

E. EARL EDENFIELD, JR.
General Attorney

BellSouth Telecommunications, Inc.
150 South Monroe Street
Room 400
Tallahassee, Florida 32301
(404) 335-0763

ORIGINAL

January 30, 2001

RECEIVED-FPSC
01 JAN 30 PM 3:34
RECORDS AND REPORTING

Mrs. Blanca S. Bayó
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

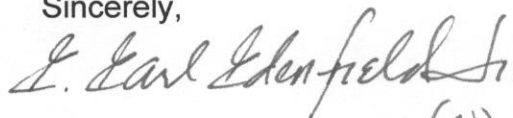
Re: **000075-TP (Section 251)**

Dear Ms. Bayó:

Enclosed is an original and fifteen copies of Pre-Hearing Statement of BellSouth Telecommunications, Inc., which we ask that you file in the captioned docket.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served to the parties shown on the attached Certificate of Service.

Sincerely,



E. Earl Edenfield, Jr. *(EED)*

Enclosures

- APP cc: All Parties of Record
- CAF
- CMP Marshall M. Criser III
- COM R. Douglas Lackey
- CTR Nancy B. White
- ECR
- LEG
- OPC
- PAI
- RGO
- SEC
- SER
- OTH

RECEIVED & FILED
Mur
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

01360 JAN 30 01

FPSC-RECORDS/REPORTING 000270

CERTIFICATE OF SERVICE
Docket No. 000075-TP

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via

U.S. Mail this 30th day of January, 2001 to the following:

Diana Caldwell
Staff Counsel
Florida Public Service
Commission
Division of Legal Services
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Michael A. Gross
Florida Cable Telecommunications
Assoc., Inc.
310 N. Monroe Street
Tallahassee, FL 32301
Tel.: (850) 681-1990
Fax: (850) 681-9676

Kenneth A. Hoffman, Esq. (+)
Martin P. McDonnell (+)
Rutledge, Ecenia, Purnell & Hoffman
Post Office Box 551
Tallahassee, FL 32302-0551
Tel.: (850) 681-6788
Fax: (850) 681-6515
Represents US LEC
Represents Level 3
Represents Allegiance

Elizabeth Howland, Esq.
Attn: Regulatory & Interconnection
Allegiance Telecom, Inc.
1950 Stemmons Freeway
Suite 3026
Dallas, TX 75207

Morton Posner, Esq.
Regulatory Counsel
Allegiance Telecom
1150 Connecticut Avenue, N.W.
Suite 205
Washington, DC 20036

Charles J. Rehwinkel
Susan Masterton
Sprint-Florida, Inc.
Post Office Box 2214
MS: FLTLHO0107
Tallahassee, FL 32316-2214

Peter M. Dunbar
Karen M. Camechis
Pennington, Moore, Wilkinson,
Bell & Dunbar, P.A.
Post Office Box (32302)
215 South Monroe Street, 2nd Floor
Tallahassee, FL 32301
Tel. No. (850) 222-3533
Fax. No. (850) 222-2126
Pete@penningtonlawfirm.com
Karen@penningtonlawfirm.com

Mark Buechele
Legal Counsel
Supra Telecom
1311 Executive Center Drive
Suite 200
Tallahassee, FL 32301
Tel. No. (850) 402-0510
Fax. No. (850) 402-0522

Wanda Montano
US LEC of Florida, Inc.
401 North Tyron Street
Charlotte, North Carolina 28202
Tel. No. (704) 319-1074
Fax. No. (704) 310-0069

Charles J. Pellegrini
WIGGINS & VILLACORTA, P.A.
2145 Delta Boulevard
Suite 200
Post Office Drawer 1657
Tallahassee, FL 32302
Tel. No. (850) 358-6007
Fax. No. (850) 358-6008
Represents Focal

Norman H. Horton, Jr.
Messer, Caparello & Self, P.A.
215 South Monroe Street
Suite 701
Tallahassee, FL 32301-1876
Tel. No. (850) 222-0720
Fax. No. (850) 224-4359

James C. Falvey, Esq.
e.spire Communications, Inc.
133 National Business Parkway
Suite 200
Annapolis Junction, Maryland 20701
Tel. No. (301) 361-4298
Fax. No. (301) 361-4277

Donna Canzano McNulty
MCI WorldCom, Inc.
325 John Knox Road
The Atrium, Suite 105
Tallahassee, FL 32303
Tel. No. (850) 422-1254
Fax. No. (850) 422-2586

Brian Sulmonetti
MCI WorldCom, Inc.
6 Concourse Parkway, Suite 3200
Atlanta, GA 30328
Tel. No.: (770) 284-5493
Fax. No.: (770) 284-5488

Kimberly Caswell
GTE Florida Incorporated
P.O. Box 110, FLTC0007
Tampa, FL 33601-0110

Scott A. Sapperstein
Senior Policy Counsel
Intermedia Communications, Inc.
3625 Queen Palm Drive
Tampa, FL 33619
Tel. No. (813) 829-4093
Fax. No. (813) 829-4923

Marsha Rule
AT&T Communications of the
Southern States, Inc.
101 North Monroe Street
Suite 700
Tallahassee, FL 32301
Tel. No. (850) 425-6364

Jon C. Moyle, Esq.
Cathy M. Sellers, Esq.
Moyle, Flanigan, Katz, Kolins,
Raymond & Sheehan, P.A.
The Perkins House
118 North Gadsden Street
Tallahassee, Florida 32301

Mr. Herb Bornack
Orlando Telephone Company
4558 S.W. 35th Street
Suite 100
Orlando, FL 32811

Robert Scheffel Wright
Landers & Parsons, P.A.
310 West College Avenue (32301)
Post Office Box 271
Tallahassee, FL 32302
Tel. No. (904) 681-0311
Fax. No. (904) 224-5595
Represents Cox Communications

Jill N. Butler
Vice President of Regulatory Affairs
Cox Communications
4585 Village Avenue
Norfolk, VA 23502

Paul Rubey
Focal Communications Corporation
200 North LaSalle Street
Suite 1100
Chicago, Illinois 60601-1914
Tel. No. (312) 895-8491
Fax. No. (312) 895-8403
prebey@focal. Com

Vicki Gordon Kaufman
McWhirter Reeves McGlothlin
Davidson Decker Kaufman, et al.
117 South Gadsden Street
Tallahassee, Florida 32301
Tel. No. (850) 222-2525
Fax. No. (850) 222-5606
Represents KMC & FCCA
Represents XO Communications

John McLaughlin
KMC Telecom, Inc.
1755 North Brown Road
Lawrenceville, Georgia 30043
Tel. No. (678) 985-6262
Fax. No. (678) 985-6213

Charles A. Hudak, Esq.
Ronald V. Jackson, Esq.
Gerry, Friend & Sapronov, LLP
Three Ravinia Drive, Suite 1450
Atlanta, Georgia 30346-2131
Tel. No. (770) 399-9500
Fax. No. (770) 395-0000
BroadBand Office Comm. Inc.

Michael R. Romano, Esq.
Level 3 Communications, LLC
1025 Eldorado Boulevard
Broomfield, CO 80021
Tel. No. (720) 888-7015
Fax. No. (720) 888-5134

Dana Shaffer
Vice President
XO Communications, Inc.
105 Molly Street, Suite 300
Nashville, Tennessee 37201-2315
Tel. No. (615) 777-7700
Fax. No. (615) 345-1564


E. Earl Edenfield, Jr.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into Appropriate)
Methods to Compensate Carriers)
for Exchange of Traffic Subject to)
Section 251 of the Telecommunications)
Act of 1996.)

Docket No.: 000075-TP

Filed: January 30, 2001

**PRE-HEARING STATEMENT OF
BELLSOUTH TELECOMMUNICATIONS, INC.**

BellSouth Telecommunications, Inc. ("BellSouth"), pursuant to the Order Establishing Procedure (Order No. PSC-00-2229-PCO-TP) dated November 22, 2000¹, submits its Pre-hearing Statement.

WITNESSES

BellSouth proposes to call the following witnesses to offer testimony on the issues in this docket, as enumerated in Appendix A of the Order Establishing Procedure:

<u>Witness</u>	<u>Issues</u>
Elizabeth Shiroishi (Direct and Rebuttal)	1(a), 1(b), 2, 3, 4, 5, 6, 7, 8, 9
David Scollard (Direct and Rebuttal)	8
Dr. William Taylor (Rebuttal)	2, 3, 4, 5, 6

BellSouth reserves the right to call additional witnesses, witnesses to respond to Commission inquiries not addressed in direct or rebuttal testimony and witnesses to address issues not presently designated that may be designated by the Pre-hearing Officer at the Pre-

¹ As amended by the Commission in: Order Adopting, Incorporating, and Supplementing Order No. PSC-00-2229-PCO-TP Establishing Procedure (Order No. PSC-00-2350-PCO-TP dated December 7, 2000) and Order Granting in Part Joint Motion to Extend Filing Dates, Bifurcate, and Request for Issue Identification / Status Conference (Order No. PSC-00-2452-PCO-TP dated December 20, 2000).

hearing Conference to be held on February 14, 2001. BellSouth has listed the witnesses for whom BellSouth filed testimony, but reserves the right to supplement that list if necessary.

EXHIBITS

Elizabeth Shiroishi	ERAS-1 (Direct)	Network Diagrams
	ERAS-2 (Direct)	Network Diagrams
Dr. William Taylor	WET-1 (Rebuttal)	Curriculum Vitae of Dr. Taylor

BellSouth reserves the right to file exhibits to any testimony that may be filed under the circumstances identified above. BellSouth also reserves the right to introduce exhibits for cross-examination, impeachment, or any other purpose authorized by the applicable Florida Rules of Evidence and Rules of this Commission.

STATEMENT OF BASIC POSITION

The Commission's goal in this generic proceeding is to resolve each issue set forth below consistent with the requirements of Section 251 of the Telecommunications Act of 1996 ("1996 Act"), including the regulations prescribed by the Federal Communications Commission ("FCC"). BellSouth's positions on the individually numbered issues in this docket are reasonable and consistent with the Act and the pertinent rulings of the FCC. Thus, the Commission should adopt BellSouth's positions on each of the issues in dispute.

BELLSOUTH'S POSITION ON THE ISSUES OF LAW AND FACT

ISSUE 1(a): Does the Commission have the jurisdiction to adopt an inter-carrier compensation mechanism for delivery of ISP-bound traffic?

ISSUE 1(b): If so, does the Commission have the jurisdiction to adopt such an inter-carrier compensation mechanism through a generic proceeding?

Position: No. ISP-bound traffic is an interstate access service that is predominantly interstate in nature and, therefore, within the exclusive jurisdiction of the FCC. The

determination of the appropriate inter-carrier compensation for ISP-bound traffic is an issue to be decided (and will ultimately be decided by the FCC) as it is the subject of a pending rulemaking by the FCC. However, if the Commission determines that it has jurisdiction to adopt an inter-carrier compensation mechanism for the delivery of ISP-bound traffic, which it does not, then a generic proceeding is the proper forum to address the issue.

ISSUE 2: Is delivery of ISP-bound traffic subject to compensation under Section 251 of the Telecommunications Act of 1996?

Position: No. Section 251 of the Act, as interpreted by the FCC, requires the payment of reciprocal compensation only for the exchange of local traffic. ISP-bound traffic is an interstate access service, which is clearly not local traffic. Payment of reciprocal compensation for ISP-bound traffic is inconsistent with the law and is not sound public policy.

ISSUE 3: What actions should the Commission take, if any, with respect to establishing an appropriate compensation mechanism for ISP-bound traffic in light of current decisions and activities of the courts and the FCC?

Position: It is not appropriate for the Commission to take any action on this issue because inter-carrier compensation for ISP-bound traffic is not an obligation under Section 251 of the Act. At a minimum, the Commission should wait until the FCC issues an order before spending resources developing a plan that may be rendered moot by ultimate FCC decision or which may be overturned by a court on jurisdictional grounds.

ISSUE 4: What policy considerations should inform the Commission's decision in this docket?

Position: The Commission should consider how this decision will affect competitive entry decisions by ALECs, cost recovery and the economics of the cost causation, the impact on residential customers, and the continued development of competition.

ISSUE 5: Is the Commission required to set a cost-based mechanism for delivery of ISP-bound traffic?

Position: No. As ISP-bound traffic is interstate traffic, not local traffic, the obligation imposed upon the Commission under Section 251 of the Act to establish cost-based rates does not extend to ISP-bound traffic. However, if the Commission ultimately determines that it has jurisdiction to establish an inter-carrier compensation mechanism for ISP-bound traffic, which it does not, then the Commission should implement a bill-and-keep mechanism. In the event that the Commission establishes a compensation mechanism for ISP-bound traffic other than bill and keep, it should be cost-based and premised on the cost actually incurred for the delivery of ISP-bound traffic, not on the cost of terminating a local call.

ISSUE 6: What factors should the Commission consider in setting the compensation mechanisms for delivery of ISP-bound traffic?

Position: If the Commission ultimately determines that it has jurisdiction to establish an inter-carrier compensation mechanism for ISP-bound traffic, which it does not, then the Commission should implement a bill-and-keep mechanism. In the event that the Commission establishes a compensation mechanism for ISP-bound traffic other than bill and keep, it should first explore what costs are not recovered in an ISP-bound call. At a minimum, the Commission should consider the characteristics of ISP-bound calls as distinguished from local calls, including call length and the cost of network equipment.

ISSUE 7: Should inter-carrier compensation for delivery of ISP-bound traffic be limited to carrier and ISP arrangements involving circuit-switched technologies?

Position: Yes. Inter-carrier compensation for delivery of ISP-bound traffic should be limited to carrier and ISP arrangements involving circuit-switched technologies. Non-circuit-switched connections are generally not disputed with respect to reciprocal compensation

standpoint since no switching costs are incurred and, thus there is no switching compensation at issue.

ISSUE 8: Should ISP-bound traffic be separated from non-ISP bound traffic for purposes of assessing any reciprocal compensation payments? If so, how?

Position: Yes. To the extent the Commission establishes a compensation mechanism for the delivery of ISP-bound traffic, then ISP-bound traffic should be separated from non-ISP-bound traffic. To accomplish this, each LEC receiving a bill containing usage charges for traffic exchanged with another local provider would need information sufficient to independently verify that the billing LEC applied the appropriate rate elements to the correct number of minutes. In the case of ISP traffic, the billed LEC would need to be able to determine that the billing LEC accurately identified the total ISP minutes from other minutes. BellSouth's position is that the most effective way to accomplish this is for the billing LEC to provide the billed LEC a list of the ISP numbers that was used in calculating the charges contained on the bill. In that way, the billed company would be able to use its own switch records to verify that the appropriate charges have been calculated.

ISSUE 9: Should the Commission establish compensation mechanisms for delivery of ISP-bound traffic to be used in the absence of the parties reaching an agreement or negotiating a compensation mechanism? If so, what should be the mechanisms?

Position: The Commission should not establish a compensation mechanism for ISP-bound traffic as ISP-bound traffic is access service for which the appropriate inter-carrier compensation will be decided by the FCC. However, if the Commission decides to establish a compensation mechanism for delivery of ISP-bound traffic, which BellSouth contends should be bill-and-keep, said mechanism should only be applicable in the absence of the parties reaching an agreement or negotiating a compensation arrangement mechanism.

STIPULATIONS

None.

PENDING MOTIONS AND CLAIMS FOR CONFIDENTIALITY

None.

OTHER REQUIREMENTS

None.

DECISIONS IMPACTING THE COMMISSION'S CONSIDERATION

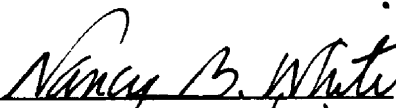
BellSouth respectfully directs the Commission's attention to the following decisions for the proposition that the Commission does not have jurisdiction to establish any type of compensation mechanism for ISP-bound traffic:

Order on Remand, *In re: Deployment of Wireline Services Offering Advanced Telecommunications Capability*, CC Docket No. 98-147, December 23, 1999.

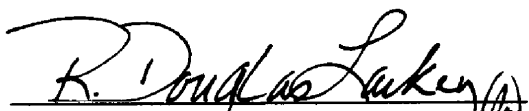
Bell Atlantic Tel. Cos. v. FCC, 206 F.3d 1 (D.C. Cir. 2000).

Respectfully submitted this 30th day of January 2001.

BELLSOUTH TELECOMMUNICATIONS, INC.



NANCY B. WHITE
c/o Nancy H. Sims
150 So. Monroe Street, Suite 400
Tallahassee, FL 32301
(305) 347-5558



R. DOUGLAS LACKEY
E. EARL EDENFIELD JR.
Suite 4300
675 W. Peachtree St., NE
Atlanta, GA 30375
(404) 335-0763