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March 29, 2002

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Mrs. Blanca S. Bayó  
Director, Division of the Commission Clerk  
and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
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Re: **000075-TP (Generic ISP Docket) (Phase I)**

Dear Ms. Bayó:

Enclosed please find an original and fifteen copies of BellSouth Telecommunications, Inc.'s Pre-Hearing Statement, 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,

*James Meza III*  
James Meza III (KA)

Enclosures

cc: All Parties of Record  
Marshall M. Criser III  
R. Douglas Lackey  
Nancy B. White

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**CERTIFICATE OF SERVICE**  
**Docket No. 000075-TP (Phase II)**

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James Meza III (KA)

**(+) Signed Protective Agreement**

**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  
(Phase II)

Filed: March 29, 2002

**BELLSOUTH TELECOMMUNICATIONS, INC.'s PRE-HEARING STATEMENT**

BellSouth Telecommunications, Inc. ("BellSouth"), pursuant to the Second Order on Procedure, Schedule and Issues for Phase II (Order No. PSC-02-0139-PCO-TP) dated January 31, 2002, 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 Second Order on Procedure:

**Witness**

**Issues**

Elizabeth R. A. Shiroishi (Direct and Rebuttal)

13 and 17

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-hearing Conference to be held on April 19, 2002. BellSouth has listed the witnesses for whom BellSouth filed testimony, but reserves the right to supplement that list if necessary.

**EXHIBITS**

<b><u>Witness</u></b>	<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
Elizabeth R. A. Shiroishi (Direct)	ERAS-1	Diagram A - BST is Toll Provider (LPIC) Diagram B - IXC is Toll Provider (LPIC) Diagram C - ALEC is Toll Provider (LPIC)
	ERAS-2	Diagram A - ILEC is Toll Provider (LPIC)

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"), as well as Florida law. BellSouth's positions on the individually numbered issues in this docket are reasonable and consistent with the Act, pertinent rulings of the FCC, and Florida law. 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 13: How should a "local calling area" be defined, for purposes of determining the applicability of reciprocal compensation?**

- a) **What is the Commission's jurisdiction in this matter?**
- b) **Should the Commission establish a default definition of local calling area for the purpose of intercarrier compensation, to apply in the event parties cannot reach a negotiated agreement?**
- c) **If so, should the default definition of local calling area for purposes of intercarrier compensation be: 1) LATA-wide local calling, 2) based upon the originating carrier's retail local calling area, or 3) some other default definition/mechanism?**

**Position:** a) The Commission has jurisdiction under the FCC's Local

Competition First Report and Order issued August 8, 1996 to determine geographic areas for reciprocal compensation purposes. However, whatever geographic area the Commission establishes must not conflict with Florida Law, including but not limited to Section 364.16(3)(a), Florida Statutes.

b) No. Based on BellSouth's experience, a default definition of local calling area for the purposes of reciprocal compensation is not necessary because this issue has not been highly contested or arbitrated. If, however, the Commission decides to establish a default definition, that definition must be in compliance with federal and Florida law.

c) The Commission should adopt as the default definition the originating party's local calling area, if it finds that such a proposal is administratively manageable. If the Commission determines that the originating party's local calling



area is not manageable, then the default definition should be the ILEC's local calling area.

**ISSUE 17: Should the Commission establish compensation mechanisms governing the transport and delivery or termination of traffic subject to Section 251 of the Act to be used in the absence of the parties reaching agreement or negotiating a compensating mechanism? Is so, what should be the mechanism?**

- a) Does the Commission have jurisdiction to establish bill and keep?
- b) What is the potential financial impact, if any, on ILECs and ALECs of bill and keep arrangements?
- c) If the Commission imposes bill and keep as a default mechanism, will the Commission need to define generically "roughly balanced?" If so, how should the Commission define "roughly balanced?"
- d) What potential advantages or disadvantages would result from the imposition of bill and keep arrangements as a default mechanism, particularly in comparison to other mechanisms already presented in Phase II of this docket?

Position: a) Yes. Under the FCC rules, the Commission has the authority to establish bill and keep arrangements.

b) Bill and Keep will allow carriers to recover their costs from end users rather than through subsidiaries received from other carriers.

c) Not necessarily. The Commission could presume that traffic is roughly balanced, subject to a carrier rebutting such a presumption. If a carrier attempts to rebut the presumption, the Commission should find that traffic below a 3:1 ratio of originating to terminating traffic is "roughly balanced" in compliance with the FCC's April 27, 2002 Order on Remand.

d) One benefit that would result from the adoption of bill and keep is that it resolves the issue of whether an ALEC is entitled to be compensated at the ILEC's tandem interconnection rate. Even with bill and keep, however there could still be disputes over the jurisdiction of traffic, whether or not traffic is roughly balanced, and other tangential issues.

**STIPULATIONS**

None.

**PENDING MOTIONS AND CLAIMS FOR CONFIDENTIALITY**

None.

**OTHER REQUIREMENTS**

None.

Respectfully submitted this 29th day of March, 2002.

BELLSOUTH TELECOMMUNICATIONS, INC.

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