

RECEIVED FPSC

14 MAR 13 PM 1:48

COMMISSION  
CLERK

Dulaney L. O'Roark III  
General Counsel-South



One Verizon Place  
Alpharetta, Georgia 30004  
Phone: 678-339-5081  
Fax: 678-339-8492  
[de.oroark@verizon.com](mailto:de.oroark@verizon.com)

March 12, 2014 – VIA OVERNIGHT MAIL

Carlotta S. Stauffer, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**REDACTED**

Re: Undocketed – ACN 13-274-1-2  
Regulatory Assessment Fee Reviews

Dear Ms. Stauffer:

Enclosed for filing in the above matter are an original and 15 copies of Verizon Florida LLC's Request for Confidential Classification and Motion for Protective Order in connection with information provided by Verizon to Commission auditors regarding the Commission's audit of Verizon's regulatory assessment fee payments.

Service has been made as indicated on the Certificate of Service. If there are any questions regarding this filing, please contact me at 678-339-5081.

Sincerely,

Dulaney L. O'Roark III

Enclosures

COM	_____
AED	_____
APA	12 + Exh. B
ECO	_____
ENG	_____
GCL	1
IDM	_____
TEL	1
CLK	1

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Regulatory Assessment Fee Reviews ) Undocketed  
 ) ACN 13-274-1-2  
 ) Filed: March 13, 2014

---

**VERIZON FLORIDA LLC'S REQUEST FOR CONFIDENTIAL CLASSIFICATION AND MOTION FOR PROTECTIVE ORDER**

Under Commission Rule 25-22.006, F.A.C., Verizon Florida LLC (Verizon) seeks confidential classification and a protective order for information contained in audit work papers that include information Verizon provided to Commission auditors in connection with its audit of Verizon's regulatory assessment fee (RAF) payments.

All of the information for which Verizon seeks confidential treatment falls within Florida Statutes section 364.183(3), which defines "proprietary confidential business information" as:

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.

Florida Statutes section 364.183(3)(a) expressly provides that "trade secrets" fall within the definition of "proprietary confidential business information." Florida Statutes section 364.183(3)(e) further provides that "proprietary confidential business information" includes "information relating to competitive interests, the disclosure of which would impair the competitive business of the provider of information."

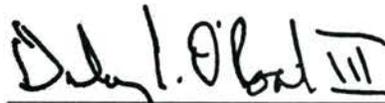
If competitors were able to acquire this detailed and sensitive information regarding Verizon, they could more easily develop entry and marketing strategies to

ensure success in competing with Verizon. This would afford them an unfair advantage while severely jeopardizing Verizon's competitive position. In a competitive business, any knowledge obtained about a competitor can be used to the detriment of the entity to which it pertains, often in ways that cannot be fully anticipated. This unfair advantage skews the operation of the market, to the ultimate detriment of the telecommunications consumer. Accordingly, Verizon respectfully requests that the Commission classify the identified information as confidential and enter an appropriate protective order.

A highlighted copy of the confidential information is attached as Exhibit A. Two redacted copies of the confidential information are attached as Exhibit B. A detailed justification of the confidentiality of the information at issue is attached as Exhibit C.

Respectfully submitted on March 13, 2014.

By:



Dulaney D. O'Roark III  
One Verizon Place  
Alpharetta, GA 30004  
Phone: 678-339-5081  
Email: [de.oroark@verizon.com](mailto:de.oroark@verizon.com)

Attorney for Verizon Florida LLC

**EXHIBIT C**

<b>CONFIDENTIAL INFORMATION</b>	<b>LINE(S)/COLUMN(S)</b>	<b>REASON</b>
Confidential workpapers, pp. 3, 4, 7-13 & 15	All highlighted text	This information is competitively sensitive, confidential and proprietary business information relating to Verizon's revenues, access lines and payments to other telecommunications companies that has been confidentially maintained by Verizon.

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a copy of the foregoing was sent via overnight mail on  
March 12, 2014 to:

Staff Counsel  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Dwight L. O'Neal III

01/15/14

7. If your 2012 return includes an amount for "Amounts Paid to Other Companies", please include the documentation you used to arrive at this number. Provide summaries from the bills paid to the companies that show the local and intrastate dollars included on the bill.

RESPONSE: From 41.1:

Due to system and personnel changes, Verizon Florida only reported amounts on RAF line 6 ("Amounts Paid to Other Companies") for the period 1/1/12 – 6/30/12. While the new system results in the accurate paying of invoices, the new personnel were unable to obtain the information needed for timely filing of the return, so Verizon FL decided to forego the deduction for the second half of 2012, rather than file late or be unable to substantiate the deduction. Thus, all of the information below pertains to the first half of 2012 only.

The "Amounts to Paid to Other Companies" is determined by querying an Access database which contains data from e-invoices generated by numerous LECs across the entire domestic footprint, as well as manual paper bills. The majority of invoices are in electronic rather than paper format, which facilitates processing of such invoices, including analysis and payment.

In addition, the Verizon Access Cost group has internal controls which provide confidence that the systems and queries yield reasonably accurate information:

- Over 80% of the billings for the FL Local report are derived from carriers who transmit electronic invoices and with whom Verizon Access has a longstanding business relationship involving regular, ongoing communication. Such invoices are generally complete and accurate as a result of electronic transmission. In addition, errors and/or missing data for such invoices are likely to be resolved in a timely manner given the relationship and ongoing interaction between the entities.
- Two key Sarbanes-Oxley controls are used to verify that accounts and invoices from these (and other) carriers are properly set up and are received on a timely basis.
  - o One such control -- the "New BAN" control -- monitors new invoices and allows for verification of the carrier before the invoices are allowed to be populated in the payment system.
  - o Another control -- the "Missing BAN" control -- monitors invoice activity for active accounts and allows Verizon Access to follow up quickly on any invoices not received.

Verizon Florida LLC (TL710)  
Regulatory Assessment Fee Review  
Undocketed: ACN 13-274-1-2  
Description: *RA*

SOURCE



10-14

**CONFIDENTIAL**

*01/29/14*

**FLORIDA PUBLIC SERVICE COMMISSION  
AUDIT DOCUMENT/RECORD REQUEST  
NOTICE OF INTENT**

<b>TO:</b>	<u>Rebecca Edmonston</u>	<b>UTILITY:</b>	<u>Verizon Florida LLC</u>
<b>AUDIT MANAGER:</b>	<u>Debra Dobiac</u>	<b>PREPARED BY:</b>	<u>Debra Dobiac 850-413-6475</u>
<b>REQUEST NUMBER:</b>	<u>3</u>	<b>DATE OF REQUEST:</b>	<u>1/16/2014</u>
<b>REQUEST THAT THE FOLLOWING ITEMS BE PROVIDED BY:</b>	<u>1/20/2014</u>		

**AUDIT PURPOSE** Undocketed; ACN 13-274-1-2; 2012 Regulatory Assessment Fee Return  
**REFERENCE RULE 25.22.006, F.A.C., THIS REQUEST IS MADE:** INCIDENT TO INQUIRY  OUTSIDE OF AN INQUIRY

**ITEM DESCRIPTION:**

- 1) For long distance service revenues, June's revenues are multiplied by the ratio between the intrastate revenues and the total intrastate and inter-state revenues from January to May to determine June's reported revenues. Furthermore, the total revenues from July through December are multiplied by the prior year factor to determine the reported revenues for that period. This can cause revenues to be misstated. Please explain.

RESPONSE:

The Florida RAF is due to be filed before jurisdictionally separated results for the last month of the period are available as final. Therefore, VZ Florida estimates the jurisdictional split for last month of the period, either June or December. For the June estimate, Verizon uses a January through May intrastate factor, as determined by the jurisdictional separations process in compliance with FCC separations rules, and applies that factor to actual June VZ Florida revenues. For the December estimate, Verizon uses a January - November intrastate factor, as determined by the jurisdictional separations process, and applies that factor to the December total revenues. As the separations factors remain relatively stable over the course of the year, Verizon believes that this is a reasonable way to deal with the timing issues in filing Florida RAF.

In the case of the 2012 return only, an error was made and the January - November factor was pulled from the previous years' workpapers. As noted in the Trial Balance Reconciliation (line 3 tab) previously provided, this error resulted in overstating intrastate revenues by \$194.00 as compared to using the current year's factor.

- 2) This same methodology is used for Misc. Revenue-Billing and Collection except that out of franchise revenues are not included in total intra-state and inter-state revenues. Please explain.

RESPONSE:

*From 41-4.2*

As discussed above, the timing of the RAF filing requires estimation of the intrastate portion of June and December revenues. This estimation is done by using intrastate factors developed in accordance with FCC separations rules.

Regarding out-of-franchise revenues, FCC separations rules consider these revenues as being neither interstate nor intrastate. However, they ARE included in the total base in developing the intrastate factor, and they are also included in the base to which the factor is applied. Therefore, out-of-franchise revenues are attributed to intrastate RAF assessable revenue in the same proportion as the in-franchise revenues.

TO: AUDIT MANAGER  
THE REQUESTED RECORD OF DOCUMENTATION

DATE: 1-21-2014

- 1) HAS BEEN PROVIDED TODAY
- 2) CANNOT BE PROVIDED BY THE REQUESTED DATE BUT WILL BE MADE AVAILABLE BY \_\_\_\_\_.

SOURCE As Referenced

*10-3*

*5*

- 3) AND IN MY OPINION, ITEM(S) IN REQUEST #3, IS (ARE) PROPRIETARY AND CONFIDENTIAL BUSINESS INFORMATION AS DEFINED IN 364.183, 366.093, OR 367.156, F.S. TO MAINTAIN CONTINUED CONFIDENTIAL HANDLING OF THIS MATERIAL. THE UTILITY OR OTHER PERSON MUST, WITHIN 21 DAYS AFTER THE AUDIT EXIT CONFERENCE, FILE A REQUES FOR CONFIDENTIAL CLOASSIFACATION WITH THE OFFICE OF COMMISSION CLERK. REFER TO RULE 25-22.006, F.A.C.
- 4) THE ITEM WILL NOT BE PROVIDED. (SEE ATTACHED MEMORANDUM).

01/24/14

  
(Signature and title of respondent)

Distribution: Original: Utility (for completion and return to Auditor)  
Copy: Audit File

Verizon Florida LLC (TL710)  
Regulatory Assessment Fee Review  
Undocketed; ACN 13-274-1-2  
Description: Doc Ref 3

SOURCE As Referenced

CONFIDENTIAL

10-3.1

CONFIDENTIAL

Data Run Date: 10/23/2013

# FCC Report 43-04, the ARMIS Access Report Table I. Separations and Access Data

Data Reporting Conventions

Verizon Florida LLC (TL710)  
Regulatory Assessment Fee Review  
Undocketed: ACN 13-274-1-2  
Description: *Releas*

4-5  
14

Report Number	COSA	Company	Y2007 Sub Num	Row	Row Title	Allocation Basis Part 36	Allocation Basis Part 69	Y2007	Y2007	Y2007	STATE PERCENT
								Subject to Separations (b)	State (c)	Interstate (d)	
4304	GTFL	Verizon Florida LLC	1	4030	Misc. Rev. - Directory			17,381	17,381	0	
4304	GTFL	Verizon Florida LLC	1	4031	Misc. Rev. - Billing and Collections			26,577	5,122	21,455	
4304	GTFL	Verizon Florida LLC	1	4032	Misc. Rev. - All Other			63,087	44,193	18,894	
4304	GTFL	Verizon Florida LLC	1	4033	Total Miscellaneous Revenue			107,045	66,696	40,349	

0.700509  
*41-4 + 41-4.1*

Verizon was granted forbearance from the FCC on 12/31/2008.  
This relief enabled Verizon to freeze their allocation factors based on the last filed ARMIS reports which were the 2007 data year filed 3/31/2008.  
The above is the calculation of the miscellaneous revenue factor.

Page 1007K

SOURCE *PDC*



01/15/14

- Verizon Access accounts for these expenses based on invoice data for Local line items, and such accounting is conducted in accordance with GAAP and subject to periodic audit. For this reason the key controls impacting all expense reporting are applied to these expense dollars as well.

See Attached for manual bills.

Below is the summary of "Amounts Paid to Other Telecommunications Companies" used to compute Line 6 on the 2012 RAF:

Verizon Florida LLC (TL710)  
Regulatory Assessment Fee Review  
Undocketed; ACN 13-274-1-2  
Description: DR1

PBC

SOURCE

**CONFIDENTIAL**

01/24/14

**FLORIDA PUBLIC SERVICE COMMISSION  
AUDIT DOCUMENT/RECORD REQUEST  
NOTICE OF INTENT**

TO: Rebecca Edmonston UTILITY: Verizon Florida LLC  
 Debra Dobiac 850-413-6475  
 2540 Shurmart Oak Blvd.  
 Tallahassee, FL 32399-0850  
 ddobiac@psc.state.fl.us

AUDIT MANAGER: Debra Dobiac PREPARED BY: \_\_\_\_\_  
 REQUEST NUMBER: 2 DATE OF REQUEST: 1/15/2014  
 REQUEST THAT THE FOLLOWING ITEMS BE PROVIDED BY: 1/20/2014

AUDIT PURPOSE Undocketed; ACN 13-274-1-2; 2012 Regulatory Assessment Fee Return  
 REFERENCE RULE 25.22.006, F.A.C., THIS REQUEST IS MADE: INCIDENT TO INQUIRY  OUTSIDE OF AN INQUIRY

**ITEM DESCRIPTION:**

Please explain the variances between each year noted on the attached worksheet. Thank you

Response:

The decrease in revenues is primarily due to the decrease in access lines.

REVENUE	% DECREASE
550,270,992	
482,788,248	-12%
418,017,044	-13%
359,621,717	-14%

TO: AUDIT MANAGER  
 THE REQUESTED RECORD OF DOCUMENTATION

DATE: 1-21-2014

- HAS BEEN PROVIDED TODAY
- CANNOT BE PROVIDED BY THE REQUESTED DATE BUT WILL BE MADE AVAILABLE BY \_\_\_\_\_.
- AND IN MY OPINION, ITEM(S) IN REQUEST #2 IS (ARE) PROPRIETARY AND CONFIDENTIAL BUSINESS INFORMATION AS DEFINED IN 364.183, 366.093, OR 367.156, F.S. TO MAINTAIN CONTINUED CONFIDENTIAL HANDLING OF THIS MATERIAL. THE UTILITY OR OTHER PERSON MUST, WITHIN 21 DAYS AFTER THE AUDIT EXIT CONFERENCE, FILE A REQUES FOR CONFIDENTIAL CLOASSIFACATION WITH THE OFFICE OF COMMISSION CLERK. REFER TO RULE 25-22.006, F.A.C.
- THE ITEM WILL NOT BE PROVIDED. (SEE ATTACHED MEMORANDUM).

*Sandra Anderson*  
 (Signature and title of respondent)

Distribution: Original: Utility (for completion and return to Auditor)  
 Copy: Audit File

SOURCE is referenced

10-2

Verizon Florida LLC

**CONFIDENTIAL**

Attachment  
Trial Balance Rec

INTRASTATE REVENUES

JAN-JUN

JUL-DEC

TOTAL Per Return

Attachment C

Verizon Florida LLC (TL710)  
Regulatory Assessment Fee Review  
Undocketed; ACN 13-274-1-2  
Description: Revenues

**CONFIDENTIAL**

i. Immaterial variance Pass  $\odot$

SOURCE \_\_\_\_\_



Page 1 of 10  
41-1

Verizon Florida LLC (TL710)  
Regulatory Assessment Fee Review  
Undocketed; ACN 13-274-1-2  
Description: *Revenues*

*Immediacy Fee*

INTRASTATE REVENUES

*2/15/14*

CONFIDENTIAL

JAN-JUN

JUL-DEC

TOTAL

Per Return

SOURCE



41-2

80

11/13/10

# CONFIDENTIAL

INTRASTATE REVENUES

JAN-JUN

JUL-DEC

TOTAL

Per Return

41-3

9

Verizon Florida LLC (TL710)  
Regulatory Assessment Fee Review  
Undocketed; ACN 13-274-1-2

Description: *Revenues*

Page 3 of 10

PBC

SOURCE

11/15/11

Verizon Florida LLC (TL710)  
Regulatory Assessment Fee Review  
Undocketed; ACN 13-274-1-2  
Description: *Reverts*

CONFIDENTIAL



SOURCE

41-3.1

CONFIDENTIAL

INTRASTATE REVENUES

JAN-JUN

JUL-DEC

TOTAL

Per Return

Verizon Florida LLC (TL710)  
Regulatory Assessment Fee Review  
Undocketed; ACN 13-274-1-2

Description: *Revenue*

Page 5 of 10

"

*01/15/14*

*411-4*



SOURCE

Page 6 of 10

Verizon Florida LLC (TL710)  
Regulatory Assessment Fee Review  
Undocketed; ACN 13-274-1-2  
Description: *Revenues*

4/15/14

BILLING AND COLLECTION

CONFIDENTIAL

SOURCE (PBC)

41-4.1

12

Page 7 of 10

Verizon Florida LLC (TL710)  
Regulatory Assessment Fee Review  
Undocketed; ACN 13-274-1-2

Description: REVIEWS

CONFIDENTIAL

PBC

SOURCE

41-4.2  
13

01/15/14

CONFIDENTIAL

41-6  
15

Verizon Florida LLC (TL710)  
Regulatory Assessment Fee Review  
Undocketed; ACN 13-274-1-2  
Description: Revenue

✓ Traced to bill w/o exception. (A)

(A) See WP 10-4.1 for explanation

(PBC)  
SOURCE