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ORIGINAL

January 12, 2000

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Mrs. Blanca S. Bayó
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: 991605-TP (Time Warner)

Dear Ms. Bayó:

Enclosed is 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,

Bennett L. Ross
Bennett L. Ross (ML)

Enclosures

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

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CERTIFICATE OF SERVICE
991605-TP (Time Warner)

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via

U.S. Mail this 12th day of January, 2000 to the following:

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2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

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Franklin, Tennessee 37069
Tel. No. (615) 376-6404
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Bennett L. Ross 

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re:)	Docket No.: 991605-TP
)	
Petition for Arbitration of the Interconnection)	
Agreement Between BellSouth Telecommunications,)	
Inc. and Time Warner Telecom of Florida, L.P.)	
Pursuant to Section 252(b) of the Telecommunications)	
Act of 1996.)	
<hr/>		Filed: January 12, 2000

**PREHEARING STATEMENT OF
BELLSOUTH TELECOMMUNICATIONS, INC.**

In accordance with the provisions of the Order Establishing Procedure (Order No. PSC-99-2366-PCO-TP), issued December 6, 1999, BellSouth Telecommunications, Inc. ("BellSouth") submits its Prehearing Statement.

WITNESSES

BellSouth proposes to call the following witness to offer testimony on the single issue in this docket, as enumerated in Appendix A of the Order Establishing Procedure:

<u>Witness</u>	<u>Issue</u>
Alphonso J. Varner (Direct and Rebuttal)	1

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 Prehearing Officer at the prehearing conference to be held on January 19, 2000. BellSouth has listed the witness for whom BellSouth believes testimony will be filed, but reserves the right to supplement that list if necessary.

EXHIBITS

Alphonso J. Varner	AJV-1	ISP Traffic Diagrams (A and B)
	AJV-2	ISP Traffic Diagrams (C and D)
	AJV-3	ISP Traffic Diagrams (E and F)
	AJV-4	ISP Traffic Diagram (G)
	AJV-5	Florida Usage Data (12/98 – 11/99)

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.

STATEMENT OF BASIC POSITION

The only dispute in this docket between BellSouth and Time Warner Telecom of Florida, L.P. (“Time Warner”) concerns the definition of “local traffic” for purposes of reciprocal compensation under Section 251(b)(5) of the Telecommunications Act of 1996 (“1996 Act”). BellSouth’s position on this issue is consistent with the 1996 Act and pertinent rulings of the Federal Communications Commission (“FCC”). Therefore, the Commission should sustain BellSouth’s position.

BELLSOUTH’S POSITION ON THE ISSUES OF LAW AND FACT

Issue 1: **What should be the appropriate definition of “local traffic” for purposes of the parties’ reciprocal compensation obligations under Section 251(b)(5) of the 1996 Act?**

Position: “Local traffic” should be defined to apply only to traffic that originates and terminates within a local area. The definition should expressly exclude traffic to Internet Service Providers (“ISP”), which is interstate traffic. Under the 1996 Act (47 U.S.C. § 251 (b)(5)) and the FCC’s rules (47 C.F.R. § 51.701), reciprocal compensation applies only to local traffic. The FCC has confirmed unequivocally that ISP-bound traffic is interstate in nature, not local. First

Report and Order, *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, 11 FCC Rcd 13042, 16013 ¶ 1034; Declaratory Ruling, CC Docket 96-98, ¶ 26 n.87 (Feb. 26, 1999) (“*Declaratory Ruling*”). Thus, reciprocal compensation is clearly not applicable to ISP-bound traffic. In addition to being contrary to the law, treating ISP-bound traffic as local for reciprocal compensation purposes is contrary to sound public policy.

The FCC is developing an inter-carrier compensation mechanism for ISP-bound traffic outside the scope of the requirements of Section 251(b)(5) of the 1996 Act. Although BellSouth does not believe that compensation for ISP-bound traffic is subject to a Section 252 arbitration since ISP traffic is interstate and although BellSouth has not asked the Commission to arbitrate the issue, BellSouth has proposed several alternative interim compensation mechanisms for ISP-bound traffic in the event the Commission is inclined to address the issue until such time as the FCC issues an order in its pending inter-carrier compensation docket.

STIPULATIONS

None

PENDING MOTIONS

None

Respectfully submitted this 12th day of January, 2000.

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