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February 18, 2006

VIA OVERNIGHT DELIVERY

Ms. Blanca S. Bayó, Director
Division of the Commission Clerk
& Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

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Re: Docket Nos. 050119-TL and 050125-TP

Dear Ms. Bayó:

Enclosed please find an original and fifteen (15) copies of the Prehearing Statement of Verizon Wireless which we ask that you file in the captioned docket.

Please return a stamped filed copy to me in the enclosed stamped envelope. Copies have been served to the parties shown on the attached Certificate of Service.

Sincerely,

Charles F. Palmer

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint petition by TDS Telecom d/b/a TDS Telecom/Quincy Telephone; ALLTEL Florida, Inc.; Northeast Florida Telephone Company d/b/a NEFCOM; GTC, Inc. d/b/a GT Com; Smart City Telecommunications, LLC d/b/a Smart City Telecom; ITS Telecommunications Systems, Inc.; and Frontier Communications of the South, LLC ["Joint Petitioners"] objecting to and requesting suspension and cancellation of proposed transit traffic service tariff filed by BellSouth Telecommunications, Inc.

DOCKET NO. 050119-TP

In re: Petition and complaint for suspension and cancellation of Transit Traffic Service Tariff No. FL2004-284 filed by BellSouth Telecommunications, Inc., by AT&T Communications of the Southern States, LLC.

DOCKET NO. 050125-TP

DATED: FEBRUARY 18, 2006

PREHEARING STATEMENT OF VERIZON WIRELESS

In compliance with the Order Establishing Procedure (Order No. PSC-05-1206 PCO-TP, "Procedural Order") issued in this docket on December 6, 2005, Verizon Wireless respectfully submits its Prehearing Statement.

A. Witnesses

Verizon Wireless will call the following witnesses to offer testimony on the issues in this matter:

Witness

Mr. Marc B. Sterling
(Direct and rebuttal)

Subject Matter of Testimony

Mr. Sterling's testimony addresses issues 1-3, 5-6, 8-9, 10-17.

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Verizon Wireless has made a good-faith attempt to identify the subject matter addressed by Mr. Sterling; however, his testimony may also relate to other issues in this consolidated docket.

Verizon Wireless reserves the right to call witnesses to respond to Florida Public Service Commission ("Commission") inquiries and testimony of other party witnesses not addressed in direct or rebuttal testimony, and to address issues not presently designated that may be designated by the Prehearing Officer at the Prehearing Conference to be held on March 15, 2006.

B. Exhibits

At this time, Verizon Wireless does not intend to introduce any exhibits. Verizon Wireless reserves the right to file exhibits to any testimony that may be filed under the circumstances identified in Section "A" above. Verizon Wireless also reserves the right to introduce exhibits for cross-examination, impeachment, or any other purpose authorized by the applicable Florida Rules of Evidence and the Rules of the Commission.

C. Statement of Basic Position

Transit traffic became a hot issue throughout the nine state BellSouth region in late 2002 and early 2003 when BellSouth began to implement meet point billing ("MPB"). Other regions around the United States have had similar experiences as other ILECs moved to MPB. The primary issue that has been prevalent in most states is which carrier should be responsible for paying third party transit service charges.

After several state commission rulings, certain federal appellate decisions, and FCC actions, the consensus answer to the question of who is responsible for paying the

third party transit provider appears clear - - the originating carrier pays. That has been Verizon Wireless' position throughout these proceedings not just in the instant docket, but also in the other forums in which this issue has arisen.

D, E, & F. Verizon Wireless' Position on the Factual,
Legal, and Policy Issues¹

ISSUE 1 Is BellSouth's Transit Service Tariff an appropriate mechanism to address transit service provided by BellSouth?

Verizon Wireless' Position The terms in any BellSouth transit tariff should not affect the terms of interconnection and reciprocal compensation arrangements between originating and terminating carriers. Under no circumstances should the costs of transit be borne by a terminating carrier, because a terminating carrier has no control over how the call was sent to its network, and therefore it should not be subject to the costs of transporting that call.

ISSUE 2 If an originating carrier utilizes the services of BellSouth as a tandem provider to switch and transport traffic to a third party not affiliated with BellSouth, what are the responsibilities of the originating carrier?

Verizon Wireless' Position The originating carrier is responsible for delivering its traffic to BellSouth in such a manner that it can be identified, routed, and billed.

ISSUE 3 Which carrier should be responsible for providing compensation to BellSouth for the provision of the transit transport and switching services?

Verizon Wireless' Position The originating carrier is responsible for paying the transit charges for the traffic it originates over a third party's network. This cost allocation is fair, because the originating carrier may choose alternative routes if the indirect route is not economically efficient.

ISSUE 4 What is BellSouth's network arrangement for transit traffic and how is it typically routed from an originating party to a terminating third party?

¹ Verizon Wireless maintains that the majority of the issues in this proceeding are legal, not factual. For administrative ease, Verizon Wireless has addressed all of the issues in sequential order under a grouped heading; this organizational structure should not be construed as a concession that particular issues present factual questions.

Verizon Wireless' Position Verizon Wireless defers to BellSouth to explain their network arrangement.

ISSUE 5 Should the Commission establish the terms and conditions that govern the relationship between an originating carrier and the terminating carrier, where BellSouth is providing transit service and the originating carrier is not interconnected with, and has no interconnection agreement with, the terminating carrier? If so, what are the appropriate terms and conditions that should be established?

Verizon Wireless' Position In general, the Commission should refrain from establishing terms and conditions affecting the interconnection obligations for direct and indirect arrangements. The FCC's Declaratory Ruling and Report and Order in CC Docket No. 01-92 released February 24, 2005 (the "T-Mobile Decision") made it clear that the 1996 Act calls for negotiation and arbitration of direct and indirect interconnection arrangements. Any carrier, including a Small LEC, that terminates traffic delivered indirectly via a third party tandem has the right to request negotiation of an interconnection agreement with the originating carrier.

ISSUE 6 Should the Commission determine whether and at what traffic threshold level an originating carrier should be required to forego use of BellSouth's transit service and obtain direct interconnection with a terminating carrier? If so, at what traffic level should an originating carrier be required to obtain direct interconnection with a terminating carrier?

Verizon Wireless' Position The Commission should allow carriers to make their own network engineering and economic determinations as to if and when it is appropriate to shift from indirect to direct connections. While traffic level is one factor, it is not the only factor carriers consider when making such decisions.

ISSUE 7 How should transit traffic be delivered to the Small LEC's networks?

Verizon Wireless' Position BellSouth and the Small LECs can best respond.

ISSUE 8 Should the Commission establish the terms and conditions that govern the relationship between BellSouth and a terminating carrier, where BellSouth is providing transit service and the originating carrier is not interconnected with, and has no interconnection agreement with, the terminating carrier? If so, what are the appropriate terms and conditions that should be established?

Verizon Wireless' Position See Response to Issue No. 5. The terminating carrier, should it desire to do so, has the right to request negotiation of an interconnection agreement with the originating carrier.

ISSUE 9 Should the Commission establish the terms and conditions of transit traffic between the transit service provider and the Small LECs that originate and terminate transit traffic? If so, what are the terms and conditions?

Verizon Wireless' Position See Responses to Issue No. 5 and Issue No. 8. Further, the Commission should clarify that the originating carrier is responsible for transit fees charged by the transit service provider.

ISSUE 10 What effect does transit service have on ISP bound traffic?

Verizon Wireless' Position Verizon Wireless does not handle ISP traffic and thus takes no position.

ISSUE 11 How should charges for BellSouth's transit service be determined?
(a) What is the appropriate rate for transit service?
(b) What type of traffic do the rates identified in (a) apply?

Verizon Wireless' Position Verizon Wireless does not take a position as to the appropriate rate for BellSouth's transit service.

ISSUE 12 Consistent with Order Nos. PSC-05-0517-PAA-TP and PSC-05-0623-CO-TP, have the parties to this docket ("parties") paid BellSouth for transit service provided on or after February 11, 2005? If not, what amounts, if any, are owed to BellSouth for transit service provided since February 11, 2005?

Verizon Wireless' Position Verizon Wireless has negotiated transit rates with BellSouth as a part of its interconnection agreement with them in nine states. Verizon Wireless has paid, and continues to pay, BellSouth for transit service both before and after February 11, 2005. Per our interconnection agreement with BellSouth, we pay at a rate of \$0.002 per minute of use for transiting Verizon Wireless oriented traffic via a BellSouth tandem to other carriers in the same LATA.

ISSUE 13 Have parties paid BellSouth for transit service provided before February 11, 2005? If not, should the parties pay BellSouth for transit service provided before February 11, 2005, and if so, what amounts, if any, are owed to BellSouth for transit service provided before February 11, 2005?

Verizon Wireless' Position See Response to Issue No. 12. Verizon Wireless does not owe BellSouth for any transit service provided before February 11, 2005.

ISSUE 14 What action, if any, should the Commission undertake at this time to allow the Small LECs to recover the costs incurred or associated with BellSouth's provision of transit service?

Verizon Wireless' Position The Commission should take no unilateral action. The Small LECs have procedural options since the T-Mobile Decision that obviate the need for generic Commission action. If the Commission should choose to act, it should be mindful of the maxim addressed above that the originating carrier is responsible for transit fees. Further, should any individual ILEC pursue recovery of its costs incurred to deliver its originated traffic indirectly, it should do so through a rate case intended to impact the rates charged to all of its landline subscribers. The ILECs should not discriminate against CMRS carriers, and should not be permitted to recover their costs of doing business by imposing charges only on calls to CMRS numbers.

ISSUE 15 Should BellSouth issue an invoice for transit services and if so, in what detail and to whom?

Verizon Wireless' Position BellSouth should issue invoices for transit services to the originating carrier. The invoices should identify the minutes transited by terminating end office CLLI code.

ISSUE 16 Should BellSouth provide to the terminating carrier sufficiently detailed call records to accurately bill the originating carrier for call termination? If so, what information should be provided by BellSouth?

Verizon Wireless' Position BellSouth, as the provider of transit service, should provide records to the terminating carrier that enable the terminating carrier to bill accurately the originating carrier for call termination. At a minimum, this information should include originating carrier name, originating carrier OCN, and minutes of use. Terminating carriers also have the option of implementing their own measurement systems. Verizon Wireless typically agrees to accept charges from terminating carriers based on usage data provided by BellSouth and typically bills such carriers for reciprocal compensation on traffic terminated by Verizon

Wireless based on application of an agreed upon traffic factor to billed mobile-to-land usage.

ISSUE 17 How should billing disputes concerning transit service be addressed?

Verizon Wireless' Position Any billing disputes should be resolved pursuant to the process outlined in the applicable interconnection agreement.

G. Stipulations

Verizon Wireless unfortunately believes that all seventeen issues may still be in dispute in this proceeding in whole or in part.

Verizon Wireless is willing to stipulate into the record the pre-filed and rebuttal testimony and any exhibits of all witnesses who have submitted such testimony and exhibits.

H, I. Pending Motions or Requests

Verizon Wireless has no pending motions or requests.

J. Other Requirements

Verizon Wireless knows of no requirements set forth in the Prehearing Order with which it cannot comply.

K. FCC or Judicial Decisions

An ever expanding body of law supports Verizon Wireless' position in these consolidated debates. The FCC issued its Declaratory Ruling and Report and Order in the T-Mobile case, CC Docket No. 01-92, released February 24, 2005. In that Order, the FCC issued a number of decisive rulings addressing the rights of the parties to negotiate interconnection agreements for traffic exchanged indirectly through the facilities of a third party carriers, such as BellSouth in the context of this proceeding. The core of those rulings was to prohibit the future imposition of wireless termination charges through

tariff by rural carriers upon CMRS providers. In clarifying its ruling, the FCC also amended section 20.11 of its rules to allow incumbent LECs to request interconnection from a CMRS provider and invoke the negotiation and arbitration procedures set forth in the federal Telecom Act. T-Mobile Order, at ¶¶ 14, 16. Therefore, the Small LECs may always request negotiation with originating carriers and obtain compensation under an interconnection agreement. Furthermore, if an impasse on interconnection negotiations were to develop, the Small LECs will be afforded the ability under this new section 20.11 of the FCC's rules to invoke negotiation and arbitration regardless of whether a CMRS provider submits a bona fide request.

Two other state commissions in the BellSouth region have ruled within the past year that the originating carrier is responsible for third party transit charges. While certainly these decisions are not binding on this Commission, Verizon Wireless hopes the Commission might view those decisions as persuasive authority. Those two decisions are as follows: In Re: BellSouth Telecommunications Inc.'s Petition for a Declaratory Ruling Regarding Transit Traffic, Georgia Public Service Commission, Docket No. 16772-U (March 24, 2005), and In Re: Petition for Arbitration of Cellco Partnership d/b/a Verizon Wireless, et. al., Tennessee Regulatory Authority, Docket No. 03-00585 (January 12, 2006).

Federal Circuit Courts of Appeal have also opined on transit traffic. First, the D.C. Circuit Court of Appeals in Mountain Communications, Inc. v. FCC, 355 F.3d 644 (D.C. Cir. 2004), stated as follow: "In any event, by indicating that Mountain could charge the originating carrier, [the FCC] suggested that Mountain was essentially correct

in claiming that the originating carrier should bear all the transport costs.” Id. at 649 (emphasis in original).

More recently, the Tenth Circuit issued its ruling in Atlas Telephone Co., et al. v. Oklahoma Corporation Commission, et al., (400 F.3d 1256) (10th Cir. 2005). The Tenth Circuit observed that the FCC rules addressing reciprocal compensation agreements are markedly different from the access charge regime: “Under these reciprocal compensation agreements, the originating network bears the cost of transporting telecommunications traffic across [Southwestern Bell’s] network to the point of interconnection with the terminating network.” Id. at 1260-61. The Tenth Circuit Atlas order clearly defines that for the purposes of reciprocal compensation, the point of interconnection is located at the terminating carrier’s network. This is completely at odds with the Small LEC position that the point of interconnection must be on the Small LEC’s network. The Tenth Circuit succinctly dismissed that argument: “The [rural carriers] first contend that 47 U.S.C. § 251(c)(2) mandates that the exchange of local traffic occur at specific, technically feasible points within [the rural carrier’s] network We simply find no support for this argument in the text of the statute or the FCC’s treatment of the statutory provisions.” Id. at 1265. The Tenth Circuit rejected the rural carriers’ position in a footnote: “[T]he essence of their argument is that [rural carriers] cannot be forced to bear the additional expense of transporting traffic bound for a CMRS carrier across the [Southwestern Bell] network. Under their interpretation, [rural carriers] are only responsible for transport to a point of interconnection on their own network.” Id. at 1265 n.9. This argument is exactly the same argument made by the Small LECs in this proceeding, and the Tenth Circuit squarely rejected it.

The Tenth Circuit's decision also addressed the FCC's decisions in the two Texcom cases, which have been heavily relied upon by rural carriers throughout the country. The Tenth Circuit criticized the rural carriers' arguments based on the FCC Texcom decision:

We likewise find that the [rural carriers'] reliance on Texcom, Inc. D/B/A Answer Indiana v. Bell Atlantic Corp. D/B/A Verizon Communications, 16 F.C.C.R. 21, 493 (2001) ("Texcom"), is unwarranted. Texcom involved "transiting traffic," i.e., traffic originating with a third party that "transits" the network of an LEC for delivery to a CMRS provider. Id. at 21,495. The FCC concluded that an LEC may charge the CMRS provider for the transport of such traffic. Id. This is, of course, in stark juxtaposition to an LEC's obligations where, as here, traffic originates with its own customers. The FCC explained that in the reciprocal compensation setting, "the cost of delivering LEC-originated traffic is borne by the persons responsible for those calls, the LEC's customers." Id. At 21,495. The Commission refused to extend this burden in the "transit" setting where LEC customers did not generate the traffic at issue. Id.

Id. at 1267 n.12.

Finally, the Tenth Circuit summarily disposed of the Small LEC contention that 47 U.S.C. § 251(c) imposes a requirement of direct connection. The Tenth Circuit emphasized: "The physical interconnection contemplated by § 251(c) in no way undermines telecommunications carriers' obligation under § 251(a) to interconnect 'directly or indirectly.'" Id. at 1268 (emphasis in original).

L. Witness Qualifications

Verizon Wireless objects to the testimony of any lay witness to the extent that it may improperly present legal opinions, rather than lay opinions.


Respectfully submitted, this 18th day of February, 2006.

VERIZON WIRELESS



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CERTIFICATE OF SERVICE
Docket Nos. 050119-TP and 050125-TP

I HEREBY CERTIFY that a true and correct copy of the foregoing Prehearing Statement of Verizon Wireless has been served by Electronic Mail and U.S. mail this 18th day of February 2006 to the following:

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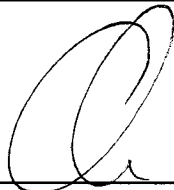
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