

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-98-0346-CFO-TP  
ISSUED: March 2, 1998

ORDER GRANTING GTE FLORIDA INCORPORATED'S REQUEST FOR  
CONFIDENTIAL CLASSIFICATION AND MOTION FOR PROTECTIVE ORDER FOR  
DOCUMENT NO. 11398-96

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. 11398-96.

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.

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

DOCUMENT NUMBER-DATE

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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.

GTEFL describes the information in Document No. 11398-96 as comprehensive cost studies for unbundled network elements. The document also contains the company's analysis for calculating wholesale costs for resold services. The company contends that because of the information's detailed and sensitive nature, its acquisition by competitors would provide competitors with an unfair advantage.

ORDER NO. PSC-98-0346-CFO-TP  
DOCKET NO. 960847-TP  
PAGE 3

Pages 1, 94, 141, 147, and 178

GTEFL describes the information on these pages as the total service long-run incremental cost of GTEFL's unbundled loops and ports. The company contends that competitors could use this information to determine how best to compete with the company. The information may allow a competitor to formulate its own plans for entering into the telecommunications market.

The information contained in this portion of the document falls within the categories of proprietary confidential business information enumerated in Sections 364.183(3)(e), Florida Statutes. Cost information regarding unbundled loops is information of a competitive nature. Since disclosure affects the competitive interests of GTEFL, disclosure of the cost study information falls into the category described in Section 364.183(3)(e), Florida Statutes. For this reasons, GTEFL's request for confidential classification for the information located on these pages is hereby granted.

Pages 2, 95-96, 143, 149, 198, 290, 294, 298, 305

The company describes the information documented on these pages as pricing and tariff support for particular unbundled elements offered by GTEFL. Basic network cost per length of loops are provided. Some of these calculations are based on costing model assumptions provided to GTEFL under confidential agreements. The company contends that a competitor can analyze GTEFL's weaknesses and strengths regarding how much it cost to provide its network functions and price competitive services accordingly.

The information contained in these pages of the document falls within the categories of proprietary confidential business information enumerated in Sections 364.183(3)(d) and (e), Florida Statutes. Cost information regarding unbundled loops is information of a competitive nature. Information provided to GTEFL under an agreement of confidentiality should not be released to a third party with the consent of the party providing the information. For these reasons, confidential classification for the information found on these pages is granted confidential classification.

ORDER NO. PSC-98-0346-CFO-TP  
DOCKET NO. 960847-TP  
PAGE 4

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

The information on these pages contain investment and expense information by account for basic network functions. The company contends that disclosing this information would provide a competitor with an advantage in competing with GTEFL. Because of the cost nature of this information, it falls within the category of confidential business information defined in section 364.183(3)(e), Florida Statutes. For this reason confidential classification is granted for the information documented on these pages.

Page 1030

This page provides detailed cost information regarding the company's switching. GTEFL believes that disclosure of the information would result in a competitor being able to design market entry strategies based on the information. Because of the cost nature of this information, it falls within the category of confidential business information defined in section 364.183(3)(e), Florida Statutes. For this reason confidential classification is granted for the information documented on this page.

Based upon the foregoing, it is

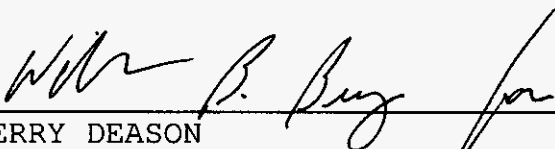
ORDERED by Commissioner J. Terry Deason, as Prehearing Officer, that GTE Florida Incorporated's request for Confidential Classification for Document No. 11398-96 is granted. It is further

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. 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.

ORDER NO.PSC-98-0346-CFO-TP  
DOCKET NO. 960847-TP  
PAGE 5

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

  
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J. TERRY DEASON  
Commissioner and Prehearing Officer

( S E A L )

AED

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) 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: 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 nonconsensual 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 USQA) 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.