

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
ORDER NO. PSC-98-0349-CFO-TP
ISSUED: March 2, 1998

ORDER GRANTING GTE FLORIDA INCORPORATED'S REQUEST FOR
CONFIDENTIAL CLASSIFICATION AND MOTION FOR PROTECTIVE ORDER FOR
DOCUMENT NO.11400-96

Pursuant to Rule 25-22.006(4), Florida Administrative Code, GTE Florida Incorporated (GTEFL or the company) requested confidential treatment for certain information. This information is contained in Document No. 11400-96.

Documents submitted to governmental agencies in Florida are public records. The only exceptions are the specific statutory exemptions provided in the law and exemptions granted by governmental agencies pursuant to the specific terms of a statutory provision. This is based on the concept that government should operate in the "sunshine." Rule 25-22.006(4), Florida Administrative Code, provides that it is the company's burden to demonstrate that the documents fall into one of the statutory examples set out in section 364.183, Florida Statutes, or to demonstrate that the information is proprietary confidential information, the disclosure of which will cause the company or its ratepayers harm.

DOCUMENT NUMBER-DATE

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Section 364.183(3), Florida Statutes, provides the following definition for proprietary confidential business information.

The term 'proprietary confidential business information' means information, regardless of form or characteristics, which is owned or controlled by the person or company, is intended to be and is treated by the person or company as private in that the disclosure of the information would cause harm to the ratepayers or the person's or company's business operations, and has not been disclosed unless disclosed pursuant to a statutory provision, an order of a court or administrative body, or private agreement that provides that the information will not be released to the public. The term includes, but is not limited to:

- (a) Trade secrets.
- (b) Internal auditing controls and reports of internal auditors.
- (c) Security measures, systems, or procedures.
- (d) Information concerning bids or other contractual data, the disclosure of which would impair the efforts of the company or its affiliates to contract for goods or services on favorable terms.
- (e) Information relating to competitive interests, the disclosure of which would impair the competitive business of the provider of information.
- (f) Employee personnel information unrelated to compensation, duties, qualifications, or responsibilities.

Rule 25-22.006(4)(c), Florida Administrative Code, requires that the company demonstrate by a line-by-line or field-by-field justification how the information asserted to be confidential qualifies as one of the statutory examples listed in section 364.183(3), Florida Statutes. If no statutory example is applicable, then the company shall include a statement explaining how the ratepayers or the company's operations will be harmed by disclosure. Attachment A documents the location of the highlighted material that GTEFL wishes to keep confidential.

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GTEFL describes the information in Document No. 11400-96 as comprehensive cost studies for unbundled network elements. Specifically, GTEFL is seeking confidential treatment for the information located on the pages documented in Attachment A to this Order. The document also contains the company's analysis for calculating wholesale costs for resold services. The company contends that because of the cost information's detailed and sensitive nature, its acquisition by competitors would provide competitors with an unfair advantage. By knowing GTEFL's cost structure, a competitor would have the advantage of designing its prices without going through the trial and error process of the market.

GTEFL's arguments are persuasive. The avoided cost information falls under the statutory definition of confidential proprietary business information as described in Section 364.183(3), Florida Statutes. Because the information meets the statutory definition of confidential business information, GTEFL's request for confidential treatment of Document No. 11400-96 is hereby granted.

Based on the foregoing, it is

ORDERED by Commissioner J. Terry Deason, as Prehearing Officer, that GTE Florida Incorporated's Request for Confidential Classification for Document No. 11400-96 is granted. It is further

ORDERED that pursuant to Section 364.183, Florida Statutes, and Rule 25-22.006, Florida Administrative Code, any confidentiality granted to the documents specified herein shall expire eighteen (18) months from the date of issuance of this Order in the absence of a renewed request for confidentiality pursuant to Section 364.183, Florida Statutes. It is further

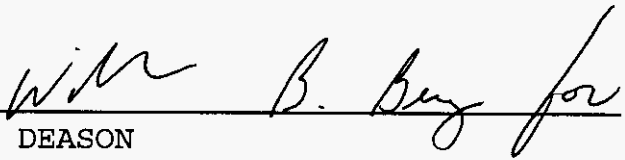
ORDERED that this Order will be the only notification by the Commission to the parties concerning the expiration of the confidentiality time period.

By ORDER of Commissioner J. Terry Deason as Prehearing Officer, this 2nd day of March, 1998.

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ORDERED that this Order will be the only notification by the Commission to the parties concerning the expiration of the confidentiality time period.

By ORDER of Commissioner J. Terry Deason as Prehearing Officer, this 2nd day of March, 1998.



J. TERRY DEASON
Commissioner and Prehearing Officer

(S E A L)

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2)

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

Exhibit C

Note: Tabs 2 and 3 have been declassified and are no longer considered to be confidential.

Pages A1, A48, A95, A97, and A124 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 A2, A49-A50, A99, A144, A191, A195, A199, and A206 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 A3-A47, A51-A93, A96, A98, A125-A127, A130, A145-A188, A208-A247, A249-A266, A344-A356, A364, A373-A379, A382, A384-A406, A504-A505, and A557-A655 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.

Pages A101, A112-A116, and A123 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.

Pages A102, A103-A111, and A117-A122 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 A128, A129, and A129.1 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 A132-A141.2 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 A142-A143, A189-A190, A193-A194, A197-A198, A201-A205, and A248 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.

Pages A267-A343 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 A357, A359-A363, A365-A372, and A380-A381 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 A407-A464 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 A466-A469 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 A502-A503, A506, A520, A523-A526, and A540-A551 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 A555-A556 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.