

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Complaint of KMC Telecom III LLC and KMC Telecom V, Inc. against Sprint-Florida, Incorporated and Sprint Communications Company Limited Partnership for alleged failure to pay intrastate access charges pursuant to interconnection agreement and Sprint's tariffs, and for alleged violation of Section 364.16(3)(a), F.S.

DOCKET NO. 050581-TP  
ORDER NO. PSC-06-0054-PCO-TP  
ISSUED: January 23, 2006

**ORDER ESTABLISHING PROCEDURE**

**I. Case Background**

On August 30, 2005, KMC Telecom III LLC and KMC Telecom V, Inc. (KMC) filed its Complaint against Sprint-Florida, Incorporated (Sprint-FL) and Sprint Communications Company Limited Partnership (Sprint IXC) for failure to pay intrastate access charges pursuant to interconnection agreement and tariffs, and for violation of Section 364.16(3)(a), Florida Statutes. On September 20, 2005, Sprint-FL and Sprint IXC filed their Answer and Affirmative Defenses to KMC's Complaint. Accordingly, the matter is set for an administrative hearing.

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**III. Governing Provisions**

Formal hearing proceedings before the Florida Public Service Commission are governed by Chapter 120, Florida Statutes, and Chapters 25-22, 25-40, and 28-106, Florida Administrative Code. To the extent provided by Section 120.569(2)(g), Florida Statutes, the Florida Evidence Code (Chapter 90, Florida Statutes) shall apply. To the extent provided by Section 120.569(2)(f), Florida Statutes, and unless otherwise modified by the Prehearing Officer, the Florida Rules of Civil Procedure shall apply.

Rule 28-106.211, Florida Administrative Code, specifically provides that the presiding officer before whom a case is pending may issue any orders necessary to effectuate discovery, prevent delay, and promote the just, speedy, and inexpensive determination of all aspects of the case. This Order is issued pursuant to that authority. The scope of this proceeding shall be based upon the issues raised by the parties up to and during the prehearing conference, unless modified by the Commission.

**IV. Issue Identification / Tentative Issues**

A list of the issues identified thus far in this proceeding is attached to this order as Appendix A. Prefiled testimony, exhibits, and prehearing statements shall address the issues set forth in the appendix.

**V. Filing Procedures**

**A. General**

In accordance with Rule 25-22.028, Florida Administrative Code, parties shall submit the original document and the appropriate number of copies to the Division of the Commission Clerk and Administrative Services for filing in the Commission's docket file. Filing may be made by mail, hand delivery, or courier service. Please refer to the rule for the requirements of filing on diskette for certain utilities. Filings pertaining to this docket should identify the assigned docket number and should be addressed to:

Director, Division of the Commission Clerk and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

**B. Document Identification**

Unless modified by the Prehearing Officer for good cause shown, each page of every document produced pursuant to requests for production of documents shall be identified individually through the use of a Bates Stamp or other equivalent method of sequential identification. Parties should number their produced documents in an unbroken sequence

through the final hearing. An example of the typical sequential identification format is as follows:

[company initials] 000001

C. Public Access to Records

All files at the Commission shall be open to public inspection, unless otherwise prohibited by law, regulation or court order, or when upon motion and order the Commission or Prehearing Officer otherwise has the authority or discretion to prohibit public inspection. All hearings shall be open to the public unless prohibited by law, regulation, or court order or unless closed by order of the Commission or the Prehearing Officer for good reason.

The Division of the Commission Clerk and Administrative Services shall make available for public inspection upon reasonable request during the regular business hours of the Commission all of the public records of the Commission, as defined by Chapter 119, Florida Statutes, subject to any privilege or confidential treatment of those records. The Commission Clerk may charge a fee to recover reasonable costs of copying as specified by Section 119.07(1)(a), Florida Statutes.

D. Ex Parte Communications Prohibition

Pursuant to Section 350.042, Florida Statutes, a party or counsel for a party shall not initiate any oral or written communication with a Commissioner pertaining to a matter before the Commission unless prior consent of all other parties or their counsel has been obtained. Copies of all pleadings or correspondence filed with the Commission by any party shall be served upon all other parties or their counsel.

All parties are cautioned to follow the requirements of Rule 25-22.033, Florida Administrative Code, relating to disclosure of meetings between parties, their representatives, and Commission staff.

**VI. Prefiled Testimony, Exhibits, & Exhibit Identification**

Each party shall prefile, in writing, all testimony and exhibits that it intends to sponsor. An original and 15 copies of all testimony and exhibits shall be prefiled with the Director, Division of the Commission Clerk and Administrative Services, by 5:00 p.m. on the date due. A copy of all prefiled testimony and exhibits shall be served by regular mail, overnight mail, or hand delivery to all other parties and staff no later than the date filed with the Commission. Failure of a party to timely prefile exhibits and testimony from any witness in accordance with the foregoing requirements may bar admission of such exhibits and testimony.

Testimony shall be typed on 8 ½ inch x 11 inch transcript-quality paper, double spaced, with 25 numbered lines, on consecutively numbered pages, with left margins sufficient to allow for binding (1.25 inches).

When a witness supports his or her prefiled testimony with one or more exhibits, each exhibit submitted shall:

- (1) have been previously produced except for good cause shown;
- (2) be identified individually through some method of sequential identification (See (4)(c) below), with the pages numbered sequentially within each attached exhibit;
- (3) be attached to that witness' testimony when filed; and
- (4) have the following in the upper right-hand corner of each page:
  - (a) the docket number;
  - (b) the witness' name;
  - (c) the word "Exhibit" followed by a blank line for the exhibit number;
  - (d) the word "Page" followed by a blank line for the page number and the word "of" followed by a blank line for the total number of pages in the exhibit; and
  - (e) the title of the exhibit.

An example of the typical exhibit identification format is as follows:

Docket No. 12345-TL  
J. Doe Exhibit No. \_\_\_\_\_, Page \_\_\_\_ of \_\_\_\_  
Cost Studies for Minutes of Use by Time of Day

All known exhibits shall be marked for identification at the prehearing conference. If a demonstrative exhibit or other demonstrative tools are to be used at hearing, they must also be identified by the time of the prehearing conference. After an opportunity for opposing parties to object to introduction of the exhibits and to cross-examine the witness sponsoring them, exhibits may be offered into evidence at the hearing. Exhibits accepted into evidence at the hearing shall be numbered sequentially.

## **VII. Discovery Procedures**

### **A. General**

Discovery shall be conducted in accordance with the provisions of Chapters 120, 364, 366, and 367, Florida Statutes, Rules 25-22, 25-40, and 28-106, Florida Administrative Code, and the Florida Rules of Civil Procedure (as applicable), as modified herein or as may be subsequently modified by the Prehearing Officer.

When discovery requests are served and the respondent intends to seek clarification of the discovery request, such request for clarification shall be made within ten days of service of the discovery request. This procedure is intended to reduce delay in resolving discovery disputes.

The hearing in this docket is set for May 11 – 12, 2006. Unless subsequently modified by the Prehearing Officer, the following shall apply:

- (1) Discovery shall be completed by April 26, 2006.
- (2) Discovery requests shall be served by e-mail, fax, hand delivery, or overnight mail.
- (3) All interrogatories, requests for admissions, and requests for production of documents shall be numbered sequentially in order to facilitate their identification.
- (4) Discovery requests shall be numbered sequentially within a set.
- (5) Subsequent discovery requests shall continue the sequential numbering system.
- (6) Discovery responses shall be served within 20 calendar days (inclusive of mailing) of receipt of the discovery request and shall be followed by hard copy within 2 calendar days if served electronically.
- (7) For good cause shown, additional time for mailing shall be afforded at the Prehearing Officer's discretion.
- (8) Discovery requests and responses shall also be served on legal and technical staff.

Pursuant to Rule 28-106.206, Florida Administrative Code, unless subsequently modified by the Prehearing Officer, the following shall apply:

- (1) Interrogatories, including all subparts, shall be limited to 250.
- (2) Requests for production of documents, including all subparts, shall be limited to 100.
- (3) Requests for admissions, including all subparts, shall be limited to 75.

B. Depositions

Parties may conduct discovery by means of deposition. While parties may have a designated corporate representative present at a deposition, each party shall ensure that individuals other than its attorney and a corporate representative shall not be present at the depositions of any other witnesses in this docket. This prohibition shall apply to depositions conducted in person, by telephone, or by any other applicable means.

C. Confidential Information Provided Pursuant to Discovery

Confidential information, and requests that information be deemed confidential, shall be governed by Section 364.183, Florida Statutes, and Rule 25-22.006, Florida Administrative Code. In response to discovery requests, parties may need to provide information that another party in this proceeding deems, or may deem, confidential. When the submitting party is aware that such information may be deemed confidential, the submitting party shall notify the other party prior to submitting the information, which shall be submitted with an accompanying Notice of Intent to Request Confidential Classification. This procedure is to ensure conformance with this Commission's rules regarding the handling and continued confidential treatment of such information pending a formal ruling by the Commission.

Any information provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the Commission and the parties as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, pending: (i) a formal ruling on such request by the Commission; or (ii) return of the information to the person providing the information. Information that has not been made a part of the evidentiary record in the proceeding, shall be returned to the party providing it within: (i) one week of the hearing where no determination of confidentiality has been made; or (ii) the time period set forth in Section 364.183, Florida Statutes, where a determination of confidentiality has been made.

### **VIII. Motions**

Motions shall be determined pursuant to Chapters 120 and 364, Florida Statutes, Chapters 25-22, 25-40, and 28-106, Florida Administrative Code, and the Florida Rules of Civil Procedure (as applicable), as modified herein. The Prehearing Officer retains authority to adjust any time frames regarding motions for good cause shown.

### **IX. Settlements & Stipulations**

The Commission shall be notified promptly of all settlements, stipulations, agency orders, or any other action terminating a matter before the Commission. A copy of such settlement, stipulation, agency order, or any other document reflecting an action terminating a matter before the Commission shall be filed with the Commission.

### **X. Prehearing Procedures**

#### **A. Prehearing Statements**

All parties in this docket and staff shall file a prehearing statement. The original and 15 copies of each prehearing statement shall be prefiled with the Director of the Division of the Commission Clerk and Administrative Services by 5:00 p.m. on the date due. A copy of the prehearing statement shall be served on all other parties and staff no later than the date it is filed with the Commission.

Failure of a party to timely file a prehearing statement shall be a waiver of any issue not raised by other parties or by the Commission. In addition, such failure shall preclude the party from presenting testimony in support of its position.

Prehearing statements shall set forth the following information in the sequence listed below:

- (1) The name of all known witnesses that may be called by the party and the subject matter of their testimony.

- (2) A description of all known exhibits that may be used by the party (including individual components of a composite exhibit) and the witness sponsoring each.
- (3) A statement of the party's basic position in the proceeding.
- (4) A statement of each question of fact the party considers at issue, the party's position on each such issue, and which of the party's witnesses will address the issue.
- (5) A statement of each question of law the party considers at issue and the party's position on each such issue.
- (6) A statement of each policy question the party considers at issue, the party's position on each such issue, and which of the party's witnesses will address the issue.
- (7) A statement of issues to which the parties have stipulated.
- (8) A statement of all pending motions or other matters the party seeks action upon.
- (9) A statement identifying the party's pending requests or claims for confidentiality.
- (10) A statement as to any requirement set forth in this order that cannot be complied with, and the reasons therefore.
- (11) Any objections to a witness' qualifications as an expert. Failure to identify such objection may result in restriction of a party's ability to conduct voir dire.

B. Prehearing Identification of Exhibits and Testimony

For the purposes of this proceeding, it is the intent that all discovery responses and deposition transcripts with related late-filed exhibits be entered as hearing exhibits. Each party's prehearing statement shall include an identification and list of all responding discovery responses served to parties and staff. Additionally, each party shall identify and list the transcript and related late-filed exhibits of each deposition called by that party.

Each party is required to provide copies of its identified exhibits for the hearing absent good cause shown. The number of copies required of each hearing exhibit will be determined no later than the prehearing conference.

In order to facilitate the introduction at hearing of discovery exhibits, as well as prefiled testimony and exhibits, a sequentially-numbered, comprehensive list of exhibits identified by the parties in the prehearing statements shall be compiled and disseminated to the parties by Commission staff no later than April 21, 2006. Any objections to items on that list, along with a brief statement of the basis for such objection, shall be submitted to the Commission by the close of business on April 25, 2006. Objections, if any, will be addressed at the Prehearing. At the beginning of the hearing in this matter, all exhibits listed on the comprehensive list approved at the Prehearing will be moved into the record. In addition, the prefiled testimony of the parties will be moved into the record as though read. This will be done on a company-by-company

basis, with the sponsoring party and the names of the witnesses who have offered testimony being clearly identified.

C. Attendance at Prehearing Conference

Pursuant to Rule 28-106.209, Florida Administrative Code, a prehearing conference will be held May 1, 2006, at the Betty Easley Conference Center, 4075 Esplanade Way, Tallahassee, Florida. Unless excused by the Prehearing Officer for good cause shown, or in accordance with the Prehearing Officer's approval of appearance by electronic means, each party (or designated representative) shall personally appear at the prehearing conference. Failure of a party (or that party's representative) to appear shall constitute waiver of that party's issues and positions, and that party may be dismissed from the proceeding.

D. Expectations of Parties at Prehearing Conference

A draft prehearing order shall be circulated to the parties by the Commission's legal staff prior to the prehearing conference. To maximize the efficiency at the prehearing conference for the Commission and the parties, parties shall be prepared to:

- (1) define and limit, if possible, the number of issues;
- (2) determine the parties' positions on the issues;
- (3) determine what facts, if any, may be stipulated;
- (4) dispose of any motions or other matters that may be pending; and
- (5) consider any other matters that may aid in the disposition of this case.

E. Waiver of Issues

Any issue not raised by a party prior to the issuance of the prehearing order shall be waived by that party, except for good cause shown. A party seeking to raise a new issue after the issuance of the prehearing order shall demonstrate each of the following:

- (1) The party was unable to identify the issue because of the complexity of the matter.
- (2) Discovery or other prehearing procedures were not adequate to fully develop the issue.
- (3) Due diligence was exercised to obtain facts touching on the issue.
- (4) Information obtained subsequent to the issuance of the prehearing order was not previously available to enable the party to identify the issue.
- (5) Introduction of the issue would not be to the prejudice or surprise of any party.

Specific reference shall be made to the information received and how it enabled the party to identify the issue.

Unless a matter is not at issue for that party, each party shall diligently endeavor in good faith to take a position on each issue prior to issuance of the prehearing order. When a party is



unable to take a position on an issue, it shall bring that fact to the attention of the Prehearing Officer. If the Prehearing Officer finds that the party has acted diligently and in good faith to take a position, and further finds that the party's failure to take a position will not prejudice other parties or confuse the proceeding, the party may maintain "no position at this time" prior to hearing and thereafter identify its position in a post-hearing statement of issues. In the absence of such a finding by the Prehearing Officer, the party shall have waived the entire issue. When an issue and position have been properly identified, any party may adopt that issue and position in its post-hearing statement.

## **XI. Hearing Procedures**

### **A. General**

As provided by Sections 120.569 and 120.57, Florida Statutes, formal hearings will be held before the full Commission or assigned panel of Commissioners. The Commission will give notice of a hearing in a manner consistent with Chapters 120, 350, and 364, Florida Statutes. All hearings shall be transcribed, and the transcripts shall become part of the record. All witnesses shall present testimony that is sworn or affirmed and shall be subject to cross-examination. Unless authorized by the Presiding Officer for good cause shown, parties shall not conduct discovery during cross-examination at the hearing.

### **B. Attendance at Hearing**

Unless excused by the Presiding Officer for good cause shown, or in accordance with approval of appearance by electronic means, each party (or designated representative) shall personally appear at the hearing. Failure of a party, or that party's representative, to appear shall constitute waiver of that party's issues, and that party may be dismissed from the proceeding.

Likewise, all witnesses are expected to be present at the hearing unless excused by the Presiding Officer upon the staff attorney's confirmation prior to the hearing date of the following:

- (1) All parties agree that the witness will not be needed for cross examination.
- (2) All Commissioners assigned to the panel do not have questions for the witness.

In the event a witness is excused in this manner, his or her testimony may be entered into the record as though read following the Commission's approval of the proposed stipulation of that witness' testimony.

### **C. Evidence**

As provided by Sections 120.569 and 120.57, Florida Statutes, the Commission may consider the Florida Evidence Code (Chapter 90, Florida Statutes) as a guide, but may rely upon any evidence of a type commonly relied upon by a reasonably prudent person in the conduct of their affairs.

D. Use of Confidential Information at Hearing

It is the policy of this Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 364.183(2), Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding. Therefore, any party wishing to use any proprietary confidential business information, as that term is defined in Section 36, Florida Statutes, at the hearing shall adhere to the following:

- (1) Any party intending to use confidential documents for which no prior ruling has been made must be prepared to present their justifications to the Commission for a ruling at the hearing.
- (2) Any party wishing to use proprietary confidential business information shall notify the Prehearing Officer and all parties of record by the time of the prehearing conference, or if not known at that time, no later than seven (7) days prior to the beginning of the hearing. Such notice shall include a procedure to assure that the confidential nature of the information is preserved as required by statute. Failure of any party to comply with the seven-day requirement described above shall be grounds to deny the party the opportunity to present evidence that is proprietary confidential business information.
- (3) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the court reporter, in red envelopes clearly marked with the nature of the contents. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- (4) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise confidentiality. Therefore, confidential information should be presented by written exhibit when reasonably possible.

At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the court reporter shall be retained in the Division of the Commission Clerk and Administrative Services' confidential files.

**XII. Post-Hearing Procedures**

A. Commission Discretion for Bench Decision

The Commission (or assigned panel of Commissioners) may render a bench decision at the time of the hearing or render a decision without any post hearing submissions by the parties,

as deemed appropriate. Such a determination may be with or without the oral or written recommendation of the Commission staff, at the Commission's (or assigned panel's) discretion.

**B. Statements of Issues & Positions and Briefs**

If the Commission (or assigned panel) does not make a bench decision at the hearing, it may allow each party to file a post-hearing statement of issues and positions. In such event, a summary of each position of no more than 50 words, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of the prehearing order, the post-hearing statement may simply restate the prehearing position. However, the position must be reduced to no more than 50 words. If a post-hearing statement is required and a party fails to file in conformance with the rule, that party shall have waived all issues and may be dismissed from the proceeding.

Pursuant to Rule 28-106.215, Florida Administrative Code, a party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 40 pages and shall be filed at the same time, unless modified by the Presiding Officer.

**XIII. Controlling Dates**

The following dates have been established to govern the key activities of this case:

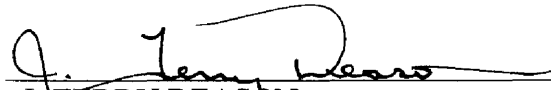
- |   |                   |
|---|-------------------|
| (1) Direct testimony and exhibits (all)   | February 20, 2006 |
| (4) Rebuttal testimony and exhibits (all) | March 20, 2006    |
| (5) Prehearing Statements                 | April 17, 2006    |
| (6) Prehearing Conference                 | May 1, 2006       |
| (7) Discovery Cutoff                      | April 26, 2006    |
| (8) Hearing                               | May 11 – 12, 2006 |
| (9) Briefs                                | June 15, 2006     |

In addition, all parties should be on notice that the Prehearing Officer may exercise his discretion to schedule additional prehearing conferences or meetings of the parties as deemed appropriate. Such meetings will be properly noticed to afford the parties an opportunity to attend.

Based upon the foregoing, it is

ORDERED by Commissioner J. Terry Deason, as Prehearing Officer, that the provisions of this Order shall govern this proceeding unless modified by the Commission.

By ORDER of Commissioner J. Terry Deason, as Prehearing Officer, this 23rd day of January, 2006.

  
J. TERRY DEASON  
Commissioner and Prehearing Officer

( S E A L )

LF

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.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, 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 or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of the Commission Clerk and Administrative Services, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

**ATTACHMENT A**

PROPOSED ISSUE LIST

- ISSUE 1:** Did Sprint-FL knowingly deliver intrastate interexchange traffic to KMC over local interconnection trunks in violation of Section 364.16(3)(a), Florida Statutes? If yes, what is the appropriate compensation and amount, if any, due to KMC for such traffic?
- ISSUE 2:** Did Sprint-FL deliver intrastate interexchange traffic to KMC over local interconnection trunks in violation of the terms of the Interconnection Agreements with KMC? If yes, what is the appropriate amount, if any, due to KMC for such traffic?
- ISSUE 3:** Did KMC overpay reciprocal compensation to Sprint-FL as a consequence of any misrouting of intrastate interexchange traffic as local traffic? If yes, what is the appropriate refund, if any, due to KMC?
- ISSUE 4:** What are the applicable terms of the Interconnection Agreements and Amendments for the compensation of local and ISP-bound traffic between Sprint-FL and KMC during the time periods that are the subject of this complaint?
- ISSUE 5:** Did Sprint-FL pay KMC the appropriate amount of reciprocal compensation, if any for local and ISP-bound traffic, pursuant to the terms of the Interconnection Agreements? If not, what is the appropriate amount, if any, due KMC for such traffic?
- ISSUE 6:** Did Sprint-FL pay KMC the appropriate amount of reciprocal compensation, if any, for local and ISP-bound traffic, pursuant to the terms of Amendment 1? If not, what is the appropriate amount, if any, due KMC for such traffic?
- ISSUE 7:**
- a. Did Sprint IXC knowingly and improperly misroute intrastate interexchange traffic to KMC as local traffic?
  - b. Did KMC provide access services to Sprint IXC for such traffic?
  - c. If so, what is the appropriate compensation or other relief, if any, due to KMC for such traffic pursuant to KMC's tariffs?
- ISSUE 8:** If the Commission determines that Sprint-FL misrouted or otherwise delivered intrastate interexchange traffic to KMC over local interconnection trunks in violation of Section 364.16(3)(a) or in violation of the interconnection agreements between the parties, what action, if any, should be taken by the Commission?