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February 21, 2002

VIA HAND DELIVERY

Blanca S. Bayo, Director
Division of Records and Reporting
Betty Easley Conference Center
4075 Esplanade Way
Tallahassee, Florida 32399-0870

Re: Docket No.: 990649B-TL

Dear Ms. Bayo:

On behalf of the Z-Tel Communications, Inc., enclosed for filing and distribution are the original and 15 copies of Z-Tel Communications, Inc.'s Objection to Verizon Florida, Inc.'s First Set of Interrogatories (No.1) to Z-Tel Communications, Inc.

Please acknowledge receipt of the above on the extra copy and return the stamped copy to me. Thank you for your assistance.

Sincerely,



Joseph A. McGlothlin

JAM/mls
Enclosure

DOCUMENT NUMBER - DATE
02105 FEB 21 2002
FPSC-COMPLIANCE CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into
pricing of unbundled
elements (Sprint/Verizon track)

DOCKET NO. 990649B-TP
Filed: February 21, 2002

**Z-TEL COMMUNICATIONS, INC.'S OBJECTIONS TO
VERIZON'S FIRST SET OF INTERROGATORIES**

Pursuant to Rule 28-106.206, Florida Administrative Code, and Rule 1.340, Florida Rules of Civil Procedure, Z-Tel Communications, Inc. ("Z-Tel") Objects to Verizon Florida, Inc.'s ("Verizon") First Set of Interrogatories (Nos. 1) and states as follows:

General Objections

1. Z-Tel objects to any interrogatory that calls for information protected by the attorney-client privilege, the work product doctrine, the accountant-client privilege, the trade secret privilege, or any other applicable privilege or protection afforded by law, whether such privilege or protection appears at the time the response is first made to these interrogatories or is later determined to be applicable based on the discovery of documents, investigation or analysis. Z-Tel in no way intends to waive any such privilege or protection.

2. Z-Tel objects to these interrogatories and any definitions and instructions that purport to expand FIPUG's obligations under applicable law. Z-Tel will comply with applicable law.

3. For each specific objection made below, Z-Tel incorporates by reference all of the foregoing general objections into each of its specific objections as though pleaded therein.

Specific Objections

4. Z-Tel objects to Verizon's interrogatory because it seeks information that is irrelevant and not calculated to lead to the discovery of admissible evidence, as required by the rules of discovery. Rule 1.280, Florida Rules of Civil Procedure. Verizon's interrogatory requests

information regarding the cost of capital that Z-Tel uses to evaluate local exchange projects. As a small ALEC, Z-Tel's corporate structure, business profile, investment risk, and cost of capital are so very different from the corresponding characteristics of a large LEC like Verizon that information regarding Z-Tel's cost of capital would be irrelevant to the issue in the proceeding. Indeed, the Commission noted in the BellSouth phase of this docket that only information on companies comparable to the LEC is germane to an evaluation of the cost of capital related to an ILEC that is providing UNEs. See Order No. PSC-01-1181-FOF-TP at 169. Thus, any response to this interrogatory would not be relevant to the issues in this docket.

5. Z-Tel also objects to the interrogatory because it requests confidential, proprietary business information of the type protected by section 364.183, Florida Statutes. Specifically, the interrogatory asks for Z-Tel's own *internal* cost of capital expectations and criteria which it uses when evaluating business decisions. Releasing the information regarding Z-Tel's internal planning criteria would place Z-Tel at a disadvantage to its competitors.

6. Z-Tel further objects to the interrogatory on the grounds that it is intended to harass Z-Tel. Verizon's interrogatory requests the disclosure of sensitive, confidential business information, even though the requested information would add no relevant information that would be instructive to the issues before the Commission. The nature of this request is particularly intrusive, in that it requires disclosure of Z-Tel's internal policies and criteria rather than an outside analysis of Z-Tel's cost of capital.



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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of Z-Tel Communications, Inc's Objections to Verizon's First Set of Interrogatories has on this 21st day of February, 2002 been served by (*) Hand Delivery, Email and U.S. Mail to the following:

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