

ORIGINAL



GTE SERVICE CORPORATION

One Tampa City Center  
201 North Franklin Street (33602)  
Post Office Box 110, FLTC0007  
Tampa, Florida 33601-0110  
813-483-2606  
813-204-8870 (Facsimile)

Marcell Morrell\*  
Assistant Vice President &  
Associate General Counsel-East Area

Anthony P. Gillman\*  
Assistant General Counsel

Florida Region Counsel\*\*  
Kimberly Caswell  
M. Eric Edgington  
Ernesto Mayor, Jr.  
Elizabeth Biemer Sanchez

\* Counsel in Florida as Authorized House Counsel  
\*\* Licensed in Florida

August 26, 1998

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

Re: Docket No. 980696-TP  
Determination of the cost of basic local telecommunications service,  
pursuant to Section 364.025, Florida Statutes

Dear Ms. Bayo:

Please find enclosed for filing an original and fifteen copies of GTE Florida Incorporated's Opposition to Citizens' First Motion to Compel Against GTE Florida in the above matter. Service has been made as indicated on the Certificate of Service. If there are any questions regarding this filing, please contact me at (813) 483-2617.

Very truly yours,

*Ernesto Mayor Jr. for*  
Kimberly Caswell

RECEIVED & FILED

*CBJ*  
FPSC BUREAU OF RECORDS

- ACK \_\_\_\_\_
- AFA 4 \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU (1) \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_
- LEG 2 \_\_\_\_\_
- LIN 5 \_\_\_\_\_
- QPC \_\_\_\_\_
- RCH \_\_\_\_\_
- SEC 1 \_\_\_\_\_
- WAS \_\_\_\_\_
- OTH \_\_\_\_\_

A part of GTE Corporation

DOCUMENT NUMBER-DATE

09267 AUG 26 98

FPSC RECORDS/REPORTING

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Determination of the Cost of )  
Basic Local Telecommunications )  
Service, Pursuant to Section 364.025, )  
Florida Statutes. )  
\_\_\_\_\_ )

Docket No. 980696-TP  
Filed: August 26, 1998

**GTE FLORIDA INCORPORATED'S OPPOSITION TO CITIZENS'  
FIRST MOTION TO COMPEL AGAINST GTE FLORIDA**

GTE Florida Incorporated (GTEFL) asks the Commission to deny the First Motion to Compel Against GTE Florida (Motion) filed by the Office of Public Counsel (OPC) on August 19, 1998.

OPC's Motion concerns its second set of requests for production of documents. Those production requests seek detailed and comprehensive information about GTEFL's expenses for 1997. OPC requested, among other things, invoices associated with numerous accounts, journal entries, documentation of variances between actual and budgeted financial results, budget tracking reports, sponsorship information, material on non-recurring expenses and events, general ledger detail, and documents showing month-to-month expense fluctuations.

GTEFL objected to providing these materials. In its Objections (a copy of which is attached), GTE pointed out that the only possible purpose for the OPC to request these detailed data on GTEFL's expenses would be to perform a rate-case type of analysis. OPC would argue, as it always has in the past in rate cases, that GTEFL's expenses in particular areas were too high.

In its Objections, GTEFL reminded OPC that GTEFL is no longer under rate-of-return regulation and that the purpose of this proceeding is to choose a cost proxy model

DOCUMENT NUMBER-DATE  
09267 AUG 26 98  
FPSC-RECORDS/REPORTING

for universal service purposes. GTEFL explained that these factors rendered OPC's discovery plainly irrelevant.

In its Motion to Compel, OPC did not deny or attempt to rebut GTEFL's specific claims that OPC intended to do a rate-case type of analysis of GTE's expenses for the purpose of claiming that they were too high. To the contrary, OPC admitted that the discovery was intended to obtain information on "expenses above threshold levels" and "unusual or extraordinary expenditures." (Motion at 2.) Given these statements and OPC's failure to counter the central premise of GTEFL's objections, GTEFL (and the Commission) must conclude that OPC does, indeed, intend to use the requested information to critique GTE's expenses as it has in the rate case context. This objective--and the documents associated with it--are irrelevant to any issue to be resolved in this case.

This is not a rate case, nor does the Commission have the authority to conduct a rate case for GTEFL. GTEFL became a price-regulated carrier in 1996, pursuant to the Florida Legislature's overhaul of Chapter 364 in 1995. Under that legislation, the Commission no longer sets GTEFL's rates, but simply monitors whether GTEFL has remained within the statutory parameters for rate increases and decreases for particular types of services. GTEFL's expenses are no longer subject to prudence reviews, such as those performed in past rate cases. Yet a prudence review is exactly what OPC intends to do.

Aside from having no legal foundation, the prudence review OPC's discovery contemplates would be pointless in the context of this proceeding. The objective of this

The purpose of Mr. Olson's testimony, as OPC correctly recites, is to "present GTE Florida's financial results of operations based on both an adjusted total company and separated intrastate operating basis for the twelve-month financial period ending December 31, 1997." (Olson Direct Testimony at 2, line 24, through 3, line 2, also quoted in OPC's Motion at 1.) Put simply, GTEFL's costs are what they are. GTEFL has actually made these expenditures and they are, therefore, presented in Mr. Olson's picture of financial results. Mr. Olson's actual cost presentation would remain the same even if OPC concluded GTE spent too much for a particular item or service. And any OPC assertions about GTE's expense levels will not change anything with regard to the proper inputs to be used in the forward-looking cost proxy model. It is thus relevant and reasonable to ask only about the accuracy of the expenses Mr. Olson shows, but not their prudence.

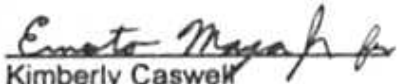
As to the accuracy point, GTEFL has agreed to produce to OPC workpapers and documents for the preparation of Mr. Olson's Exhibit SAO-1 (OPC's document request number 2.) In any event, GTE does not believe accurate reporting could be a legitimate concern since, as Mr. Olson explains, GTEFL's books and records are maintained in accordance with the FCC's Uniform System of Accounts, Part 32, which has also been adopted by this Commission. The cost separation studies underlying Mr. Olson's results adhere to the FCC's Part 36, and nonregulated results were removed in accordance with the Company's Cost Allocation Manual filed with this Commission. Finally, Arthur Andersen, GTE's independent auditor, conducts at least one audit a year of GTE's books and records for the annual report and other purposes.

The lack of relevancy of OPC's discovery is ample justification for denying OPC's Motion. Even aside from this rationale, however, the production OPC seeks would be unduly burdensome. For example, requests 3-7 ask for copies of invoices exceeding \$5000 for particular accounts. GTEFL estimates that it would need to pull and copy 7,900 invoices to respond to just these 5 requests--and these are only a third of the requests to which GTEFL has objected. A response to the other 10 requests would likely require research and production of 8,000 to 9,000 more pages.

This is clearly an unreasonable request, given the extraordinary amount of GTEFL's time and resources involved in responding to discovery, writing comments and testimony, and all of the other tasks involved in the dockets and special projects the Legislature has ordered the Commission to conduct. In view of the resource constraints the companies (and the Commission) face in complying with the legislative directives, the Commission should be very careful to compel production of burdensome discovery only when it is clearly and directly relevant to the matters slated for resolution. Since OPC's discovery is not, GTEFL cannot be expected to bear the burden of responding to it.

Because OPC's discovery at issue is irrelevant to any issue to be resolved in this docket, and because it is unduly burdensome, GTEFL asks the Commission to deny OPC's Motion to Compel.

Respectfully submitted on August 26, 1998.

By:   
Kimberly Caswek  
P. O. Box 110, FLTC0007  
Tampa, Florida 33601  
Telephone: 813-483-2617

Attorney for GTE Florida Incorporated

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that copies of GTE Florida Incorporated's Opposition to Citizens' First Motion to Compel Against GTE Florida in Docket No. 980696-TP were sent via U.S. mail on August 26, 1998 to the parties on the attached list.

  
Kimberly Caswell

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

Office of Public Counsel  
c/o The Florida Legislature  
111 W. Madison Street  
Room 812  
Tallahassee, FL 32399-1400

Michael A. Gross  
Assistant Attorney General  
Office of the Attorney General  
PL-01 The Capitol  
Tallahassee, FL 32399-1050

David B. Erwin  
Attorney-At-Law  
127 Riversink Road  
Crawfordville, FL 32327

Charles Rehwinkel  
Sprint-Florida Inc.  
1313 Blair Stone Road  
MC FLTH00107  
Tallahassee, FL 32301

Nancy White  
BellSouth Telecomm. Inc.  
150 S. Monroe Street  
Suite 400  
Tallahassee, FL 32301-1556

Jeff Wahlen  
Ausley & McMullen  
227 S. Calhoun Street  
Tallahassee, FL 32301

Tracy Hatch/Marsha Rule  
AT&T  
101 N. Monroe Street, #700  
Tallahassee, FL 32301

Richard Melson  
Hopping Law Firm  
P. O. Box 6526  
Tallahassee, FL 32314

Peter Dunbar/Barbara Auger  
Pennington Law Firm  
P. O. Box 10095  
Tallahassee, FL 32302

Thomas Bond  
MCI Telecomm. Corp.  
780 Johnson Ferry Rd., #700  
Atlanta, GA 30342

Donna Canzano  
Wiggins & Villacorta  
P. O. Drawer 1657  
Tallahassee, FL 32302

Benjamin Fincher  
Sprint  
3100 Cumberland Circle  
Atlanta, GA 30339

Floyd R. Self  
Norman H. Horton, Jr.  
Messer Law Firm  
215 S. Monroe Street, Suite 701  
Tallahassee, FL 32301-1876

Brian Sulmonetti  
WorldCom, Inc.  
1515 S. Federal Highway  
Suite 400  
Boca Raton, FL 33432

Carolyn Marek  
Time Warner Comm.  
P. O. Box 210706  
Nashville, TN 37221

James C. Falvey  
e.spire™ Communications, Inc.  
133 National Business Parkway  
Suite 200  
Annapolis Junction, MD 20701

Laura L. Gallagher  
Florida Cable Tele. Assn.  
310 N. Monroe Street  
Tallahassee, FL 32301

Lynne G. Brewer  
Northeast Florida Tel. Co.  
P. O. Box 485  
Macclenny, FL 32063-0485

Harriet Eudy  
ALLTEL Florida, Inc.  
P. O. Box 550  
Live Oak, FL 32060

Lynn B. Hall  
Vista-United Telecomm.  
P. O. Box 10180  
Lake Buena Vista, FL 32830



Robert M. Post, Jr.  
P. O. Box 277  
Indiantown, FL 34956

Tom McCabe  
P. O. Box 189  
Quincy, FL 32353-0189

Mark Ellmer  
P. O. Box 220  
502 Fifth Street  
Port St. Joe, FL 32456

Kelly Goodnight  
Frontier Communications  
180 S. Clinton Avenue  
Rochester, NY 14646

Steve Brown  
Intermedia Comm. Inc.  
3625 Queen Palm Drive  
Tampa, FL 33619-1309

Kenneth A. Hoffman  
John R. Ellis  
Rutledge Law Firm  
P. O. Box 551  
Tallahassee, FL 32301

Paul Kouroupas/Michael McRae  
Teleport Comm. Group, Inc.  
2 Lafayette Centre, Suite 400  
1133 21st Street, N.W.  
Washington, DC 20036

Suzanne Summerlin  
1311-B Paul Russell Road  
Suite 201  
Tallahassee, FL 32301

Joseph A. McGlothlin  
Vicki Gordon Kaufman  
McWhirter Law Firm  
117 S. Gadsden Street  
Tallahassee, FL 32301

Ben Ochshorn  
Florida Legal Services  
2121 Delta Boulevard  
Tallahassee, FL 32303