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February 20, 2006

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

Re: Docket No. 050119-TL and 050125-TP

Dear Ms. Bayó:

Enclosed are an original and fifteen copies of BellSouth Telecommunications, Inc.'s Prehearing 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,


John T. Tyler

cc: All Parties of Record
Jerry Hendrix
R. Douglas Lackey
Nancy B. White

622703

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

CERTIFICATE OF SERVICE
Docket Nos.: 050119-TL and 050125-TP;
Consolidated Pursuant to Order No.: PSC-05-0517-PAA-TP

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via
Electronic Mail and U.S. Mail this 20th day of February, 2006 to the following:

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John T. Tyler

BellSouth reserves the right to call additional witnesses, witnesses to respond to Commission inquiries not addressed in direct and rebuttal testimony and witnesses 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. BellSouth has listed the witnesses for whom BellSouth believes testimony will be filed, but reserves the right to supplement that list if necessary.

B. Exhibits

KRM-1 attached to the Direct Testimony of Kenneth Ray McCallen
(GSST Tariff A16.1 Transit Traffic Service – 3 pages)

KRM-2 attached to the Direct Testimony of Kenneth Ray McCallen
(listings of agreements and associated transit rates in effect in FL between BellSouth and CLECs carriers)

KRM-3 attached to the Direct Testimony of Kenneth Ray McCallen
(listings of agreements and associated transit rates in effect in FL between BellSouth and CMRS carriers)

BellSouth reserves the right to file exhibits to any testimony that may be filed under the circumstances identified in Section "A" 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.

C. Statement of Basic Position

Transit traffic is traffic that neither originates nor terminates on BellSouth's network, but that is delivered to BellSouth by the service provider that originated the traffic so that BellSouth can deliver the traffic to the service provider that will terminate the traffic. The service BellSouth is providing, taking a call from an originating carrier

and handing it off to a terminating carrier, is commonly called “transit service.” Transit service is a valuable function and for providing it, BellSouth should be compensated.

Originating carriers could avoid using (and thus paying for) BellSouth’s transit service by directly connecting their network with terminating carriers’ networks. Originating carriers also could avoid using (and thus paying for) BellSouth’s transit service if another service provider were willing to provide transit service to the originating carrier. Alternatively, if the amount of traffic an originating carrier sends to a terminating carrier does not warrant the expense of direct interconnection, and if the originating carrier is unable to find a service provider other than BellSouth that is willing to offer transit service, the originating carrier can choose to send the call to the terminating carrier by way of BellSouth’s network.

The transit service BellSouth is willing to provide is valuable and benefits not only service providers, but also their end users. If BellSouth or another service provider were not willing to offer this service, service providers would have to interconnect directly with all other service providers to offer end users ubiquitous calling. Transit services provided by BellSouth enable service providers to maintain ubiquitous calling capabilities without the expense of direct interconnection. In fact, due to the cost associated with direct interconnection, service providers with minimal traffic flowing between them might decide not to send calls to each other – which means their customers could not reach each other. Recognizing the value of the service, many service providers have contractually agreed to pay BellSouth for the transit service BellSouth provides on calls that are originated by their end users. BellSouth’s transit tariff does not apply to those service providers. Instead, BellSouth’s transit tariff only

applies when a service provider that has not contractually agreed to pay BellSouth for transit service nevertheless decides to continue sending calls bound for other carriers through BellSouth's network. In those situations, originating carriers pay the tariffed rate for the transit service they knowingly and intentionally use.

Under the transit tariff, it is the service provider that originates the call that pays the transit charge. The only time a service provider pays BellSouth under the transit tariff is when that provider has decided not to enter into a contractual arrangement addressing transit traffic and nevertheless decides to send this type of traffic to BellSouth. In a transit situation, both the originating and terminating carriers are providing services to their end users, and are being compensated by those end users. Those carriers are relying on BellSouth to enable them to provide those services, yet without the transit tariff, BellSouth would not be compensated when it provides valuable transit service to other service providers who have not been willing to enter into contractual arrangements to pay BellSouth for this service. As BellSouth has no end user deriving benefit from or paying any compensation for the transit service, it is reasonable to expect the service providers who *are* deriving a benefit and who *are* receiving compensation to pay BellSouth for the transit services they use.

D. BellSouth's Position on the Issues

Issue 1: IS BELLSOUTH'S TRANSIT SERVICE TARIFF AN APPROPRIATE MECHANISM TO ADDRESS TRANSIT SERVICE PROVIDED BY BELLSOUTH?

Position: Yes, unless the tariff is superseded by a contract addressing transit traffic service. BellSouth is using its network to provide a value-added service and should be compensated accordingly.

Issue2: 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?

Position: The originating carrier, or cost-causer, should pay for the transit and termination of the traffic. This is appropriate because the originating carrier collects the revenue from the originating caller.

Issue 3: WHICH CARRIER SHOULD BE RESPONSIBLE FOR PROVIDING COMPENSATION TO BELLSOUTH FOR THE PROVISION OF THE TRANSIT TRANSPORT AND SWITCHING SERVICES?

Position: The originating carrier (cost-causer) of the transit traffic should be responsible for paying the transit charges to the transit provider. BellSouth should not be required to use network capacity to complete calls for the originating carrier without compensation.

Issue 4: WHAT IS BELLSOUTH'S NETWORK ARRANGMENT FOR TRANSIT TRAFFIC AND HOW IS IT TYPICALLY ROUTED FROM AN ORIGINATING PARTY TO A TERMINATING THIRD PARTY?

Position: The affected transit traffic is generally routed through a BellSouth tandem office to the terminating third-party carrier. The originating ICO should route the call in accordance with the Local Exchange Routing Guide (LERG) over a common trunk group directly to the BellSouth tandem, or, as in the case of local number portability, because the ICO does not perform the query to determine if the number has been ported, it may believe the call to be terminating to BellSouth and route the call to a BellSouth end office over the EAS trunk group, where the call may be further routed in order to be successfully delivered to the appropriate terminating carrier.

Issue 5: SHOULD THE FPSC 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?

Position: Not initially. Under the provisions of the Telecommunications Act of 1996 (Act), both the originating and terminating carriers have the obligation to negotiate interconnection agreements for the delivery of traffic to each other. Both carriers have options as to how to deliver traffic to the other party. If those carriers cannot agree upon the terms and conditions of that relationship, either carrier may petition the FPSC pursuant to Section 252 of the Act to arbitrate the unresolved issues. In any event, BellSouth will not dictate terms and conditions between other parties.

Issue 6: SHOULD THE FPSC 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?

Position: Not initially. The threshold for direct interconnection should be negotiated between the carriers that originate and terminate the traffic, and if those carriers cannot agree, either carrier may petition the FPSC pursuant to Section 252 of the Act to arbitrate the unresolved issues. In any event, the traffic level at which any

carriers decide to utilize direct interconnection is not a matter within BellSouth's control.

Issue 7: HOW SHOULD TRANSIT TRAFFIC BE DELIVERED TO THE SMALL LEC'S NETWORKS?

Position: The majority of the third-party carriers will interconnect with the BellSouth network at the tandem office for delivery of Meet-Point-Billed ("MPB") traffic. The call would then be routed from the tandem over the common trunk group to the ICO network (or, if the ICO is not interconnected at the tandem where the third-party carrier delivers the traffic to BellSouth, BellSouth will route the call to the tandem at which the ICO is interconnected and will then route that call over the common trunk group to the ICO). Some Non-MPB traffic may be routed directly to an end office and be assumed to route over the EAS trunk group.

Issue 8: SHOULD THE FPSC 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?

Position: No. Although BellSouth is not required to provide a transit function, BellSouth is willing to provide transit services to carriers because BellSouth has a ubiquitous network that is interconnected with most carriers in its region. BellSouth believes its Transit Service Tariff contains sufficient terms and conditions regarding its relationships to either the originating or terminating carriers involved in such transit traffic. Additionally, BellSouth is willing to negotiate interconnection agreements with carriers addressing transit traffic service.

Issue 9: SHOULD THE FPSC 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?

Position: No. The carrier originating the traffic has the obligation, pursuant to the Act, to negotiate the rates, terms and conditions related to such traffic with the terminating LEC. Although no carrier is obligated to provide a transit function, any carrier wishing to utilize the transit services of another carrier must negotiate that arrangement with the transiting company. If a carrier refuses to negotiate such an arrangement but still uses those services, the transit provider should have some mechanism to be compensated. BellSouth has provided appropriate

information regarding the provisioning of transit service within the content of the Transit Traffic Service Tariff language.

Issue 10: **WHAT EFFECT DOES TRANSIT SERVICE HAVE ON ISP BOUND TRAFFIC?**

Position: BellSouth transits this traffic and expects to be compensated for the use of its network. ISP traffic is not excluded from the transit traffic charges. BellSouth is neither the originator nor terminator of the ISP traffic and should to be compensated for the use of the network. The originating carrier is compensated by the originating end user, and the originating carrier as the cost causer should compensate other carriers that assist in the termination of such traffic.

Issue 11: **HOW SHOULD CHARGES FOR BELLSOUTH’S TRANSIT SERVICE BE DETERMINED?**

Position: BellSouth will apply the transit traffic rate to the local usage and local ISP-bound usage transited between other carriers. The local traffic and local ISP-bound traffic can be identified by one of three methods: 1) the originating carrier can record and report the actual local usage; 2) the originating carrier can provide a Percent Local Usage (“PLU”) factor based on their own traffic study; and 3) BellSouth can provide a PLU factor for the originating carrier based on traffic studies.

(a) WHAT IS THE APPROPRIATE RATE FOR TRANSIT SERVICE?

Position: BellSouth has established a composite transit tariff rate for all entities of \$0.003 per MOU. This rate is comparable to rates in recently negotiated agreements between BellSouth and CLECs, and between BellSouth and CMRS carriers.

(b) WHAT TYPE OF TRAFFIC DO THE RATES IDENTIFIED IN (a) APPLY?

Position: The rates apply to local traffic and local ISP-bound traffic originated by a carrier, handed to BellSouth for transiting and ultimate delivery to the appropriate terminating third-party carrier. Either the rate established by BellSouth's Transit Tariff or within an agreement addressing transit traffic with the originating carrier would apply.

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?

Position: Yes. Since February 11, 2005, ICO parties have paid BellSouth, via the existing BellSouth-ICO monthly settlements system, at the tariffed rate for usage.

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?

Position: No. ICO's have not paid BellSouth for local transit services prior to February 11, 2005. In connection with this tariff filing, BellSouth is not seeking to collect any funds due from the Small LEC's for local transit prior to February 11, 2005.

Issue 14: WHAT ACTION, IF ANY, SHOULD THE FPSC UNDERTAKE AT THIS TIME TO ALLOW THE SMALL LECS TO RECOVER THE COSTS INCURRED OR ASSOCIATED WITH BELLSOUTH'S PROVISION OF TRANSIT SERVICE?

Position: BellSouth is not in a position to determine or address the financial position and recovery options of other carriers.

Issue 15: SHOULD BELLSOUTH ISSUE AN INVOICE FOR TRANSIT SERVICES AND IF SO, IN WHAT DETAIL AND TO WHOM?

Position: No. It is unnecessary for BellSouth or the ICOs to develop a different process for billing and paying for transit services than that currently utilized for other services. BellSouth will include the transit traffic charges on the existing ICO settlements system reports/statements, which is the established monthly payment process between BellSouth and the ICO's in Florida. A line item for transit traffic is identified with the month of usage on the Miscellaneous Settlement report. An additional spreadsheet with monthly Transit Minutes of Use can also be found at a BellSouth web-site for further validation by the originating ICO.

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?

Position: BellSouth currently provides Industry Standard EMI Records, where available, to terminating carriers for traffic from Meet-Point Billed carriers. The terminating carrier should refer to industry standard documentation for the EMI call detail record data BellSouth provides. In addition, Summary Reports are also provided for UNE-P CLEC usage and for Non-MPB CMRS usage. The Summary Reports contain adequate information to allow the terminating carrier to invoice the

originating carrier. The Summary Reports are available on a BellSouth web-site for the terminating carrier's review, analysis, downloading and billing purposes.

Issue 17: HOW SHOULD BILLING DISPUTES CONCERNING TRANSIT SERVICE BE ADDRESSED?

Position: Any disputes involving the validity of the terminating carrier's billing to the originating carrier, or the authority of the terminating carrier to bill the originating carrier should be resolved by the controlling regulatory body or pursuant to the dispute resolution process in accordance with their contract. To the extent the dispute involves questions related to the minutes of use billed or other issues surrounding the record information supplied by BellSouth pursuant to the transit tariff, BellSouth will provide support regarding questions on the data. If disputes between BST as transit provider and one of the carriers arises, as with any tariff, the dispute would be resolved by the FPSC in accordance with the terms of the tariff.

E. Stipulations

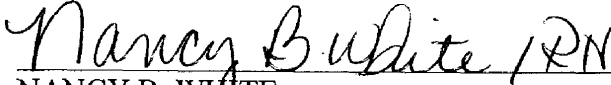
None.

F. Pending Motions

BellSouth is not aware of any pending motions in this proceeding.

Respectfully submitted this 20th day of February, 2006.

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