CLASSIFICATION AND MOTION FOR PROTECTIVE ORDER**

GTE Florida Incorporated (GTEFL) seeks confidential classification and a permanent protective order for certain information submitted in response to the Commission Staff's First Request for Production of Documents in this proceeding.

All of this information falls within Florida Statutes §364.183(3)(e), which defines the term "proprietary confidential business information" to include "information relating to competitive interests, the disclosure of which would impair the competitive business of the provider of that information." The documents in question are GTEFL's comprehensive cost studies for unbundled network elements and its analysis for calculating wholesale costs for resold services. If competitors are able to acquire this detailed and sensitive costing information regarding GTEFL, they could more easily develop entry and marketing

DOCUMENT NUMBER-DATE

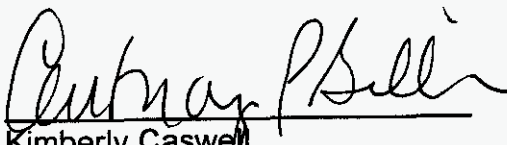
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strategies to ensure success in competing with GTEFL. These competitors would be more adept at pricing their own services if they possess details about GTEFL's cost structure. This affords them an unfair advantage while severely jeopardizing GTEFL's competitive position. In a competitive business, any such knowledge obtained about a competitor can be used to the detriment of the entity to which it pertains. This unfair advantage skews the operation of the market, to the ultimate detriment of the consumer. Furthermore, because the information would be disclosed to competitors through a regulatory proceeding--rather than through legitimate market trial and error processes--the marketplace will be skewed, to the ultimate detriment of the consumer. This effect is particularly troublesome in the context of this docket, which is intended to set rules for encouraging rational and efficient competition, rather than providing any entity a competitive advantage.

While a ruling on this request is pending, GTEFL understands that the information at issue is exempt from Florida Statutes, Section 119.01(1) and Staff will accord it the stringent protection from disclosure required by Rule 25-22.006(3)(d). One highlighted, unredacted copy of the confidential material, labeled Exhibit A, is contained in the binders attached to the original of this Request. Redacted copies of these items are attached to this Request as Exhibit B. A detailed justification of the confidentiality of the information at issue is attached as Exhibit C.

Respectfully submitted on October 25, 1996.

By: 
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Anthony Gillman
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Tampa, Florida 33601
Telephone: 813-483-2615

Attorneys for GTE Florida Incorporated

Exhibit C

Note: Binder 1, tabs 2 and 3 have been declassified and are no longer considered to be confidential.

Pages 1, 94, 141, 147, and 178, all lines, all columns containing figures. These pages set forth the total service long-run incremental cost (TSLRIC) of GTE's unbundled loops and ports. The data are broken down by relative frequency of particular density categories. Competitors could use this information to discern how to most effectively compete with GTE. They could devise successful entry and pricing strategies without the usual market disadvantage. The fact that GTE cannot obtain this sort of information from its competitors through the regulatory process exacerbates the unfairness of allowing its public disclosure.

Pages 2, 95-96, 143, 149, 198, 290, 294, 298, 305, all lines, all columns containing figures. This is pricing and tariff support for particular unbundled elements that will be offered by GTE. Loops are detailed by percentage of distribution per particular kilofeet lengths and by particular type of service. Basic network functions costs are given for each length, along with weighted cost. In some cases, assumptions from proprietary cost models are given. With these detailed data, competitors could discern the makeup of GTE's loop plant, and the costs for discrete components. This information would better allow them to determine GTE's strength and weaknesses from a cost standpoint and design their entry and pricing strategies accordingly. The fact that GTE cannot obtain these kind of detailed data--through the regulatory process or otherwise--exacerbates the unfairness of its noncensural public disclosure. Further, the information pertaining to cost modeling assumptions is not GTE's property and its disclosure will violate confidentiality agreements between GTE and third-party vendors.

Pages 3-45, 90-91, 97-139, 142, 148, 179-181, 184, 199-242, 307-345, 660-677, 902-914, 975, 984-990, 1005, 1007-1029, 1130-1131, 1183-1271, 1287-1296, all lines, all columns containing figures. These pages contain the detailed cost components (e.g., investment and expenses by USOA) underlying discrete basic network functions. Disclosure of such detailed costs for such small pieces of the network would give competitors an advantage in designing their networks and in competing against GTE in the most efficient manner. The fact that GTE cannot obtain such knowledge about its competitors exacerbates the unfairness of disclosing this detailed cost information.

Page 1030, all lines, all columns containing figures. This page details GTE's costs associated with switching. Basic network function costs by element are given, along with data about settlement costs per minute and per call. This detailed cost information would give competitors an unfair advantage in designing efficient networks and in fashioning their entry and pricing strategies. This unfairness is all the more troubling because the disclosure would occur in a regulatory proceeding and GTE cannot obtain similar access to its competitors' cost information.

Pages 88, 145-146, 151-153, 285, 948-954, 1031-1033, all lines, all columns. These pages contain switch usage information developed by the Switching Cost Information System (SCIS) model. GTE considers this information to be confidential because, by detailing switch investments required to provide line and trunk terminations, competitors could understand how to compete most effectively with GTE. The assumptions and outputs of SCIS are also proprietary to Bellcore, the owner of this model. Individuals not authorized to access the SCIS model could use the inputs and outputs to determine the proprietary calculations contained in the model. Public disclosure of the SCIS information would violate confidentiality agreements between GTE and the vendor.

Pages 46-84, 243-281, all lines, all columns. These pages reveal inputs used by the Costmod system, loop technology module. The information here would again give competitors an unfair advantage in competing with GTE because they would know GTE's costs for particular functions. This would enable them to design their networks in the most efficient manner to compete with GTE. Furthermore, Costmod is the intellectual property of GTE Telephone Operations, developed through great expense. Disclosure of the inputs and outputs could allow a competitor to discern what calculations were used in the model. Public disclosure of any of this information would violate GTE's rights in its intellectual property and give away for free a model developed at substantial time and expense. This would be patently unfair to GTE and advantageous to its competitors.

Pages 85-87, 92, 282-284, all lines, all columns. These figures detail GTE's outside plant drop and protector costs. Again, cost information of this nature will allow competitors an artificial competitive advantage in devising the most efficient networks and in determining entry and pricing strategies that will ensure success in competing against GTE without the usual market trial and error. In addition, these pages contain data inputs and outputs related to proprietary cost models obtained from third-party vendors. GTE cannot disclose this information publicly without violating its confidentiality agreements with the vendors.

Page 89, 93 all lines, all columns. These pages contain plant balance totals and NID costs, respectively. These costs will allow competitors an unfair advantage in designing their networks and competing with GTE. In addition, this page contains proprietary cost model information that GTE cannot disclose publicly without violating confidentiality agreements with its vendor.

Pages 144, 150, 625-658, 728-735, 814-824, 942-947, 955-967, 1954-2040, all lines, all columns containing figures. These pages contains cost information developed through use of the Costmod System, GTD5-EAX Switching Application Technology Module. Knowledge of GTE's cost for unbundled elements, as revealed here, would allow competitors to develop entry, marketing, and network development strategies that

would unfairly assure their success in competing with GTE. In addition, these pages contain proprietary cost modeling information, the disclosure of which would violate GTE's intellectual property rights in the model.

Pages 155, 166-170, 177, all lines, all columns containing figures. These pages reveal cost underlying various rate elements necessary to provide expanded interconnection. Details such as cost and salvage value of plant, installation cost, non-reusable cost, net investment, and total annual costs are shown. With information about these discrete cost components of interconnection, competitors could more effectively compete against GTE without undergoing the usual market trial and error. They could also consider this information in designing their own networks.

Page 156, 157-165, 171-176, 346, all lines, all columns containing figures. These are GTE's cost for building modification, power and other such components related to providing collocation in an expanded interconnection environment. Figures include detailed breakdowns of material and labor, depreciation, taxes, return, nonrecurring charges, etc. for simple, moderate, and complex modifications, respectively. As with all of GTE's confidential cost information, public disclosure of these data will allow competitors to design more effective strategies in competing with GTE. Furthermore, these pages contain inputs and assumptions used in GTE's Levelized Annuity Pricing Program. GTE considers this program highly proprietary. The cost of developing this program was very substantial and disclosure of its operations would allow competitors to unfairly gain this important costing tool without any payment.

Pages 182, 183, all lines, all columns containing figures. These pages contain data concerning GTE's expanded interconnection costs, DS0, DS1, and DS3 interconnection, and interim number portability, respectively. These costs cannot be revealed to competitors without giving them an unfair advantage in structuring their operations and designing entry and market strategies to ensure their success in competing with GTE.

Pages 186-195, all lines, all columns containing figures. The information here concerns GTE's wholesale service connection charge study. This study contains detailed information on all the activities underlying service connections in a resale environment. With this information, GTE's competitors--which now include, potentially, other incumbent local exchange carriers going out of their traditional serving areas--will be able to structure their own operations in the most efficient manner without the usual research and planning. They will also know where GTE is most vulnerable in its cost structure, and can tailor their entry and pricing strategies accordingly.

Pages 196-197, 288-289, 292-293, 296-297, 300-304, 659, all lines, all columns containing figures. These pages show the underlying cost components for various GTE services. Costs are broken down by high, medium, and low densities for each

component and weighting assignments are given. These data will give competitors an advantage in structuring their plant and operations in a way that will best ensure their success in competing with GTE without the usual trial and error in the marketplace.

Page 286, 287, all lines, all columns containing figures. This page contains directory and billing and collection costs for GTE. Directories are an unregulated, competitive business. Billing and collection is also a competitive business. Competitors' knowledge of these costs will allow them to devise more effective competitive strategies against GTE.

Pages 347-624, 678-727, 736-813, 915-941, 1272-1286, 1297-1953, all lines, all columns. These pages reveal detailed cost information for intelligent network features. Features are broken down by discrete components, which would give competitors detailed information with which to design their own networks or devise entry and marketing strategies to ensure success in competing with GTE. In addition, these pages contain inputs and outputs associated with the SCIS model, which is proprietary to Bellcore. None of this information can be disclosed publicly without violating GTE's protective agreements with its vendors.

Pages 825-901, all lines, all columns containing figures. These pages set forth in detail GTE's long-run incremental costs of providing toll service. The toll market is extremely competitive and disclosure of GTE's costs in this area, especially a breakdown as detailed as included here, would give competitors an unfair advantage in tailoring their marketing and pricing strategies to ensure success in competing with GTE.

Pages 968, 970-974, 976-983, 1003-1004, all lines, all columns containing figures. These are summaries of TSLRICs for GTE's switched access. They include cost components for entrance facilities, direct trunked transport, tandem switching, and end office switching. This information, if disclosed to competitors, would give them an unfair advantage in structuring their operations and their entry and marketing strategies to ensure their success in competing with GTE. This is particularly true in the transport area, which is already very competitive.

Pages 991-1002, all lines, all columns. This information on fiber optic costs is derived from a proprietary cost model. The cost data shown here would give competitors an advantage in designing their networks in a way that would best allow them to compete with GTE. In addition, the costing model used here is vendor-proprietary, and GTE cannot disclose inputs or outputs associated with it without breaching protective agreements with the vendor.

Pages 1034-1091, all lines, all columns containing figures. This is GTE's avoided cost study for determining the appropriate wholesale discount from retail rates. This comprehensive analysis of retail and resale costs for GTE's services would be very

valuable to any actual or potential competitor of GTE. It would allow them to determine where GTE is most vulnerable in its retail operations and how best to devise a pricing and marketing strategy that will best ensure success in competing with GTE.

Pages 1093-1096, all lines, all columns containing figures. These pages detail the results of the benchmark cost model 2. The model estimates a benchmark cost of providing basic local telephone service for both business and residence customers in small geographic areas for the entire U.S. and its territories. Results using default inputs are included. This section includes vendor-confidential contract prices.

Pages 1129, 1132, 1146, 1149-1152, 1166-1177, all lines, all columns containing figures. These pages detail GTE's costs of SS7 functionalities, including call-related database investments and costs, and call-related data base query costs and pricing. Actual and potential competitors can use these cost data in designing their own network and services in the way that will best ensure success with GTE, without the usual marketplace trial and error.

Pages 1181-1182, all lines, monthly cost column containing figures. These pages show the monthly cost for numerous GTE optional features. Competition in providing such vertical features can be expected to be fierce. Actual and potential competitors can thus use these cost data to tailor their entry and marketing strategies to ensure their success in competing with GTE.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of GTE Florida Incorporated's Request for Confidential Classification and Motion for Protective Order in connection with information submitted in response to the Commission Staff's First Request for Production of Documents in Docket Nos. 960847-TP and 960980-TP were sent via hand-delivery (*) or U.S. mail (**) on October 25, 1996 to the parties listed below.

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