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 I)
ORDER NO. PSC-02-0634-AS-TP
ISSUED: May 7, 2002

The following Commissioners participated in the disposition of this matter:

LILA A. JABER, Chairman J. TERRY DEASON BRAULIO L. BAEZ MICHAEL A. PALECKI

ORDER APPROVING STIPULATION

BY THE COMMISSION:

On January 21, 2000, this docket was established to investigate the appropriate methods to compensate carriers for exchange of traffic subject to Section 251 Telecommunications Act of 1996 (the Act). An administrative hearing regarding issues delineated for Phase I of this docket was conducted on March 7 - 8, 2001. In accordance with Order No. PSC-00-2229-PCO-TP, issued November 22, 2000, as modified by Order No. PSC-01-0863-PCO-TP, issued April 5, 2001, post-hearing briefs were filed on April 18, 2001. Thereafter, on April 19, 2001, the Federal Communications Commission (FCC) released its decision in FCC Dockets Nos. 96-98 and 99-68 on matters regarding intercarrier compensation for telecommunications traffic to Internet Service Providers that had been remanded to the FCC for further determination by the Court of Appeals for the District of Columbia On April 27, 2001, Order No. PSC-01-1036-PCO-TP was issued requiring all parties in this proceeding to file supplemental posthearing briefs addressing the decision of the FCC in Dockets Nos. 96-98 and 99-68 (FCC Order) within 10 days of the issuance of the FCC's Order memorializing the April 19, 2001, decision. On that same day, the FCC Order was memorialized in Docket Nos. 96-98 and 99-68.

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FPSC-COMMISSION CLERK

On May 2, 2001, AT&T Communications of the Southern States, Inc., TCG of South Florida, Global NAPS, Inc., MediaOne Florida Telecommunications, Inc., Time Warner Telecom of Florida, LP, Florida Cable Telecommunications Association, Inc., Allegiance Telecom of Florida, Inc. and the Florida Competitive Carriers Association (collectively "Joint Movants") filed a Joint Motion for Extension of Time to File Supplemental Posthearing Brief. Order No. PSC-01-1094-PCO-TP, issued May 8, 2001, was issued granting the Joint Movants' Motion for Extension of Time.

On March 27, 2002, the parties filed a Joint Stipulation, wherein the parties have suggested that we defer action on the issues raised in Phase I of this docket. In support of this proposal, the parties state that on April 27, 2001, the FCC issued its ruling in the case of <u>Implementation of the Local Compensation</u> Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98, <u>Intercarrier Compensation for ISP-Bound Traffic</u>, CC Docket No. 99-68, Order on Remand and Report Order (ISP Remand Order), FCC 01-The parties assert that the ISP Remand Order establishes 131. certain nationally applicable rules regarding intercarrier compensation for ISP-bound traffic. Therein, the parties contend that the FCC has asserted jurisdiction over ISP-bound traffic and hence, this Commission should decline to issue a ruling on the issues in Phase I, which addresses reciprocal compensation for ISPbound traffic. The parties assert that although the ISP Remand Order is under court review, it has not been stayed and is, therefore, binding.

Given the fact that the *ISP Remand Order* is binding and currently on appeal, the parties contend that we should decline to issue a ruling on the issues in Phase I at this time, but should preserve the hearing record. If the FCC or the courts subsequently rule that ISP-bound traffic is not entirely within the jurisdiction and control of the FCC, the parties agree that further proceedings before this Commission addressing Phase I issues should then be reinitiated either at the request of any party to the proceeding or on our own initiative in the manner prescribed in the stipulation.

Upon consideration, we agree that the *ISP Remand Order* does classify ISP-bound traffic as interstate and, therefore, under the jurisdiction of the FCC. In its opinion, the FCC stated that "traffic delivered to an ISP is predominantly interstate access

Order at ¶1. Although the FCC stated that the ISP Remand Order ". does not preempt any state commission decision regarding a compensation mechanism for ISP-bound traffic for the period prior to the effective date of the interim regime we adopt here," it did, however, state that "[b] ecause we now exercise our authority under section 201 to determine the appropriate intercarrier compensation for ISP-bound traffic, however, state commissions will no longer have authority to address this issue." See ISP Remand Order at ¶82. The FCC's intent to preempt a state commission's authority to address reciprocal compensation for ISP-bound traffic is clear.

In view of the fact that Phase I of this docket focused on issues concerning the establishment of an intercarrier compensation mechanism for the delivery of ISP-bound traffic, we approve the stipulation and shall defer ruling on the issues delineated in Phase I. Furthermore, we find that the proposal in the stipulation provides a reasonable means to reinitiate our consideration of these issues should the FCC's decision be modified or overturned. Based on the foregoing, we hereby approve the Joint Stipulation, attached and incorporated herein by reference as Attachment A, filed by parties on March 27, 2002.

It is therefore

ORDERED by the Florida Public Service Commission that the Joint Stipulation, which is attached and incorporated herein by reference as Attachment A to this Order, is hereby approved. It is further

ORDERED that this Docket shall remain open pending the resolution of the issues addressed in Phase II of this proceeding.

By ORDER of the Florida Public Service Commission this $\underline{7th}$ Day of \underline{May} , $\underline{2002}$.

BLANCA S. BAYÓ, Director Division of the Commission Clerk and Administrative Services

Βv

Kay Flynn, Chief

Bureau of Records and Hearing

Services

(SEAL)

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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 the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) 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 and/or wastewater utility by filing a notice of appeal with the Director, Division of the Commission Clerk and

Administrative Services and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

DOCKET NO. 000075-TP (Phase I)

DATE: APRIL 11, 2002

ATTACHMENT A

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re:

Investigation into appropriate methods to compensate carriers for Docket No. 000075-TP exchange of traffic subject to Section 251 of the Telecommunications Act of 1996.

Docket No. 000075-TP

STIPULATION

The undersigned parties to the above-captioned proceeding, and the Staff of the Florida Public Service Commission ("FPSC") hereby stipulate as follows:

- 1. On April 27, 2001, the FCC issued its ruling in the case of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98, Intercarrier Compensation for ISP-Bound Traffic, CC Docket No. 99-68, Order on Remand and Report and Order, FCC No. 01-131 (rel. Apr. 27, 2001) ("ISP Remand Order"). The ISP Remand Order establishes certain nationally applicable rules regarding intercarrier compensation for ISP-bound traffic. The ISP Remand Order is under court review, but it has not been stayed and is therefore legally effective. As a result, the ISP Remand Order has established a nationwide resolution of the issues presented in Phase I of this proceeding.
- 2. In light of the ISP Remand Order, the Florida Public Service Commission ("FPSC") should decline to rule on the issues presented in Docket No. 000075-TP, Phase I, at this time, and should suspend any further activity in this Docket pertaining to the Phase I issues.

DOCKET NO. 000075-TP (Phase I)

DATE: APRIL 11, 2002

Because the ISP Remand Order is currently subject to court review, however, the
record from the Phase I hearing conducted on March 7-9, 2001, should be preserved, as
described below.

4. The ISP Remand Order may be modified as a result of court review or further FCC action. If the FCC and/or the courts subsequently rule that ISP-bound traffic is not entirely within the jurisdiction and control of the FCC, or that state regulatory bodies have jurisdiction with respect to intercarrier compensation arrangements for such traffic potwithstanding its interstate character, further proceedings before the FPSC addressing the Phase I issues may be reinitiated either at the request of any party to this proceeding or on the FPSC's own initiative. The FPSC should, at the time of any request to reinitiate consideration of the Phase I issues, address and resolve any questions that may exist at that time with regard to its jurisdiction to proceed.

5. The undersigned parties stipulate that if such further proceedings are initiated, the record from the Phase I hearing should be deemed applicable as preserved, and should be incorporated into the record of the reinitiated proceedings in full. The undersigned parties hereby waive any objection that they might otherwise have to the inclusion of the record from the Phase I hearing into the record of such further proceedings, subject only to objections as to the admissibility of particular evidence which were actually made on the record during the Phase I hearing. Any such objections actually made during the Phase I hearings shall be deemed preserved.

References in this stipulation to "the undersigned parties" are intended to include the Commission staff as well.

DOCKET NO. 000075-TP (Phase I)

DATE: APRIL 11, 2002

- 6. Because the record from Phase I shall be incorporated into the record of any future proceeding on the Phase I issues, the undersigned parties hereby stipulate that they will not seek to introduce additional testimony on the issues addressed in the Phase I hearing, and stipulate that they will limit their presentation in such future proceedings to supplemental briefs, addressing legal and regulatory decisions and developments occurring between the time of the Phase I hearing and the time of such future proceedings, provided, however, that the undersigned parties reserve their right to request the FPSC to permit the submission of supplemental testimony in order to address significant changes in factual circumstances occurring between the time of the Phase I hearing and the time of such future proceedings. Changes in regulatory or policy considerations shall be addressed in briefs, not in testimony.
- 7. If, upon the conclusion of Phase II of this proceeding, the state of the law regarding the jurisdiction over ISP-bound traffic remains as set forth in the ISP Remand Order, the undersigned parties stipulate that Docket No. 000075-TP may be closed, subject to the terms of this stipulation regarding reinitiating proceedings to address the Phase I issues.
- 8. Even if Docket No. 000075-TP is closed in accordance with Point 7 of this stipulation, if the state of the law regarding the Phase I issues changes as a result of further judicial or FCC proceedings, then Points 3 6 of this stipulation should be deemed applicable to any new Docket opened to address the same issues identified in Phase I of Docket No. 000075-TP.
 - 9. This stipulation may be executed in multiple counterparts.
- This stipulation may not be considered binding in any way upon the parties or the
 FPSC with regard to complaints arising under agreements prior to FCC Order 01-131.

DOCKET NO. 000075-TP (Phase I)

DATE: APRIL 11, 2002

Respectfully submitted this 25th day of March. 2002.

INSERT OUR SIGNATURE PAGE AND THEN ATTACH ALL

OTHERS AFTER

DOCKET NO. 000075-TP (Phase I)

DATE: APRIL 11, 2002

10. This stipulation may not be considered binding in any way upon the parties or the

FPSC with regard to complaints arising under agreements prior to FCC Order 01-131.

Respectfully submitted.

STAFF OF THE FLORIDA PUBLIC SERVICE COMMISSION

SPRINT COMMUNICATIONS COMPANY LIMITED PARTNERSHIP and SPRINT-FLORIDA, INCORPORATED

Felicia Banks Staff Counsel Its Attorney Susan S. Masterson Their Attorney

AT&T COMMUNICATIONS OF THE SOUTHERN STATES; TCG OF SOUTH FLORIDA; MEDIAONE FLORIDA COMMUNICATIONS, INC.; ALLEGIANCE TELECOM OF FLORIDA, INC; LEVEL 3 COMMUNICATIONS, LLC; and US LEC OF FLORIDA, INC.

COMMUNICATIONS OF THE FLORIDA CABLE TELECOMMUNICA-RN STATES; TCG OF SOUTH FLO-TIONS ASSOCIATION

> Michael A. Gross Vice President -

Vice President — Regulatory Affairs & Regulatory Counsel
Its Attorney

Kenneth A Hoffman Martin P. McDonnell

TIME WARNER TELECOM OF FLORIDA, L.P.

Morton J. Posner

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Peter M. Dunbar, Esq. Karen M. Camechis, Esq.

Their Attorneys

GLOBAL NAPS, INC.

BELLSOUTH TELECOMMUNICATIONS.

INC.

Christopher W. Savage

Jon C. Moyle Its Attorneys James Meza Kip Edenfield

Its Attomeys

DOCKET NO. 000075-TP (Phase I)

DATE: APRIL 11, 2002

MCI METRO ACCESS TRANSMISSION SERVICES, LLC: MCI WORLDCOM COMMUNICATIONS, INC; AND INTERMEDIA COMMUNICATIONS INC.

Johns Causan McNulty
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Tallahassee, FL 32303

(850) 422-1254

Their attorney.

DOCKET NO. 000075-TP (Phase I)

DATE: APRIL 11, 2002

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FPSC with regard to complaints arising under agreements prior to FCC Order 01-131

Respectfully submitted,

STAFF OF THE FLORDA PUBLIC SERVICE COMMISSION

SPRINT COMMUNICATIONS COMPANY LIMITED PARTNERSHIP and SPRINT-FLORIDA, INCORPORATED

Felicia Banks Staff Counsel Its Attorney Susan S. Masterson Their Attorney

Michael A. Gross

L.P.

Regulatory Counsel

Peter M. Dunbar, Esq.

AT&T COMMUNICATIONS OF THE SOUTHERN STATES; TCG OF SOUTH FLO-RIDA; MEDIAONE FLORIDA COMMUNICATIONS, INC.; ALLEGIANCE TELECOM OF FLORIDA, INC; LEVEL 3 COMMUNICATIONS, LLC; and US LEC OF FLORIDA, INC.

THE FLORIDA CABLE TELECOMMUNICA-FLO-TIONS ASSOCIATION

Mati P. M.DO

Kenneth A Hoffman Martin P. McDonnell Their Attorneys Its Attorney
TIME WARNER TELECOM OF FLORIDA,

Vice President - Regulatory Affairs &

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Morton J. Posner

Additional Counsel for Allegiance Telecom of Florida, Inc.

lecom of Karen M. Camechis, Esq.
Their Attorneys

GLOBAL NAPS, INC.

Their Attorneys

BELLSOUTH TELECOMMUNICATIONS, INC.

Christopher W. Savage Jon C. Moyle Its Attorneys James Meza Kip Edenfield Its Attorneys

DOCKET NO. 000075-TP (Phase I)

DATE: APRIL 11, 2002

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Respectfully submitted,

STAFF OF THE FLORIDA PUBLIC SERVICE COMMISSION

SPRINT COMMUNICATIONS COMPANY LIMITED PARTNERSHIP and SPRINT-FLORIDA, INCORPORATED

Felicia Banks Staff Counsel Its Attorney

Susan S. Masterson Their Attorney

COMMUNICATIONS OF AT&T SOUTHERN STATES; TCG OF SOUTH FLO-RIDA; MEDIAONE FLORIDA COMMUNI-CATIONS, INC.; ALLEGIANCE TELECOM OF FLORIDA, INC; LEVEL 3 COMMU-NICATIONS, LLC; and US LEC OF FLORIDA, INC.

THE FLORIDA CABLE TELECOMMUNICA-TIONS ASSOCIATION

Michael A. Gross

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Morton J. Posner

Additional Counsel for Allegiance Telecom of Karen M. Camechis, Esq. Florida, Inc.

Peter M. Dunbar, Esq.

Their Attorneys

GLOBAL NAPS, INC.

BELLSOUTH TELECOMMUNICATIONS,

INC.

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Christopher W. Savage Jon C. Moyle

Its Attorneys

James Meza Kip Edenfield

DOCKET NO. 000075-TP (Phase I)

DATE: APRIL 11, 2002

The FLORIDA CABLE TELECOMMUNICATIONS ASSOCIATION hereby

agrees to the Stipulation submitted in Phase I of Florida Public Service Commission Docket. 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.

Respectfully submitted,

Michael A. Gross

Vice President, Regulatory Affairs

& Regulatory Counsel

Florida Cable Telecommunications Association

246 E. Park Avenue Tallahassee, FL 32303 850/681-1990

850/681-9676 (fax) mgross@fcta.com

Dated this 25th day of January, 2002.

DOCKET NO. 000075-TP (Phase I)

DATE: APRIL 11, 2002

This stipulation may not be considered binding in any way upon the parties or the 10. FPSC with regard to complaints arising under agreements prior to FCC Order 01-131.

Respectfully submitted.

STAFF OF THE FLORIDA PUBLIC SERVICE COMMISSION

SPRINT COMMUNICATIONS COMPANY LIMITED PARTNERSHIP and SPRINT-FLORIDA, INCORPORATED

Felicia Banks Staff Counsel Its Attorney

Susan S. Masterson Their Attorney

COMMUNICATIONS OF THE FLORIDA CABLE TELECOMMUNICA-SOUTHERN STATES: TCG OF SOUTH FLO- TIONS ASSOCIATION RIDA; MEDIAONE FLORIDA COMMUNI-CATIONS, INC.; ALLEGIANCE TELECOM OF FLORIDA. INC; LEVEL 3 COMMU-NICATIONS, LLC; and US LEC OF Michael A. Gross FLORIDA, INC.

Vice President - Regulatory Affairs & Regulatory Counsel Its Attorney

Kenneth A Hoffman Martin P. McDonnell Their Attorneys

TIME WARNER TELECOM OF FLORIDA.

LP.

Morton J. Posner

Additional Counsel for Allegiance Telecom of

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Peter M. Dunbar, Esq.

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Their Attorneys

GLOBAL NAPS, INC.

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INC.

Christopher W. Savage Jon C. Moyle

Its Attorneys

James Meza Kip Edenfield Its Attorneys

DOCKET NO. 000075-TP (Phase I) DATE: APRIL 11, 2002

VERIZON FLORIDA INC.

Kimberly Caswell Its Attorney

DOCKET NO. 000075-TP (Phase I) DATE: APRIL 11, 2002

Respectfully submitted,

SPRINT COMMUNICATIONS COMPANY LIMITED PARTNERSHIP and SPRINT-FLORIDA, INCORPORATED

Susan S. Masterion 1313 Blairstone Road P.O. Box 2214

Tallahassee, FL 32316-2214 Phone: (850) 599-1560

Their Attorney

DOCKET NO. 000075-TP (Phase I)

DATE: APRIL 11, 2002

This stipulation may not be considered binding in any way upon the parties or the FPSC with regard to complaints arising under agreements prior to FCC Order 01-131.

Respectfully submitted,

FLORIDA COMPETITIVE CARRIERS ASSOCIATION

Joseph A. McGlothlin Vicki Gordon Kaufman

McWhirter, Reeves, McGlothlin, Davidson, Decker, Kaufman, Arnold & Steen, P.A.

DOCKET NO. 000075-TP (Phase I)

DATE: APRIL 11, 2002

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FPSC with regard to complaints ansing under agreements prior to FCC Order 01-131

Respectfully submitted,

XO FLORIDA, INC.

Dana Shaffer

Vice President, Regional Regulatory Counsel

Vicki Gordon Kaufman McWhirter, Reeves, McGlothlin, Davidson, Decker, Kaufman, Arnold & Steen, PA

DOCKET NO. 000075-TP (Phase I)

DATE: APRIL 11, 2002

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Respectfully submitted,

KMC TELECOM, INC., KMC TELECOM II, INC. and KMC TELECOM, III, INC.

Vicki Gordon Kaufman

Vicki Gordon Kaufman

McWhirter, Reeves, McGlothlin, Davidson,
Decker, Kaufman, Arnold & Steen, PA

DOCKET NO. 000075-TP (Phase I)

DATE: APRIL 11, 2002

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Respectfully submitted,

e.spire COMMUNICATIONS, INC.

Norman H. Hor Their Attorney