

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for authority) DOCKET NO. 940779-TL
to relocate certain records) ORDER NO. PSC-95-0089-FOF-TL
under Commission Rule 25-4.020,) ISSUED: January 17, 1995
F.A.C., outside the state of)
Florida by GTE FLORIDA)
INCORPORATED.)
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
SUSAN F. CLARK
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING PETITION FOR AUTHORITY TO RELOCATE RECORDS

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

GTE Telephone Operations (GTE) implemented a plan for corporate reorganization in 1989 which consisted of consolidation efforts and the establishment of a general office staff to provide centralized functions. This reorganization relocated the accounting records for GTE Florida Incorporated (GTEFL or the Company) to six separate out-of-state locations and one additional out-of-state headquarters where certain tax records are maintained. On July 31, 1989, GTEFL petitioned the Florida Public Service Commission (the Commission or the FPSC) for authority to relocate certain records under Commission Rule 25-4.020, F.A.C., in the seven locations outside the state of Florida. After a lengthy investigation of the request, GTEFL agreed to maintain original source documents associated with GTE transactions in Tampa, Florida. The intent was to give Commission auditors ready access to those records and create the climate to have an effective audit. The Commission granted withdrawal of the petition in Order No. 22827, issued on April 16, 1990.

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FPSC-RECORDS/REPORTING

On July 25, 1994, GTE Florida Incorporated filed a petition, pursuant to Rule 25-4.020, Florida Administrative Code, which states that all records that a utility is required to keep shall be kept at the office or offices of the Company within the state unless otherwise authorized by the Commission, for authority to relocate certain records outside the state of Florida.

GTEFL requests permission to maintain the general ledger, detailed reference report, the FPSC and FCC Annual Reports and monthly operations reports in Irving, Texas; the journal entries in Westfield, Indiana; the payroll reports in Bloomington, Illinois; and the cash vouchers in San Angelo, Texas. All of these records are currently generated in the locations listed above and a copy is stored in the GTEFL Regulatory Accounting Library and Retention Center in Tampa, Florida. Florida and Hawaii are the only GTE operating companies to follow this procedure. GTE claims that the only difference between the current procedure and the one requested, is that GTE will no longer have to maintain duplicate records in Tampa. GTE estimates that elimination of the GTEFL Regulatory Accounting Library and Retention Center in Tampa, Florida, will save the Company approximately \$80,000 to \$100,000 annually.

The consolidation of GTE's records in these various sites, which started in 1988, was discussed in Docket No. 920188-TL, GTEFL's last rate case and supported by GTEFL Witness Barry Johnson's Exhibit BAJ-2 which shows approximately \$130,000,000 in savings to GTE due to the consolidation.

The current petition claims that the Commission's ability to audit GTEFL's accounting records will not be harmed. The petition notes that during the Company's last rate case the accounting and financial records used to develop the minimum filing requirements, financial testimony and responses to data and audit requests were provided from the records maintained in the locations listed in the petition instead of the Florida location, although the duplicate records were available in the Tampa office. The Commission staff members conducting the rate case audit were provided copies of microfilm and microfiche sent to Tampa from the out of state locations. Future investigations will be conducted at one of the out of state locations or Tampa, with all data not maintained at that site faxed or sent overnight to satisfy data or audit requests. GTE will be responsible for the costs incurred with out of state travel. Therefore, other than the travel expense and time incurred if the audit is not conducted in Tampa, the change in procedure should be transparent to the Commission staff.

Rule 25-4.020(1), Florida Administrative Code, governs the location and preservation of records for telephone companies and states:

"All records that a utility is required to keep, by reason of these or other rules prescribed by the Commission, shall be kept at the office or offices of the company within the State unless otherwise authorized by the Commission."

We have discovered, through GTEFL's response to our staff's August 11, 1994 data request, that many of the "original documents" to be maintained in Tampa were, in fact, microfilm or microfiche copies with the paper copies being maintained at their office of origination. We are concerned that the Company may be in violation of a strict interpretation of Rule 25-4.020(1), Florida Administrative Code. It appears that the Company, contrary to the assurances given in March, 1990, has moved its books and records out of Florida, leaving only copies of some of the records.

In Docket No. 920188-TL, GTE's last rate case, our auditors agreed with the Company to conduct an audit in Tampa with the records maintained out of the state, as requested in this petition. Those records requested by the auditors were sent to Tampa from the remote sites. Personnel were dispatched to the Tampa office to assist the auditors. This procedure caused no scope limitations and did not cause any known harm to the audit process. The system appears to be working as the Company has asserted. Therefore, based on the experience of the last rate case, we do not order further proceedings addressing violations of the Commission's Rule at this time.

Upon consideration, we approve GTEFL's petition. Based on the experience of the last rate case audit with the relocations, the reduction to four states from seven, and the apparent transparency to Commission staff, except for possible travel, of the requested procedure, we see no harm in approving GTEFL's petition. We expect to conduct a surveillance audit for 1994 which will give us further opportunity to monitor the process outside of a rate case. If the response time increases or other problems are encountered due to the relocation, we will readdress this at that time.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Petition of GTE Florida Incorporated to Relocate certain records under Rule 25-4.020, Florida Administrative Code, is hereby approved as set forth in the body of this order. It is further

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ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that in the event this Order becomes final, this Docket should be closed.

By ORDER of the Florida Public Service Commission, this 17th day of January, 1995.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

by: Kay Flynn
Chief, Bureau of Records

(S E A L)

WEW

** Chairman J. Terry Deason dissented.

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.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on February 7, 1995.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party substantially affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater 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 of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.