

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of : DOCKET NO. 000636-TP

REQUEST FOR ARBITRATION CONCERNING :  
 COMPLAINT OF SPRINT COMMUNICATIONS :  
 COMPANY LIMITED PARTNERSHIP AGAINST :  
 BELLSOUTH TELECOMMUNICATIONS, INC. :  
 REGARDING FAILURE TO COMPLY WITH :  
 INTERCONNECTION AGREEMENT. :

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PROCEEDINGS: HEARING

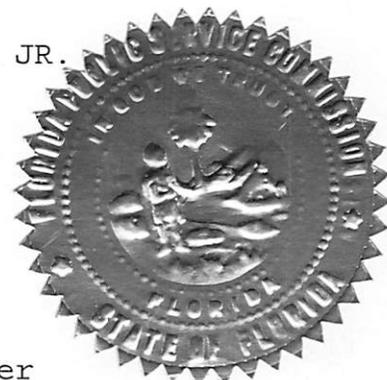
BEFORE: COMMISSIONER E. LEON JACOBS, JR.  
COMMISSIONER LILA A. JABER  
COMMISSIONER BRAULIO L. BAEZ

DATE: Thursday, November 9, 2000

TIME: Commenced at 9:30 a.m.  
Concluded at 9:45 a.m.

PLACE: Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida

REPORTED BY: KORETTA E. STANFORD, RPR  
Official FPSC Reporter



## 1 APPEARANCES:

2 SUSAN S. MASTERTON and CHARLES REHWINKEL,  
3 Sprint-Florida, 1313 Blair Stone Road, Tallahassee,  
4 Florida 32316, appearing on behalf of  
5 Sprint-Florida.

6 NANCY WHITE, BellSouth Telecommunications,  
7 Inc., C/o Nancy Sims, 150 South Monroe Street, Suite  
8 400, Tallahassee, Florida 32301, appearing on behalf  
9 of BellSouth Telecommunications, Inc.

10 TIM VACCARO, Florida Public Service  
11 Commission, Division of Legal Services, 2540 Shumard  
12 Oak Boulevard, Tallahassee, Florida 32399-0850,  
13 appearing on behalf of the Commission Staff.

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I N D E X

WITNESSES

3	NAME:	PAGE NO.
4	RICHARD A. WARNER	
5	Direct Testimony Inserted	8
6	MELISSA CLOSZ	
7	Direct Testimony Inserted	18
8	Rebuttal Testimony Inserted	29
9	JERRY HENDRIX	
10	Direct Testimony Inserted	39
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EXHIBITS

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NUMBER:		ID.	ADMTD.
1	RAW-1 (Confidential)	7	7
2	JDH-1 and JDH-2	38	38
3	Staff's Official Recognition List	73	73
	CERTIFICATE OF REPORTER		75

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COMMISSIONER JACOBS: Let's go on the record.  
Counsel, read the Notice.

MR. VACCARO: Pursuant to Notice, this time and  
place have been designated for a hearing in docket number  
000636-TP for the purpose set forth within the Notice.

COMMISSIONER JACOBS: We'll take appearances.

MS. WHITE: Nancy White for BellSouth  
Telecommunications.

MS. MASTERTON: Susan Masterton for Sprint, and  
also Charles Rehwinkel for Sprint.

MR. VACCARO: Tim Vaccaro on behalf of  
Commission Staff.

COMMISSIONER JACOBS: Very well. Preliminary  
matters, counsel.

MR. VACCARO: Just a few brief matters. As the  
Commissioners are aware, BellSouth and Sprint have agreed  
to stipulate their testimony and exhibits into the record,  
in waive cross examination. The one thing I wanted to  
mention is that one of BellSouth's prefiled exhibits,  
Exhibit JDH-2, to Mr. Hendrix's testimony, was  
inadvertently omitted from the prehearing statement that  
BellSouth filed and as such was not included in the  
prehearing order. Nevertheless, it's my understanding  
that that exhibit will also be moved into the record today

1 and that Sprint does not have a problem with that.

2 MS. MASTERTON: That's correct.

3 COMMISSIONER JACOBS: Very well.

4 MR. VACCARO: And then, the only other thing I  
5 wanted to mention is that Staff has prepared an Official  
6 Recognition List, which we passed out to the parties, and  
7 we marked that as Stip-1, and we will also be seeking to  
8 have that entered into the record.

9 COMMISSIONER JACOBS: Okay. Very well. Sounds  
10 like we're prepared to proceed.

11 MR. VACCARO: Yes, sir.

12 COMMISSIONER JACOBS: So, as I understand it  
13 then, we'll have Sprint's witnesses first -- witness, I  
14 should say.

15 MS. MASTERTON: Well, there's two, yeah. I  
16 would like to offer the following prefiled testimony and  
17 request that it be inserted into the record as though  
18 read: Melissa L. Cloz direct testimony of 11 pages;  
19 Richard A. Warner, direct testimony of 10 pages. And  
20 portions of that have been filed and granted  
21 confidentiality and are on file with the Commission; and  
22 Melissa L. Cloz rebuttal testimony of 8 pages. And we  
23 also have an exhibit, RAW-1, that also has been granted  
24 confidentiality and is on file with the Commission.

25 COMMISSIONER JACOBS: Very well. Without

1 objection, show that the direct testimony of Richard  
2 Warner, Melissa Closz, and the rebuttal testimony of  
3 Melissa Closz is entered into the record as though read.

4 COMMISSIONER JACOBS: We'll mark -- now, we'll  
5 mark Exhibit RAW-1 as Exhibit 1 and without objection,  
6 show it entered into the record. Show it admitted.

7 (Exhibit 1 marked for identification and  
8 admitted into the record.)

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **DOCKET NO.000636-TP**

3 **DIRECT TESTIMONY OF RICHARD A. WARNER**

4 **SPRINT COMMUNICATIONS COMPANY LIMITED PARTNERSHIP**

5 **September 8, 2000**

6

7

**Q. PLEASE STATE YOUR NAME AND ADDRESS**

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9

A. My name is Richard A. Warner. My business address is 555 Lake

10

Border Drive, Apopka, Florida.

11

12

**Q. BY WHOM ARE EMPLOYED AND IN WHAT CAPACITY?**

13

14

A. I am employed by Sprint Communications Company Limited

15

Partnership (Sprint) as Director – Operations.

16

17

**Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND**

18

**AND WORK EXPERIENCE.**

19

20

A. I have a Bachelor of Business Administration degree from the

21

University of Central Florida in Orlando, Florida. I have been

22

employed by Sprint for over 26 years and have been in my current

23

position since October 1997. I began my telecommunications career

24

in 1973 with Florida Telephone Corporation (Sprint) progressing

1 through technical and sales positions and then into management. From  
2 1980 through 1990 I held a variety of service and business office  
3 management positions until July 1990 when I became the North  
4 Division Operations Manager for Sprint, located in Leesburg, Florida.  
5 In this capacity, I was responsible for directing state-wide repair  
6 service, a business office with 200 service representatives and two  
7 service centers with 90 and 100 employees respectively. These  
8 operations responded to billing inquiries and processed service  
9 activation and repair requests for the North Division. In 1992 I  
10 became the Manager-Quality Systems for Sprint, located in Altamonte  
11 Springs, Florida. In this position I participated in the leadership of the  
12 development and implementation of Sprint's Total Quality  
13 Management program within Florida. In September 1993 I accepted  
14 the position of Manager-Residential Market Support for Sprint in  
15 Altamonte Springs, Florida. In this capacity I was responsible for  
16 managing a team of technical professionals who maintained the  
17 support systems for Sprint's Local Telecommunications Division's  
18 residential customers. In September 1995 I accepted the position of  
19 Operations Manager for Sprint Metropolitan Networks, Inc. (SMNI,  
20 now Sprint Communications Company Limited Partnership). In this  
21 position I directed the deployment of Sprint's ALEC network  
22 infrastructure in Orlando and all aspects of operational and customer  
23 support.

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**Q. WHAT ARE YOUR PRESENT RESPONSIBILITIES?**

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5

A. My present responsibilities include the direction of the daily operations of Sprint's ALEC business in Orlando, Florida. I also partner with the marketing team to develop the market strategy and am responsible for the financial performance of the organization.

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**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

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A. The purpose of my testimony is to provide input to the Florida Public Service Commission ("FPSC") that is relevant to its consideration of Sprint's Complaint against BellSouth in Docket No. 000636.

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14

15

Specifically my testimony will provide additional information regarding

16

Sprint's billing of BellSouth for reciprocal compensation and BellSouth's

17

response and actions to those bills. I will also identify the amount Sprint

18

has billed as well as the amount paid by BellSouth and my efforts to

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receive an explanation from BellSouth for the variance.

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**Q. HOW IS YOUR TESTIMONY STRUCTURED?**

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A. I will address the first issue as identified in this proceeding.

Issue NO.1: Under their Florida Interconnection Agreement are Sprint Communications Company Limited Partnership and BellSouth Telecommunications, Inc. required to compensate each other for delivery of traffic to Internet Service Providers (ISPs)? If so, what actions, if any should be taken?

**Q. WERE YOU PERSONALLY INVOLVED WITH THE BILLING OF BELLSOUTH FOR RECIPROCAL COMPENSATION?**

A. Yes.

**Q. WHEN DID BELLSOUTH FIRST BEGIN TO BILL SPRINT FOR TERMINATION OF SPRINT'S TRAFFIC?**

A. BellSouth began to bill Sprint in January of 1998 and continues to bill Sprint for termination of Sprint's traffic.

**Q. WHEN DID SPRINT BEGIN TO BILL BELLSOUTH AND HOW HAS SPRINT BILLED BELLSOUTH SINCE THEN?**

1           A.     Sprint sent its first bill to BellSouth on April 13, 1999. The invoice  
2                   included local interconnection usage from January 1998 through  
3                   December 1998. Sprint sent a second invoice on April 29, 1999  
4                   representing the time period of January 1999 through March 1999. Since  
5                   that date, Sprint has billed BellSouth monthly for each successive month  
6                   of local interconnection usage.

7

8           **Q.     WHAT WAS THE AMOUNT OF THE FIRST INVOICE AND**  
9                   **WHAT WAS BELLSOUTH'S RESPONSE TO THE INVOICE?**

10

11          A.     The April 13, 1999 invoice was for [REDACTED] BellSouth deducted  
12                   [REDACTED] for what it claimed was ISP usage and [REDACTED] for  
13                   incorrect rates. BellSouth paid [REDACTED].

14

15          **Q.     WHAT REASON DID BELLSOUTH GIVE FOR NOT PAYING**  
16                   **THE INVOICE IN FULL?**

17

18          A.     The June 30, 1999 letter from BellSouth (Attachment 1) indicated a  
19                   deduction for "ISP" usage with an assumption for how much of the traffic  
20                   was ISP related. The letter also indicated a difference of opinion  
21                   regarding the proper rates to be applied and indicated BellSouth would not  
22                   pay the amount owed for January 1998, citing a one-year statute of  
23                   limitation.

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**Q. DID SPRINT CONCUR WITH BELLSOUTH'S APPROACH TO PAYING THE INVOICE?**

A. Not entirely. Sprint agreed with BellSouth regarding the proper rates to charge and modified future bills to use the rates both Sprint and BellSouth agreed were the proper rates. Sprint did not agree with BellSouth that ISP usage was not subject to reciprocal compensation nor did Sprint agree with BellSouth's unilateral and arbitrary decision to not pay for what they determined was ISP usage. In addition, no "statute of limitation" for reciprocal compensation was ever discussed or agreed to by the parties.

**Q. DID BELLSOUTH CITE ANY PROVISIONS OF THE SPRINT/BELLSOUTH INTERCONNECTION AGREEMENT AS THE BASIS FOR ITS ACTION TO WITHHOLD RECIPROCAL COMPENSATION PAYMENTS FOR THOSE CALLS IT DEEMED TO BE ISP-RELATED?**

A. No.

**Q. DID BELLSOUTH OFFER TO DISCUSS PAYMENT OF THE USAGE THEY DETERMINED WAS ISP USAGE?**

1 A. No.

2

3 **Q. DID BELLSOUTH OFFER TO DISCUSS THEIR RATIONALE**  
4 **FOR THEIR CALCULATION OF THE ISP USAGE?**

5

6 A. No. The original letter detailing their refusal to pay for what they  
7 determined was ISP traffic simply included the name and telephone  
8 number of an individual to contact for questions.

9

10 **Q. DID YOU CALL THE CONTACT AND IF SO, WHAT WAS THE**  
11 **RESULT?**

12

13 A. Yes, shortly after receiving BellSouth's letter in June 1999, I called the  
14 designated contact from the letter. She was unable to provide any  
15 information other than stating: "This is our policy."

16

17 **Q. WHAT ACTION, IF ANY, DID YOU TAKE AT THIS POINT?**

18

19 A. I asked for the director in charge of interconnection billing. I was  
20 provided with the name, Richard McIntire. I contacted Mr. McIntire and  
21 he committed to providing me with information on how BellSouth  
22 determines ISP usage.

23

1           **Q.    DID MR. McINTIRE PROVIDE THE INFORMATION YOU**  
2           **REQUESTED?**

3

4           **A.    No.**

5

6           **Q.    DID YOU FOLLOW-UP WITH MR. MCINTIRE?**

7

8           **A.    Yes. I followed-up with Mr. McIntire after I did not receive the promised**  
9           **information within a month. His response to my second call was that he**  
10          **would get it to me within the month. When I did not receive it within**  
11          **another month I called again. This time his response was that he had been**  
12          **on vacation and he would get it to me the next month. When I did not get**  
13          **the information after a few more months I called again left a message for**  
14          **Mr. McIntire. He did not return my call.**

15

16          **Q.    DID YOU EVENTUALLY RECEIVE THE INFORMATION**  
17          **REGARDING HOW BELL SOUTH CALCULATED ISP USAGE?**

18

19          **A.    On June 19, 2000, after the complaint was filed with the Florida Public**  
20          **Service Commission, we received the information.**

21

1           **Q.     DOES THE BELLSOUTH PROPOSED FORMULA**  
2                   **DIFFERENTIATE BETWEEN ISP CALLS AND NON ISP CALLS**  
3                   **FROM A TECHNICAL PERSPECTIVE?**

4  
5           A.     No. Under BellSouth's unilateral and arbitrary approach, which was not  
6                   contained in or referred to in the interconnection agreement, they purport  
7                   to identify ISP traffic solely based on the length of the call. Any call over  
8                   a designated length is automatically assumed to be an ISP call.

9  
10          **Q.     FROM 1998 WHEN SPRINT BEGAN BILLING BELLSOUTH,**  
11                   **HOW MUCH HAS SPRINT BILLED BELLSOUTH FOR**  
12                   **INTERCONNECTION USAGE AND HOW MUCH HAS**  
13                   **BELLSOUTH PAID?**

14  
15          A.     Through June of 2000, Sprint has billed BellSouth [REDACTED]. Of that  
16                   amount Sprint and BellSouth have agreed [REDACTED] was incorrectly  
17                   billed due to the incorrect rate being applied. (As discussed earlier, this  
18                   was discovered in June 1999 after the delivery of the first bill and has been  
19                   correct since.) BellSouth has refused to pay [REDACTED], classifying it  
20                   as ISP usage and has paid the remaining [REDACTED]. BellSouth has also  
21                   refused to pay [REDACTED] for delayed billing for services provided to  
22                   them by Sprint.

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**Q. HOW MUCH IS SPRINT OWED AS OF THE DATE OF THIS TESTIMONY?**

A. Sprint is owed a total [REDACTED]. This amount will increase based on monthly billing for as long as BellSouth refuses to pay the total amount owed.

**Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

A. Yes.

1           **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2                           **DOCKET NO. 000636-TP**

3                           **DIRECT TESTIMONY OF MELISSA L. CLOSZ**

4           **SPRINT COMMUNICATIONS COMPANY LIMITED PARTNERSHIP**

5                           **September 8, 2000**

6

7   **Q.   PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

8

9   A.   My name is Melissa L. Closz. My business address is 7650  
10       Courtney Campbell Causeway, Suite 1100, Tampa, Florida.

11

12 **Q.   BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

13

14 A.   I am employed by Sprint as Director-Local  
15       Market Development.

16

17 **Q.   PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK**  
18 **EXPERIENCE.**

19

20 A.   I have a Master of Business Administration degree from  
21       Georgia State University in Atlanta, Georgia and a Bachelor  
22       of Business Administration degree from Texas Christian  
23       University in Fort Worth, Texas. I have been employed by  
24       Sprint for over nine years and have been in my current

1 position since February, 1997. I began my telecommunications  
2 career in 1983 when I joined AT&T Long Lines progressing  
3 through various sales and sales management positions. In  
4 1989, I joined Sprint's Long Distance Division as Group  
5 Manager, Market Management and Customer Support in Sprint's  
6 Intermediaries Marketing Group. In this capacity, I was  
7 responsible for optimizing revenue growth from products and  
8 promotions targeting association member benefit programs,  
9 sales agents and resellers. I owned and operated a consumer  
10 marketing franchise in 1991 and 1992 before accepting the  
11 General Manager position for Sprint's Florida unit of United  
12 Telephone Long Distance ("UTLD"). In this role, I directed  
13 marketing and sales, operational support and customer service  
14 for this long distance resale operation. In Sprint's Local  
15 Telecommunications Division, in 1993, I was charged with  
16 establishing the Sales and Technical Support organization for  
17 Carrier and Enhanced Service Markets. My team interfaced  
18 with interexchange carriers, wireless companies and  
19 competitive access providers. After leading the business  
20 plan development for Sprint Metropolitan Networks, Inc.  
21 ("SMNI", now a part of Sprint Communications Company Limited  
22 Partnership), I became General Manager in 1995. In this  
23 capacity, I directed the business deployment effort for  
24 Sprint's first alternative local exchange company ("ALEC")  
25 operation, including its network infrastructure, marketing

1 and product plans, sales management and all aspects of  
2 operational and customer support.

3 **Q. WHAT ARE YOUR PRESENT RESPONSIBILITIES?**

4

5 A. My present responsibilities include representation of Sprint  
6 in interconnection negotiations with BellSouth  
7 Telecommunications, Inc. ("BellSouth"). In addition, I am  
8 responsible for coordinating Sprint's entry into the local  
9 markets within BellSouth states. I also interface with the  
10 BellSouth account team supporting Sprint to communicate  
11 service and operational issues and requirements.

12

13 **Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE STATE REGULATORY**  
14 **COMMISSIONS?**

15

16 A. Yes, I have testified before state regulatory commissions in  
17 Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi,  
18 New York, North Carolina, South Carolina and Tennessee.

19

20 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

21

22 A. The purpose of my testimony is to provide input to the  
23 Florida Public Service Commission ("FPSC") that is relevant  
24 to its consideration of Sprint's Complaint against BellSouth  
25 in Docket No. 000636. Specifically, my testimony addresses

1 the language in Sprint's Interconnection Agreement with  
2 BellSouth dated July 1, 1997 regarding local traffic and  
3 reciprocal compensation.

4  
5 **Q. PLEASE EXPLAIN YOUR ROLE IN THE NEGOTIATION OF THE**  
6 **INTERCONNECTION AGREEMENT BETWEEN BELL SOUTH**  
7 **TELECOMMUNICATIONS, INC. AND SPRINT COMMUNICATIONS COMPANY**  
8 **L.P., EFFECTIVE JULY 1, 1997.**

9  
10 **A.** As Director, Local Market Development for Sprint, my primary  
11 responsibility has been, and continues to be, the  
12 negotiation of Sprint's interconnection agreements with  
13 BellSouth for the entire nine-state BellSouth region. I  
14 assumed my current position in February, 1997, and  
15 immediately became involved in the interconnection  
16 negotiations underway. Until approximately May, 1997, I  
17 partnered with the predecessor to my position to ensure  
18 continuity in Sprint's negotiations and then assumed full  
19 responsibility for concluding negotiations and for executing  
20 all of Sprint's ALEC interconnection agreements with  
21 BellSouth, including the Sprint/BellSouth agreement in  
22 Florida.

23  
24 **Q. HOW DOES THE INTERCONNECTION AGREEMENT BETWEEN BELL SOUTH AND**  
25 **SPRINT DEFINE "LOCAL TRAFFIC"?**

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A. In Attachment 11, page 5-6, of the Interconnection Agreement between the parties, Local Traffic is defined as follows:

"Local Traffic" means any telephone call that originates and terminates in the same LATA and is billed by the originating Party as a local call, including any call terminating in an exchange outside of BellSouth's service area with respect to which BellSouth has a local interconnection agreement with an independent LEC, with which Sprint is not directly interconnected.

**Q. IS THERE ANY REFERENCE IN THE DEFINITION ABOVE TO ISP TRAFFIC BEING EXCLUDED FROM THE DEFINITION OF LOCAL TRAFFIC?**

A. No. Clearly there is not.

**Q. WHEN A BELLSOUTH END USER ORIGINATES A CALL TO AN ISP THAT IS A SPRINT LOCAL SERVICE CUSTOMER, DOES BELLSOUTH BILL THESE CALLS AS LOCAL CALLS?**

A. Yes.

1 Q. DOES THIS MEAN THAT BELLSOUTH'S ORIGINATED ISP-BOUND TRAFFIC  
2 FITS THE DEFINITION OF LOCAL TRAFFIC SET FORTH IN THE  
3 PARTIES' INTERCONNECTION AGREEMENT?

4

5 A. Yes. As the definition states, Local Traffic means, "... any  
6 telephone call that originates and terminates in the same  
7 LATA and is billed by the originating Party as a local  
8 call...".

9

10 Q. DID BELLSOUTH EVER COMMUNICATE DURING INTERCONNECTION  
11 CONTRACT NEGOTIATIONS THAT THEIR INTENT WAS THAT ISP TRAFFIC  
12 BE EXCLUDED FROM THE DEFINITION OF LOCAL TRAFFIC FOR  
13 PURPOSES OF RECIPROCAL COMPENSATION?

14

15 A. No, they did not.

16

17 Q. DID BELLSOUTH EVER DISCUSS IN NEGOTIATIONS A FORMULA OR  
18 METHODOLOGY FOR IDENTIFYING ISP-BOUND TRAFFIC?

19

20 A. No.

21

22 Q. WAS SPRINT'S UNDERSTANDING DURING NEGOTIATIONS OF ITS  
23 INTERCONNECTION AGREEMENT WITH BELLSOUTH THAT ISP TRAFFIC  
24 WOULD BE INCLUDED IN THE DEFINITION OF LOCAL TRAFFIC?

25

1 A. Yes. Sprint believes that ISP traffic fits the definition  
2 of Local Traffic specified in the Interconnection Agreement.  
3 Accordingly, Sprint believed that it would be included in  
4 the definition of Local Traffic documented in the Parties'  
5 Agreement. Indeed, Sprint had no reason whatsoever to  
6 believe that BellSouth intended to treat ISP traffic  
7 differently.

8

9 **Q. HOW DOES THE INTERCONNECTION AGREEMENT PROVIDE FOR**  
10 **RECIPROCAL COMPENSATION BETWEEN THE PARTIES?**

11

12 A. In Amendment 2 to the Interconnection Agreement between the  
13 Parties, effective 12/23/98, General Terms and Conditions,  
14 Part IV: Pricing, Section 37, states, "The prices that  
15 Sprint and BellSouth shall pay to BellSouth are set forth in  
16 Table 1." Table 1 contains rates for "Call Transport and  
17 Termination", including Direct End Office interconnection  
18 and Interconnection at the Tandem Switch.

19

20 **Q. DOES TABLE 1 SPECIFY THAT ISP TRAFFIC SHOULD BE EXCLUDED**  
21 **FROM THE CALCULATION AND PAYMENT OF RECIPROCAL COMPENSATION,**  
22 **OR THAT THERE IS A DIFFERENT RATE SCHEDULE THAT WOULD APPLY**  
23 **FOR ISP CALLS?**

24

1 A. No. There is no exclusion of ISP calls referenced and there  
2 is not an alternative rate schedule that would be applied to  
3 these calls.

4

5 Q. WAS IT SPRINT'S INTENT THAT ISP-BOUND TRAFFIC BE TREATED AS  
6 LOCAL TRAFFIC FOR WHICH RECIPROCAL COMPENSATION IS DUE?

7

8 A. Yes. Nothing in the Negotiations or in the agreement  
9 indicates to the contrary.

10

11 Q. WHY DOESN'T BELLSOUTH'S ASSERTION THAT NO COMPENSATION IS  
12 DUE FOR ISP-RELATED CALLS MAKE SENSE TO SPRINT?

13

14 A. Sprint incurs cost to terminate BellSouth-originated calls  
15 that are destined for ISPs who are customers of Sprint. If  
16 BellSouth does not compensate Sprint for this traffic,  
17 BellSouth is essentially getting free transport and  
18 termination of calls (for which it receives compensation  
19 from its customers) at Sprint's expense. It is illogical to  
20 assume the parties intended that BellSouth would receive  
21 free service from Sprint. Moreover, if BellSouth had  
22 intended to enter into a different compensation arrangement  
23 for these calls, such an arrangement should have been  
24 negotiated with Sprint and memorialized in the Parties'  
25 interconnection agreement. No such alternative compensation

1 arrangement was ever discussed with Sprint nor, clearly, is  
2 one included in the Agreement. Accordingly, the only  
3 possible interpretation of the Parties' Agreement is that  
4 ISP calls were intended to be included in the definition of  
5 Local Traffic and to be compensated via reciprocal  
6 compensation accordingly.

7

8 **Q. HAS THE ISSUE OF RECIPROCAL COMPENSATION FOR ISP TRAFFIC**  
9 **PREVIOUSLY BEEN RULED ON BY THE COMMISSION?**

10

11 **A. Yes.** The Commission consistently has determined that ISP  
12 traffic is properly treated as local and therefore is  
13 subject to reciprocal compensation under the terms of  
14 interconnection agreements with substantially equivalent  
15 relevant provisions to the provisions in the  
16 Sprint/BellSouth interconnection agreement. In its earliest  
17 ruling on this issue, in which it resolved disputes under  
18 interconnection agreements between BellSouth and WorldCom  
19 Technologies, Inc., Teleport Communications Group,  
20 Intermedia, and MCI Metro Access Transmission Services,  
21 Inc., the Commission determined that the Agreements defined  
22 local traffic "in such a way that ISP traffic clearly fits  
23 the definition." Additionally, the Commission held that  
24 "Since ISP traffic is local under the terms of the

1 Agreement...reciprocal compensation for termination is  
2 required." (Order No. PSC 98-1216-FOF-TP.)

3

4 The Commission reached a similar result in a dispute  
5 between e.spire Communications and BellSouth over the  
6 payment of reciprocal compensation under their  
7 interconnection agreement. Considering a definition of  
8 local traffic substantially similar to the language in the  
9 Sprint/BellSouth Agreement, the Commission determined that  
10 the definition of local traffic, and specifically the  
11 parties' failure to expressly exclude ISP-bound traffic  
12 from the definition of local traffic, demonstrated the  
13 parties' intent at the time they entered into the Agreement  
14 that ISP traffic be treated as local traffic for purposes  
15 of the Agreement's reciprocal compensation provisions.  
16 (Order No. PSC 99-0658-FOF-TP.)

17

18

19 More recently, in a complaint by Global NAPs, Inc. to  
20 recover reciprocal compensation for ISP traffic from  
21 BellSouth, the Commission determined that "the plain  
22 language of the Agreement shows that the parties intended  
23 the payment of reciprocal compensation for all local  
24 traffic, including traffic bound for ISPs." (Order No. PSC-  
25 00-0802-FOF-TP) The definition in that agreement was

1 identical to the language in the e.spire agreement and  
2 substantially similar to the definition of local traffic in  
3 the Sprint/BellSouth Agreement. The Commission subsequently  
4 affirmed this decision in a complaint by ITC^DeltaCom to  
5 enforce the reciprocal compensation provisions of an  
6 agreement identical to the Global NAPS agreement. (Order  
7 No.)

8

9 Q. WHAT ACTION DOES SPRINT REQUEST THAT THE COMMISSION TAKE IN  
10 THIS COMPLAINT PROCEEDING?

11

12 A. Sprint respectfully requests that the Commission order that  
13 pursuant to the Parties' Interconnection Agreement, ISP  
14 traffic should be considered local for purposes of  
15 reciprocal compensation. Sprint further requests that the  
16 Commission order BellSouth to pay such reciprocal  
17 compensation due to Sprint in accordance with the detailed  
18 amounts presented in Richard Warner's testimony.

19

20 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

21

22 A. Yes, it does.

23

24

25

1                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2                                   **DOCKET NO. 000636-TP**

3                                   **REBUTTAL TESTIMONY OF MELISSA L. CLOSZ**

4                   **SPRINT COMMUNICATIONS COMPANY LIMITED PARTNERSHIP**

5                                   **October 9, 2000**

6  
7           **Q.     PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

8  
9           A.     My name is Melissa L. Closz. My business address is 7650 Courtney Campbell  
10           Causeway, Suite 1100, Tampa, Florida.

11  
12          **Q.     BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

13  
14          A.     I am employed by Sprint as Director- Local Market Development.

15  
16          **Q.     ARE YOU THE SAME MELISSA L. CLOSZ THAT PREVIOUSLY FILED**  
17               **DIRECT TESTIMONY IN THIS DOCKET?**

18  
19          A.     Yes, I am.

20  
21          **Q.     WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

22          A.     The purpose of my testimony is to provide rebuttal to the testimony of BellSouth  
23               witnesses Jerry D. Hendrix and David P. Scollard in Docket No. 000636-TP.  
24

1 Rebuttal to the Testimony of Jerry D. Hendrix

2

3 **Q. On page 8, lines 22-23 of his testimony, Mr. Hendrix states, "It has always**  
4 **been BellSouth's view that ISP traffic is interstate in nature and should be**  
5 **subject to the payment of access charges." Did BellSouth communicate this**  
6 **to Sprint during the course of its contract negotiations with Sprint?**

7

8 **A. No.**

9

10 **Q. On page 9, lines 7-17, Mr. Hendrix states that BellSouth advised Sprint of its**  
11 **view that ISP traffic is not subject to reciprocal compensation prior to the**  
12 **interconnection agreement between BellSouth and Sprint taking effect. Does**  
13 **Sprint agree?**

14

15 **A. No. Sprint's Interconnection Agreement with BellSouth was effective July 1,**  
16 **1997. Mr. Hendrix admits in his testimony, page 9, lines 11-15, that the**  
17 **BellSouth website notification that supposedly supports his claim was posted,**  
18 **according to BellSouth, on August 8, 1997. This is over a month AFTER the**  
19 **Interconnection Agreement took effect. Clearly, BellSouth did not advise Sprint**  
20 **of its views regarding reciprocal compensation prior to the agreement taking**  
21 **effect. Moreover, as stated in my Direct Testimony, page 8, lines 21-25, if**  
22 **BellSouth had intended to enter into a different compensation arrangement for**

1 ISP-related calls, such an arrangement should have been negotiated with Sprint  
2 and memorialized in the interconnection agreement.

3

4 **Q. Does the Interconnection Agreement between BellSouth and Sprint contain**  
5 **any provision allowing BellSouth to modify the Agreement by unilateral**  
6 **postings to a website?**

7

8 A. No.

9

10 **Q. Does a website notification in any way alter BellSouth's obligations under the**  
11 **Interconnection Agreement between BellSouth and Sprint?**

12

13 A. No, it does not.

14

15 **Q. On page 7, lines 8-13, Mr. Hendrix references the Local Traffic definition**  
16 **that is included in the Interconnection Agreement. How does this definition**  
17 **affect BellSouth's obligation to provide reciprocal compensation to Sprint for**  
18 **ISP-related traffic?**

19

20 A. The Local Traffic definition describes the calls for which reciprocal compensation  
21 is due. As referenced by Mr. Hendrix, the definition clearly states, "Local Traffic  
22 means any telephone call that originates and terminates in the same LATA and is  
23 billed by the originating Party as a local call...". As stated in my Direct

1 Testimony, page 5, lines 18-22, when a BellSouth end user originates a call to an  
2 ISP that is a Sprint local service customer, BellSouth bills these calls as local  
3 calls. Accordingly, these calls clearly fit within the Local Traffic definition in the  
4 interconnection agreement.

5  
6 **Q. On page 8, lines 22-23 of his testimony, Mr. Hendrix states, "It has always**  
7 **been BellSouth's view that ISP traffic is interstate in nature and should be**  
8 **subject to the payment of access charges." During interconnection contract**  
9 **negotiations with Sprint, did BellSouth propose that the parties pay access**  
10 **charges for ISP traffic?**

11  
12 **A.** No, they did not. As stated in my direct testimony, BellSouth never discussed its  
13 intent or desire that ISP traffic be treated differently from local traffic during  
14 interconnection contract negotiations. If BellSouth had intended that ISP traffic  
15 be subject to access charges, as BellSouth contends was the case, BellSouth  
16 should have presented this proposal for discussion between the parties during  
17 contract negotiations.

18  
19 **Q. On page 10, lines 3-5 of his testimony, Mr. Hendrix states, "...the Agreement**  
20 **requires the termination of traffic on either BellSouth's or Sprint's network**  
21 **for reciprocal compensation to apply." Does Sprint agree?**

1 A. No. It is not clear what term of the Agreement Mr. Hendrix is relying on for this  
2 statement. The terms of the interconnection agreement between Sprint and  
3 BellSouth do not support Mr. Hendrix's views.

4  
5 Attachment 6, Section 5.1 of the parties' Agreement does state, as reflected on  
6 page 7, lines 16-18 of Mr. Hedrix's testimony, "The Parties shall bill each other  
7 reciprocal compensation in accordance with the standards set forth in this  
8 Agreement for Local Traffic terminated to the other Party's customer."

9 As this clause states, the Local Traffic definition governs the application of  
10 reciprocal compensation. Moreover, when a BellSouth end user places a call to  
11 an ISP that is Sprint's local service customer, the call is clearly "...terminated to  
12 the other Party's customer." As the Commission has consistently ruled, such ISP  
13 traffic clearly complies with the requirements for billing reciprocal compensation  
14 referenced in the section above.

15

16 Q. **On page 10, lines 8-12, Mr. Hendrix states, "...the definition of local traffic**  
17 **requires the origination and termination of telephone calls to be in the same**  
18 **exchange and EAS exchanges as defined and specified in Section A.3. of**  
19 **BellSouth's General Subscriber Service Tariff ("GSST"). Local traffic as**  
20 **defined in Section A.3. in no way includes ISP traffic." What is Sprint's**  
21 **perspective on Mr. Hendrix's statement?**

22

23

1 A. The definition of local traffic in the Parties' interconnection agreement, although  
2 substantially similar to the definition Mr. Hendrix recites in this portion of his  
3 testimony, does not include the references to BellSouth's GSST that Mr. Hendrix  
4 refers to. In any event, the Commission has previously determined that several  
5 agreements defining local traffic using identical language to the language cited by  
6 Mr. Hendrix on page 10, lines 8-12, include Internet traffic in the definition of  
7 local traffic for the purposes of reciprocal compensation (see, for example, Order  
8 No. PSC-98-1216-FOF-TP, interpreting identical language in the MCImetro  
9 Agreement and the Intermedia Agreement, Order No. PSC-99-0658-FOF-TP  
10 interpreting identical language in the e.spire agreement, and Order No. PSC-00-  
11 0802-FOF-TP, interpreting identical language in the Global Naps agreement). In  
12 addition, the Commission has previously determined that the Teleport  
13 Communications Group Agreement, which contains a definition of local traffic  
14 identical to the definition contained in the Sprint agreement, includes Internet  
15 traffic for the purposes of reciprocal compensation (Order No. PSC-98-1216-  
16 FOF-TP).

17  
18 **Q. On page 17, lines 4-8 of Mr. Hendrix's Direct Testimony, he states, "...it was**  
19 **not BellSouth's intent, nor was it discussed during negotiations, that ISP**  
20 **traffic would be subject to reciprocal compensation." Does Sprint agree?**

21  
22 A. While Sprint can not speak to BellSouth's intent during contract negotiations,  
23 Sprint agrees that BellSouth never discussed with Sprint during the contract

1 negotiations the BellSouth notion that ISP traffic would not be subject to  
2 reciprocal compensation. As stated in my direct testimony, page 7, lines 1-7, ISP  
3 traffic clearly fits the definition of Local Traffic specified in the Interconnection  
4 Agreement. Accordingly, Sprint had no reason to believe that ISP – bound traffic  
5 would be excluded from the definition of Local Traffic documented in the Parties’  
6 Agreement. Once again, Sprint had no reason whatsoever to believe that  
7 BellSouth intended to treat ISP traffic differently. In any event, the Florida  
8 Commission has consistently interpreted contract language substantially identical  
9 to that contained in the Agreement to require that ISP-bound traffic is  
10 compensated between the ALEC and ILEC as local.

11  
12 **Q. Does Sprint expect to pay BellSouth reciprocal compensation for ISP calls**  
13 **originated by Sprint end users that terminate to ISPs that are BellSouth local**  
14 **exchange customers?**

15  
16 **A.** Yes. Sprint fully expects to pay reciprocal compensation for these calls upon  
17 receipt of an invoice for such calls from BellSouth.

18  
19 **Rebuttal to the Testimony of David P. Scollard**

20  
21 **Q. Mr. Scollard’s testimony centers on BellSouth’s purported policy to refrain**  
22 **from billing reciprocal compensation for ALEC end user-originated ISP calls**  
23 **terminated to BellSouth. Does this testimony have any relevance to the**

1           **Commission's consideration of BellSouth's obligation to pay Sprint**  
2           **reciprocal compensation for ISP calls?**

3

4    A.    No, it does not. BellSouth's policy decisions and billing practices have no  
5           bearing whatsoever on the Commission's consideration of BellSouth's obligations  
6           under the interconnection agreement between BellSouth and Sprint.

7

8    **Q.    Does this conclude your rebuttal testimony?**

9    A.    Yes, it does.

1 COMMISSIONER JACOBS: Very well. Ms. White.

2 MS. WHITE: Yes. BellSouth would ask that the  
3 testimony, direct testimony, of Jerry Hendrix consisting  
4 of 19 pages be entered into the record as if read.

5 Mr. Hendrix also had two exhibits, JDH-1 and 2. We would  
6 ask that those be admitted into the record and numbered  
7 accordingly.

8 COMMISSIONER JACOBS: Very well. Now, we don't  
9 have a description for JDH-2. Can we give that a short  
10 title?

11 MS. WHITE: Yes. JDH-2 is the comments and  
12 reply comments of BellSouth corporation and BellSouth  
13 Telecommunications in docket number 96-263 of the FCC.  
14 It's not very short, but...

15 COMMISSIONER JACOBS: Okay.

16 MS. WHITE: Thank you, Mr. Rehwinkel -- FCC  
17 comments.

18 I also have one correction in Mr. -- or two  
19 corrections, actually, in Mr. Hendrix's testimony. It's  
20 Page 9 of his direct. On Line 5, he's got -- he speaks of  
21 Exhibit JDH-1. It should actually be JDH-2 that he's  
22 talking about there. And on Line 16, he speaks of Exhibit  
23 JDH-2, and that should really be Exhibit JDH-1.

24 So, with that correction, I'd ask that that be  
25 inserted. I'd also ask that the rebuttal testimony of

1 Mr. Hendrix, consisting of 6 pages, be inserted into the  
2 record; that the direct testimony of Mr. Scollard,  
3 consisting of five pages, be inserted into the record; and  
4 the rebuttal testimony of Mr. McIntire, consisting of 4  
5 pages, be inserted into the record.

6 COMMISSIONER JACOBS: Very well. Let the record  
7 reflect that by stipulation the direct testimony of Jerry  
8 Hendrix, the direct testimony of David Scollard, the  
9 rebuttal testimony of Jerry Hendrix and the rebuttal  
10 testimony of Richard McIntire are entered into the record  
11 as though read.

12 COMMISSIONER JACOBS: We'll mark as composite  
13 Exhibit JDH-1 and JDH-2, and that will be marked as  
14 Exhibit 2. And without objection, show those admitted.

15 (Exhibit 2 marked for identification and  
16 admitted into the record.)

17  
18  
19  
20  
21  
22  
23  
24  
25

1                   BELLSOUTH TELECOMMUNICATIONS, INC.  
2                   DIRECT TESTIMONY OF JERRY D. HENDRIX  
3                   BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION  
4                   DOCKET NO. 000636-TP  
5                   SEPTEMBER 8, 2000  
6

7 Q.       PLEASE STATE YOUR NAME, ADDRESS, AND POSITION WITH  
8       BELLSOUTH TELECOMMUNICATIONS, INC.  
9

10 A.       My name is Jerry Hendrix. I am employed by BellSouth Telecommunications,  
11       Inc., ("BellSouth") as Senior Director – Customer Markets, Wholesale Pricing  
12       Operations. My business address is 675 West Peachtree Street, Atlanta,  
13       Georgia 30375.  
14

15 Q.       PLEASE SUMMARIZE YOUR BACKGROUND AND EXPERIENCE.  
16

17 A.       I graduated from Morehouse College in Atlanta, Georgia, in 1975 with a  
18       Bachelor of Arts Degree. I began employment with Southern Bell in 1979 and  
19       have held various positions in the Network Distribution Department before  
20       joining the BellSouth Headquarters Regulatory organization in 1985. On  
21       January 1, 1996, my responsibilities moved to Interconnection Services Pricing  
22       in the Interconnection Customer Business Unit. In my current position as  
23       Senior Director, I oversee the negotiation of interconnection agreements  
24       between BellSouth and Alternate Local Exchange Carriers ("ALECs") in  
25       BellSouth's nine-state region.

1

2 Q. HAVE YOU TESTIFIED PREVIOUSLY?

3

4 A. Yes. I have testified in proceedings before the Alabama, Florida, Georgia,  
5 Kentucky, Louisiana, Mississippi, South Carolina public service commissions,  
6 the North Carolina Utilities Commission, and the Tennessee Regulatory  
7 Authority.

8

9 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

10

11 A. The purpose of my testimony is to show that BellSouth does not owe Sprint  
12 Communications Company Limited Partnership ("Sprint") reciprocal  
13 compensation for traffic bound for Internet service providers ("ISPs") for two  
14 primary reasons: first, ISP-bound traffic is, and always has been, interstate  
15 traffic; and, second, the parties did not agree to pay reciprocal compensation  
16 for ISP-bound traffic under the terms of the Agreement between the parties.

17

18 Q. WHAT IS RECIPROCAL COMPENSATION?

19

20 A. Section 251 (b)(5) of the Telecommunications Act of 1996 obligated all  
21 telecommunications carriers to "establish reciprocal compensation  
22 arrangements for the transport and termination of telecommunications." In  
23 basic terms, reciprocal compensation is a two-way, or reciprocal, arrangement  
24 requiring a local exchange carrier ("LEC") who originates a local call to  
25 compensate the LEC who terminates the local call. By law, this obligation

1 applies only if the call is local, and if the call is originated and terminated by  
2 different LECs. As the FCC has confirmed, this obligation does not extend to  
3 ISP traffic. Footnote 87 of the February 26, 1999 Declaratory Ruling (see  
4 Declaratory Ruling, In the Matter of Implementation of the Local Competition  
5 Provisions in the Telecommunications Act of 1996: Inter-Carrier  
6 Compensation for ISP-Bound Traffic, CC Docket Nos. 96-98, 99-68  
7 (“Declaratory Ruling”), released February 26, 1999) states:

8 As noted, section 251(b)(5) of the Act and our rules  
9 promulgated pursuant to that provision concern inter-carrier  
10 compensation for interconnected *local* telecommunications  
11 traffic. We conclude in this Declaratory Ruling, however, that  
12 ISP-bound traffic is non-local interstate traffic. Thus, the  
13 reciprocal compensation requirements of section 251(b)(5) of  
14 the Act and Section 51, Subpart H (Reciprocal Compensation  
15 for Transport and Termination of Local Telecommunications  
16 Traffic) of the Commission’s rules do not govern inter-carrier  
17 compensation for this traffic.

18

19 Q. DID SPRINT AND BELLSOUTH INTEND TO ASSUME AN  
20 OBLIGATION TO PAY RECIPROCAL COMPENSATION BEYOND  
21 THAT REQUIRED BY THE TELECOMMUNICATIONS ACT OF 1996?

22

23 A. No. BellSouth and Sprint executed the agreement in order to fulfill their  
24 duties under the Telecommunications Act of 1996 – nothing more, nothing  
25 less. Nothing in the Agreement can reasonably be read to suggest that

1 BellSouth and Sprint agreed to go beyond their obligations under the  
2 Telecommunications Act, including the scope of their duty to pay reciprocal  
3 compensation.

4

5 Q. WHY IS ISP TRAFFIC NOT SUBJECT TO THE RECIPROCAL  
6 COMPENSATION REQUIREMENTS UNDER THE  
7 TELECOMMUNICATIONS ACT OF 1996?

8

9 A. Internet service is a subset of the services that the Federal Communications  
10 Commission ("FCC") has classified as enhanced services. The FCC, for a  
11 variety of public policy reasons, has exempted enhanced service providers  
12 ("ESPs"), of which ISPs are a subset, from paying interstate access charges  
13 since 1983. Hence, ISPs are permitted to use the networks of LECs to collect  
14 and transport their interstate traffic. Moreover, ILECs, such as BellSouth, are  
15 not permitted to charge ISPs access charges for the access services ISPs  
16 receive. Instead, ISPs pay ILECs for the access services they use at rates  
17 equal to local exchange rates. However, as the FCC recently confirmed in its  
18 *Order On Remand In the Matter of Deployment of Wireline Services Offering*  
19 *Advanced Telecommunications Capability* ("Order on Remand") released  
20 December 23, 1999, the access charge exemption does not alter the fact that  
21 the service provided by Local Exchange Carriers ("LECs") to ESPs, which  
22 includes ISPs, is "exchange access." FCC 99-413, ¶ 43 (Dec. 23, 1999).  
23 Exchange access traffic is, by definition, interstate in nature, not local.

24

25 Q. PLEASE DESCRIBE THE NATURE OF ISP TRAFFIC.

1

2 A. To put the Agreement in question in this docket in context, I will describe how  
3 traffic from an end user with dial-up Internet service is routed to the Internet.  
4 End users gain access to the Internet through an ISP. The ISP location,  
5 generally referred to as an ISP Point of Presence (“POP”), represents the edge  
6 of the Internet and usually consists of a bank of modems. Due to the FCC’s  
7 access charge exemption for ISPs, ISPs can use the public switched network to  
8 collect their subscribers’ calls to the Internet. To access the Internet through  
9 an ISP, subscribers dial a seven- or ten-digit telephone number via their  
10 computer modem. To receive exchange access service, the ISP typically  
11 purchases business service lines from various LEC end offices and physically  
12 connects those lines to an ISP premise, which contains modem banks that  
13 connect to the Internet. The ISP converts the signal of the incoming  
14 communication to a digital signal and routes the traffic, through its modems,  
15 over its own network to a backbone network provider, where it is ultimately  
16 routed to an Internet-connected host computer. Internet backbone networks  
17 can be regional or national in nature. These networks not only interconnect  
18 ISP POPs but also interconnect ISPs with each other and with online  
19 information content.

20

21 The essence of Internet service is the ease with which a user can access and  
22 transport information from any server connected to the Internet. The Internet  
23 enables information and Internet resources to be widely distributed and  
24 eliminates the need for the user and the information to be physically located in  
25 the same area. ISPs typically provide, in addition to Internet access, Internet

1 services such as e-mail, usenet news, and Web pages to their customers.  
2 When a user retrieves e-mail or accesses usenet messages, for example, it is  
3 highly unlikely that the user is communicating with a server that is located in  
4 the same local calling area as the user. To the contrary, the concentration of  
5 information is more likely to result in an interstate, or even international,  
6 communication.

7  
8 In short, an ISP takes a communication and, as part of the information service  
9 it offers to the public, transmits that communication to and from the  
10 communications network of other telecommunications carriers (e.g., Internet  
11 backbone providers such as MCI or DeltaCom) whereupon it is ultimately  
12 delivered to Internet host computers, almost all of which are located outside of  
13 the local serving area of the ISP. As one can see, Sprint's claim that a local  
14 call and an ISP-bound call are similar with respect to the origination and  
15 termination is not accurate. Thus, ISP traffic is not entitled to the reciprocal  
16 compensation structure for local calls.

17  
18 As I stated earlier, the ISP generally purchases exchange access service by  
19 leasing business service lines from various end offices. In the case of ILECs,  
20 this methodology was prescribed (and in fact compelled) by the FCC in order  
21 to ensure compliance with the access charge exemption extended to ESP/ISPs.  
22 The fact that an ISP obtains local business service lines from an ALEC switch  
23 in no way alters the continuous transmission of signals between an incumbent  
24 local exchange carrier's ("ILEC") end user to a host computer. In other words,  
25 if an ALEC puts itself in between a BellSouth end user and the Internet service

1 provider, it is acting like an intermediate transport carrier or conduit, using  
2 exchange access service, not a local exchange provider entitled to reciprocal  
3 compensation.

4

5 Q. WHAT ARE THE RECIPROCAL COMPENSATION REQUIREMENTS IN  
6 THE SPRINT AGREEMENT AS EXECUTED ON JULY 1, 1997?

7

8 A. The Sprint Agreement defines "Local Traffic" in Attachment 11 as follows:  
9 "Local Traffic" means any telephone call that originates and terminates in the  
10 same LATA and is billed by the originating Party as a local call, including any  
11 call terminating in an exchange outside of BellSouth's service area with  
12 respect to which BellSouth has a local interconnection agreement with an  
13 independent LEC, with which Sprint is not directly interconnected."

14

15 Attachment 6, Section 5.1 of the Agreement states:

16 "The Parties shall bill each other reciprocal compensation in  
17 accordance with the standards set forth in this Agreement for Local  
18 Traffic terminated to the other Party's customer. Such local traffic  
19 should be recorded and transmitted to Sprint and BellSouth in  
20 accordance with this Attachment. When a Sprint Customer originates  
21 traffic and Sprint sends it to BellSouth for termination, Sprint will  
22 determine whether the traffic is local or intraLATA toll. When a  
23 BellSouth Customer originates traffic and BellSouth sends it to Sprint  
24 for termination, BellSouth will determine whether the traffic is local or  
25 intraLATA toll. Each Party will provide the other with information that

1 will allow it to distinguish local from intraLATA toll traffic. At a  
2 minimum, each Party shall utilize NXX's in such a way that the other  
3 Party shall be able to distinguish local from intraLATA toll traffic.  
4 When Sprint interconnects with BellSouth's network for the purpose of  
5 completing local and intraLATA toll traffic, Sprint will, at its option,  
6 interconnect at either the tandem or end office switch to complete such  
7 calls paying local interconnection rates for its customers' local calls  
8 and switched access rates for its customers' intraLATA toll calls. Such  
9 interconnection will be ordered as needed by Sprint to complete such  
10 local and intraLATA toll calls. Further, the Local Traffic exchanged  
11 pursuant to this Attachment shall be measured in billing minutes of use  
12 and shall be in actual conversation seconds. The total conversation  
13 seconds per chargeable traffic type will be totaled for the entire  
14 monthly billing cycle and then rounded to the next whole conversation  
15 minute. Reciprocal compensation for the termination of this Local  
16 Traffic shall be in accordance with Part IV to this Agreement.

- 17
- 18 Q. DID BELLSOUTH CONSIDER ISP TRAFFIC TO BE LOCAL TRAFFIC  
19 SUBJECT TO THE PAYMENT OF RECIPROCAL COMPENSATION AT  
20 THE TIME THE JULY 1997 AGREEMENT TOOK EFFECT?  
21
- 22 A. No. It has always been BellSouth's view that ISP traffic is interstate in nature  
23 and should be subject to the payment of access charges. BellSouth has  
24 expressed this view both publicly and internally for years. As far back as  
25 1987, BellSouth urged that the FCC eliminate the access charge exemption for

1 ESPs. In fact, BellSouth filed comments with the FCC in April 1997 making  
2 clear BellSouth's view that reciprocal compensation only applies to the  
3 transport and termination of local traffic, which does not extend to ISP traffic.  
4 A copy of BellSouth's comments filed April 23, 1997 in CC Docket 96-263 is  
5 attached as Exhibit JDH-~~1~~<sup>2</sup>.  
6

7 Q. DID BELLSOUTH ADVISE SPRINT OF ITS VIEW THAT ISP TRAFFIC IS  
8 NOT SUBJECT TO RECIPROCAL COMPENSATION PRIOR TO THE  
9 AUGUST 1997 AGREEMENT TAKING EFFECT?  
10

11 A. Yes. On August 8, 1997, only one month after the execution of Sprint's  
12 executed Agreement, BellSouth posted a notice on its Carrier Notification  
13 website advising all ALECs, including Sprint, of BellSouth's view that ISP  
14 traffic was interstate in nature and not subject to the payment of reciprocal  
15 compensation. A copy of this notice, which is still on BellSouth website, is  
16 attached as Exhibit JDH-~~2~~<sup>-1</sup>. BellSouth also sent a letter dated August 12, 1997  
17 to all ALECs confirming BellSouth's position on the ISP issue.  
18

19 Clearly, BellSouth would never have executed an agreement intending to  
20 include ISP-bound traffic under the reciprocal compensation provisions shortly  
21 after stating publicly precisely the opposite position to Sprint and other  
22 ALECs.  
23

24 Q. IS RECIPROCAL COMEPNSATION DUE FOR ISP TRAFFIC UNDER  
25 THE JULY 1997 AGREEMENT?

1

2 A. No. First, nothing in Agreement alters the definition of “local traffic” to  
3 which the parties had originally agreed. Second, at a minimum, the Agreement  
4 requires the termination of traffic on either BellSouth’s or Sprint’s network for  
5 reciprocal compensation to apply. As I explain below in more detail, when an  
6 end user accesses the Internet via an ISP server, that call does not terminate at  
7 the ISP server, regardless of whether the ISP is served by BellSouth or an  
8 ALEC. Further, the definition of local traffic requires the origination and  
9 termination of telephone calls to be in the same exchange and EAS exchanges  
10 as defined and specified in Section A.3 of BellSouth’s General Subscriber  
11 Service Tariff (“GSST”). Local traffic as defined in Section A.3 in no way  
12 includes ISP traffic. The FCC has concluded that enhanced service providers  
13 (“ESPs”), of which ISPs are a subset, use the local network to provide  
14 interstate services.

15

16 The reciprocal compensation obligations in the Agreement outlined above  
17 address the statutory mandate of the Telecommunications Act to provide  
18 reciprocal compensation for the transport and termination of local traffic.  
19 Traffic bound for the Internet through ISPs is outside the scope of this  
20 obligation, and the scope of this obligation was never intended to be artificially  
21 stretched to include anything other than what federal law required.

22

23 Q. DOES ISP TRAFFIC TERMINATE AT THE ISP?

24

25

1 A. Absolutely not. The call from an end user to the ISP only transits through the  
2 ISP's local point of presence; it does not terminate there. There is no  
3 interruption of the continuous transmission of signals between the end user and  
4 the host computers. This fact was confirmed by the FCC in the February 26,  
5 1999 Declaratory Ruling (see *Declaratory Ruling, In the Matter of*  
6 Implementation of the Local Competition Provisions in the  
7 Telecommunications Act of 1996: Inter-Carrier Compensation for ISP-Bound  
8 Traffic, CC Docket Nos. 96-98, 99-68 ("Declaratory Ruling"), released  
9 February 26, 1999) Paragraph 12 states:

10 We conclude, as explained further below, that the communications at  
11 issue here do not terminate at the ISP's local server, as ALECs and  
12 ISPs contend, but continue to the ultimate destination or destinations,  
13 specifically at a Internet website that is often located in another state.  
14

15 While the United States Court of Appeals for the District of Columbia Circuit  
16 vacated this order on March 24, 2000, the D.C. Circuit did not establish any  
17 principle of law, but rather -- as the Court itself said over and over -- simply  
18 determined that the FCC had failed to provide a sufficient explanation for its  
19 conclusions. Furthermore, the Chief of the FCC's Common Carrier Bureau  
20 has stated publicly that he believes that the FCC can and will provide the  
21 requested clarification and reach the same conclusion that it has previously --  
22 that is, that ISP-bound calls do not terminate locally. See TR Daily, Strickling  
23 Believes FCC Can Justify Recip. Comp. Ruling In Face Of Remand, March  
24 24, 2000 (stating that the Chief of the FCC's Common Carrier Bureau "still  
25

1 believes calls to ISPs are interstate in nature and that some fine tuning and  
2 further explanation should satisfy the court that the agency's view is correct").

3

4 Furthermore, the FCC's recent Order on Remand released December 23, 1999,  
5 emphasizes again that ISP-bound traffic does not terminate at the ISP.

6 Paragraph 16 states:

7 With respect to xDSL-based advanced services used to connect Internet  
8 Service Providers (ISPs) with their dial-in subscribers, the Commission  
9 has determined that such traffic does not terminate at the ISP's local  
10 server, but instead terminates at Internet websites that are often located  
11 in other exchanges, states or even foreign countries. Consistent with  
12 this determination, we conclude that typically ISP-bound traffic does  
13 not originate and terminate within an exchange and, therefore, does not  
14 constitute telephone exchange service within the meaning of the Act.  
15 As explained more fully below, such traffic is properly classified as  
16 "exchange access."

17

18 This Order clearly states that the traffic does NOT terminate at the ISP, and  
19 this is not qualified by any type distinction which would limit the meaning of  
20 that conclusion. In fact, the Order clearly goes on to say that ISP-bound  
21 traffic is not telephone exchange traffic, but exchange access traffic.

22

23 Q. WHAT IS THE BASIS FOR YOUR TESTIMONY THAT THE FCC  
24 CONSIDERS A CALL TO "TERMINATE" AT THE END POINT OF THE  
25 COMMUNICATION?

1

2 A. The FCC has long held that jurisdiction of traffic is determined by the end-to-  
3 end nature of a call. It is, therefore, irrelevant that the originating end user and  
4 the ISP's POP are in the same local calling area, because the ISP's POP is not  
5 the terminating point of this ISP traffic. In paragraph 12 of Order 92-18  
6 (February 14, 1992), the FCC ruled:

7 Our jurisdiction does not end at the local switch, but continues to the  
8 ultimate termination of the call. The key to jurisdiction is the nature of  
9 the communication itself, rather than the physical location of the  
10 technology.

11

12 As the FCC has made clear, the ending point of a call to the Internet is not the  
13 ISP's POP, but rather the computer database or information source to which  
14 the ISP provides access. Calls that merely transit an ALEC's network without  
15 terminating on it, cannot be eligible for reciprocal compensation.

16

17 Q. IS ISP-BOUND TRAFFIC INTERSTATE OR LOCAL TRAFFIC?

18

19 A. ISP-bound traffic is interstate. The FCC, in the Declaratory Ruling, clearly  
20 stated it had always considered ISP-bound traffic to be interstate. ( Footnote  
21 87, attached to paragraph 26, of the Declaratory Ruling defines ISP-bound  
22 traffic as non-local, interstate traffic.) Paragraph 16 of the Declaratory Ruling  
23 points out that the FCC considered this traffic to be interstate as early as 1983  
24 (See *Memorandum Opinion and Order, In the Matter of MTS and WATS*  
25 Market Structure, CC Docket No. 78-72 ("MTS/WATS Market Structure

1 Order”), released August 22, 1983) and, therefore, saw the need to  
2 affirmatively exempt it from access charges. Paragraph 16 of the Declaratory  
3 Ruling reads, in part:

4 The Commission traditionally has characterized the link from an end  
5 user to an ESP as an interstate access service. In the MTS/WATS  
6 Market Structure Order, for instance, the Commission concluded the  
7 ESPs are “among a variety of users of access service” in that they  
8 “obtain local exchange services or facilities which are used, in part or  
9 in whole, for the purpose of completing interstate calls which transit its  
10 location and, commonly, another location in the exchange area.” The  
11 fact that ESPs are exempt from access charges and purchase their  
12 PSTN links through local tariffs does not transform the nature of traffic  
13 routed to ESPs. That the Commission exempted ESPs from access  
14 charges indicates its understanding that ESPs in fact use interstate  
15 access service; otherwise, the exemption would not be necessary.

16  
17 Throughout the evolution of the Internet, the FCC repeatedly has asserted that  
18 ISP-bound traffic is interstate. For instance, the *Notice of Proposed*  
19 *Rulemaking, In the Matter of Agreements to Part 69 of the Commission’s*  
20 *Rules Relating to Enhanced Service Providers*, CC Docket No. 87-215 (“1987  
21 NPRM”), released July 17, 1987, in which the FCC proposed to lift the ESP  
22 access charge exemption, is clearly in keeping with the FCC’s position on the  
23 interstate nature of ESP/ISP traffic. Paragraph 7 reads:

24 We are concerned that the charges currently paid by enhanced service  
25 providers do not contribute sufficiently to the costs of the exchange

1 access facilities they use in offering their services to the public. As we  
2 have frequently emphasized in our various access charge orders, our  
3 ultimate objective is to establish a set of rules that provide for recovery  
4 of the costs of exchange access used in interstate service in a fair,  
5 reasonable, and efficient manner from all users of access service,  
6 regardless of their designation as carriers, enhanced service providers,  
7 or private customers. Enhanced service providers, like facilities-based  
8 interexchange carriers and resellers, use the local network to provide  
9 interstate services. To the extent that they are exempt from access  
10 charges, the other users of exchange access pay a disproportionate  
11 share of the costs of the local exchange that access charges are  
12 designed to cover. (emphases added)

13

14 The resulting order in Docket No. 87-215 (the “ESP Exemption Order”),  
15 released in 1988, is further evidence of the FCC’s continued pattern of  
16 considering ISP-bound traffic to be access traffic. It referred to “certain  
17 classes of exchange access users, including enhanced service  
18 providers”(emphasis added).

19

20 These orders all predate execution of the 1997 Agreement. In December  
21 1999, the FCC only confirmed its longstanding view that ISP traffic is  
22 considered exchange access traffic. Again, Paragraph 16 of the Order on  
23 Remand states, in part:

24 With respect to xDSL-based advanced services used to connect Internet  
25 Service Providers (ISPs) with their dial-in subscribers, the Commission

1           has determined that such traffic does not terminate at the ISP's local  
2           server, but instead terminates at Internet websites that are often located  
3           in other exchanges, states or even foreign countries. Consistent with  
4           this determination, we conclude that typically ISP-bound traffic does  
5           not originate and terminate within an exchange and, therefore, does not  
6           constitute telephone exchange service within the meaning of the Act.  
7           As explained more fully below, such traffic is properly classified as  
8           "exchange access."

9  
10 Q.    DID SPRINT AND BELLSOUTH MUTUALLY AGREE TO PAY  
11        RECIPROCAL COMPENSATION FOR EXCHANGE ACCESS TRAFFIC  
12        LIKE ISP TRAFFIC?

13  
14 A.    No. The executed agreement does not define ISP traffic as local traffic. The  
15        Agreement only obligates the parties to pay reciprocal compensation for  
16        "terminating local traffic." Exchange access traffic such as ISP traffic does  
17        not fit within the definition of local traffic. Indeed, the Agreement draws a  
18        distinction between "exchange access" and "local traffic." Nothing in the  
19        Agreement obligates BellSouth to pay reciprocal compensation for exchange  
20        access traffic.

21  
22 Q.    IF SPRINT AND BELLSOUTH DID NOT MUTUALLY AGREE TO PAY  
23        RECIPROCAL COMPENSATION FOR ISP TRAFFIC, CAN EITHER  
24        PARTY BE REQUIRED TO PAY RECIPROCAL COMPENSATION FOR  
25        THAT TRAFFIC?

1

2 A. No. If both of the parties did not mutually agree to pay reciprocal  
3 compensation for ISP traffic, then BellSouth is under no contractual obligation  
4 to pay reciprocal compensation for such traffic. I was present and a part of the  
5 negotiations leading up to the execution of the Sprint Agreement, and I can  
6 unequivocally state that it was not BellSouth's intent, nor was it discussed  
7 during negotiations, that ISP traffic would be subject to reciprocal  
8 compensation.

9

10

11 Q. IF ISP-BOUND TRAFFIC IS NOT SUBJECT TO RECIPROCAL  
12 COMPENSATION, WILL BELLSOUTH AND SPRINT BE  
13 TRANSPORTING ISP-BOUND TRAFFIC WITHOUT COMPENSATION?

14

15 A. No. Both BellSouth and Sprint are compensated for handling ISP traffic from  
16 the revenues received by each from their respective ISP customers for services  
17 provided to the ISP. It may be that certain ALECs have contracted to provide  
18 services to ISPs at greatly reduced rates in an effort to lure them away from  
19 other carriers, anticipating that the enormous revenues generated through  
20 reciprocal compensation would more than offset any loss on provisioning the  
21 service. Some ALECs are attempting to turn reciprocal compensation, a  
22 mechanism for recovering the cost of transporting and terminating local traffic,  
23 into a separate, wildly profitable, line of business. When a BellSouth end user  
24 dials into the Internet through an ISP served by an ALEC, the ALEC is  
25 compensated by the ISP. The ISP is compensated by the end user. BellSouth

1 is the only party involved in this traffic that is not receiving revenue for these  
2 calls, and yet BellSouth is being asked to pay the ALEC for the use of a  
3 portion of the ALEC's network for which it is already receiving compensation.  
4

5 Q. WHAT IS THE ESTIMATED FINANCIAL IMPACT TO INCUMBENT  
6 LOCAL EXCHANGE CARRIERS IF ISP TRAFFIC WERE SUBJECT TO  
7 THE PAYMENT OF RECIPROCAL COMPENSATION?  
8

9 A. If Internet traffic were subject to the payment of reciprocal compensation for  
10 such traffic, BellSouth conservatively estimates that the annual reciprocal  
11 compensation payments by incumbent local exchange carriers in the United  
12 States for ISP traffic could easily reach \$2.6 billion by the year 2002. This  
13 estimate is based on 64 million Internet users in the United States, an average  
14 Internet usage of 6.5 hours per week, and a low reciprocal compensation rate  
15 of \$.002/minute. This is a totally unreasonable and unacceptable financial  
16 liability on the local exchange companies choosing to serve residential and  
17 small business users which access ISPs that are customers of other LECs.  
18 ALECs targeting large ISPs for this one-way traffic will benefit at the expense  
19 of those carriers pursuing true residential and business local competition  
20 throughout the country.  
21

22 Q. WHAT DO YOU BELIEVE THE FLORIDA PUBLIC SERVICE  
23 COMMISSION SHOULD DO?  
24  
25

1 A. This Commission should deny Sprint's request for relief. ISP-bound traffic is  
2 not now, nor has it ever been, local traffic, and the parties never mutually  
3 agreed to pay reciprocal compensation for such traffic.

4

5 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

6

7 A. Yes.

8

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1                   BELLSOUTH TELECOMMUNICATIONS, INC.  
2                   REBUTTAL TESTIMONY OF JERRY HENDRIX  
3                   BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION  
4                   DOCKET NO. 000636-TP  
5                   OCTOBER 9, 2000  
6

7 Q.   PLEASE STATE YOUR NAME AND COMPANY NAME AND  
8       ADDRESS.

9  
10 A.   My name is Jerry Hendrix. I am employed by BellSouth  
11       Telecommunications, Inc. as Senior Director - Customer Markets,  
12       Wholesale Pricing Operations. My business address is 675 West  
13       Peachtree Street, Atlanta, Georgia 30375.  
14

15 Q.   ARE YOU THE SAME JERRY HENDRIX WHO FILED DIRECT  
16       TESTIMONY IN THIS PROCEEDING?

17

18 A.   Yes.

19

20 Q.   WHAT IS THE PURPOSE OF YOUR TESTIMONY?

21

22 A.   The purpose of my testimony is to rebut several assertions in the  
23       testimony of Sprint's witness Melissa L. Closz.  
24

24

25

1 Q. DOES THE DEFINITION OF LOCAL TRAFFIC IN THE  
2 INTERCONNECTION AGREEMENT BETWEEN THE PARTIES  
3 INCLUDE ISP TRAFFIC?

4

5 A. No. Contrary to Ms. Closz' assertion on page 5 of her testimony, ISP-  
6 bound traffic is excluded from the definition of Local Traffic. The  
7 definition of Local Traffic clearly states that the telephone call must  
8 originate and terminate in the same LATA. ISP traffic does not  
9 terminate at the ISP as required by this definition.

10

11 Q. PLEASE COMMENT ON MS. CLOSZ' COMMENT ABOUT  
12 BELLSOUTH BILLING FOR CALLS TO AN ISP.

13

14 A. Pursuant to FCC rules, BellSouth is required to allow ISPs to purchase  
15 services out of the Local Tariffs. This mechanism, however, was  
16 created for the sole purpose of accommodating the exemption of access  
17 charges.

18

19 Q. DOES BELLSOUTH BILL SPRINT RECIPROCAL COMPENSATION  
20 FOR ISP-BOUND CALLS?

21

22 A. No. Understanding that calls to ISPs are not local, BellSouth does not  
23 bill Sprint reciprocal compensation on such calls. Mr. Scollard will  
24 discuss this issue in more detail.

25

1 Q. PLEASE COMMENT ON MS. CLOSZ' STATEMENT THAT  
2 BELLSOUTH'S ORIGINATED ISP-BOUND TRAFFIC FITS THE  
3 DEFINITION OF LOCAL TRAFFIC AS SET FORTH IN THE PARTIES'  
4 INTERCONNECTION AGREEMENT.

5

6 A. Ms. Cloz fails to mention a key criterion for a call to fit within the  
7 definition of Local Traffic. Although she addresses the later part of the  
8 definition, the entire definition must be read.

9 "Local Traffic" means any telephone call that originates and  
10 terminates in the same LATA and is billed by the originating  
11 Party as a local call, including any call terminating in an  
12 exchange outside of BellSouth's service area with respect to  
13 which BellSouth has a local interconnection agreement with a  
14 LEC, with which Sprint is not directly interconnected.

15 The definition requires three criteria be met before reciprocal  
16 compensation is due:

- 17 1. The call must originate in the same LATA, and
- 18 2. The call must terminate in the same LATA, and
- 19 3. The call must be billed by the originating Party as a local call.

20

21 As I stated in my direct testimony and the FCC has confirmed, a call to  
22 an ISP does not terminate at the ISP but rather at the ultimate  
23 destination of the call. Therefore, it is clear that IPS-bound traffic does  
24 not satisfy the Local Traffic definition in the agreement.

25

1 Q. IN LIGHT OF THE FACT THAT ISP-BOUND TRAFFIC IS NOT LOCAL  
2 TRAFFIC, WOULD THERE HAVE BEEN ANY REASON FOR  
3 BELL SOUTH TO HAVE SPECIFICALLY EXCLUDED IT FROM THE  
4 RECIPROCAL COMPENSATION REQUIREMENTS OF THE  
5 AGREEMENT?

6

7 A. No. As I explained in detail in my direct testimony, ISP-bound traffic, by  
8 nature, is excluded from the definition of local traffic. Sprint had the  
9 benefit of the FCC's decisions that addressed the jurisdictional nature of  
10 ISP-bound traffic, just as BellSouth and the rest of the industry did. If  
11 Sprint wished to include ISP-bound traffic as traffic eligible for reciprocal  
12 compensation, it should have raised the issue with BellSouth during  
13 negotiations, which Sprint did not do when the parties negotiated the  
14 first interconnection agreement. Ms. Cloz statement on page 8 that  
15 "Nothing in the Negotiations or in the agreement indicates to the  
16 contrary," that Sprint's intent was that ISP-Bound calls be treated as  
17 local is incorrect. Sprint had the opportunity to negotiate ISP Bound  
18 calls with BellSouth, and failed to mention this issue until now, when it is  
19 profitable to their company.

20

21 Q. PLEASE COMMENT ON MS. CLOSZ' STATEMENT ON PAGE 7-8 IN  
22 REGARDS TO THE PAYMENT OF RECIPROCAL COMPENSATION  
23 AMONGST THE PARTIES.

24

25

- 1 A. Since the agreement is clear that the Parties do not compensate each  
2 other for ISP-bound traffic, no rate is needed.  
3
- 4 Q. MS. CLOSZ DISCUSSES HER AND SPRINT'S "UNDERSTANDING"  
5 THAT ISP-BOUND TRAFFIC FIT WITHIN THE DEFINITION OF LOCAL  
6 TRAFFIC UNDER THE PARTIES' INTERCONNECTION AGREEMENT  
7 (PAGE 6). DID MS. CLOSZ EVER SHARE THIS "UNDERSTANDING"  
8 WITH BELLSOUTH WHEN THE FIRST INTERCONNECTION  
9 AGREEMENT WAS NEGOTIATED?  
10
- 11 A. Absolutely not. Had Ms. Closz mentioned her purported  
12 "understanding," the parties would have discussed the ISP issue at  
13 length. Ms. Closz' silence during negotiations is ironic given her  
14 apparent criticism of BellSouth for not expressing its views about the  
15 interstate nature of ISP-traffic. In any event, by the summer of 1997,  
16 the parties clearly knew their differences on the issue of ISP-bound  
17 traffic.  
18
- 19 Q. MS. CLOSZ DISCUSSES THE RULINGS IN SEVERAL OTHER CASES  
20 INVOLVING ISP-BOUND TRAFFIC. PLEASE COMMENT.  
21
- 22 A. Each Interconnection Agreement is defined by specific terms, rates, and  
23 conditions that were developed through individual negotiations between  
24 the Parties. With this understanding, the underlining provisions in each  
25 agreement are applicable specifically to the Carrier who has signed that

1 agreement. For Ms. Closz to assume that the rulings of this  
2 Commission will automatically affect Sprint's Interconnection Agreement  
3 with BellSouth is ludicrous. Ms. Closz sites that the Agreements of  
4 other carriers defined Local Traffic "in such a way that ISP traffic clearly  
5 fits the definition." However, Ms. Closz fails to mention what definition  
6 she is referring to in these cases. Sprint was not a party in any of those  
7 cases, and this Commission has not ruled on the agreements between  
8 BellSouth and Sprint.

9

10 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

11

12 A. Yes, it does. Thank you.

13

14

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1                   BELLSOUTH TELECOMMUNICATIONS, INC.  
2                   DIRECT TESTIMONY OF DAVID P. SCOLLARD  
3                   BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION  
4                   DOCKET NO. 000636-TP  
5                   SEPTEMBER 8, 2000  
6

7 Q.     PLEASE STATE YOUR NAME, ADDRESS, AND POSITION WITH  
8           BELLSOUTH TELECOMMUNICATIONS, INC.

9  
10 A.    I am David P. Scollard, Room 26D3, 600 N. 19th St., Birmingham, AL 35203.  
11        My current position is Manager, Wholesale Billing at BellSouth Billing, Inc., a  
12        wholly owned subsidiary of BellSouth Telecommunications, Inc. In that role, I  
13        am responsible for overseeing the implementation of various changes to  
14        BellSouth's Customer Records Information System ("CRIS") and Carrier  
15        Access Billing System ("CABS").  
16

17 Q.    PLEASE SUMMARIZE YOUR BACKGROUND AND EXPERIENCE.

18  
19 A.    I graduated from Auburn University with a Bachelor of Science Degree in  
20        Mathematics in 1983. I began my career at BellSouth as a Systems Analyst  
21        within the Information Technology Department with responsibility for  
22        developing applications supporting the Finance organization. I have served in a  
23        number of billing system design and billing operations roles within the billing  
24        organization. Since I assumed my present responsibilities, I have overseen the  
25        progress of a number of billing system revision projects such as the billing of

1 unbundled network elements (“UNEs”), and the development of billing  
2 solutions in support of new products offered to end user customers. I am  
3 familiar with the billing services provided by BellSouth Telecommunications  
4 to local competitors, interexchange carriers and retail end user customers.

5

6 Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS  
7 PROCEEDING?

8

9 The purpose of my testimony is to provide the Commission with an  
10 understanding of the work that has been done within BellSouth’s Carrier  
11 Access Billing System (“CABS”) to process usage records for calls originating  
12 from an Alternative Local Exchange Carrier (“ALEC”) (such as Sprint) bound  
13 for Internet Service Providers (ISPs) served by BellSouth.

14

15 Q. WHAT IS CABS?

16

17 A. CABS is a system that BellSouth uses primarily for billing interexchange  
18 carriers for services ordered from the FCC and state Access Tariffs. BellSouth  
19 also uses CABS to bill ALECs for a number of services such as local  
20 interconnection trunking and usage charges, unbundled designed loops and  
21 unbundled dedicated interoffice transport. CABS is designed to accept service  
22 orders which are initiated from IXCs, ALECs and other customers as they  
23 order access, local interconnection and UNE types of services. In addition,  
24 CABS processes the massive numbers of call records that are produced in the  
25 BellSouth central offices associated with access, local and other types of

1 facilities. For example, when an ALEC sends a call across one of its  
2 interconnection trunks, the BellSouth switch to which that trunk interconnects  
3 generates a usage record. CABS processes that record and bills the applicable  
4 rate elements to the ALEC or other interconnecting carrier based on whether  
5 the call is local, intra-LATA toll or inter-LATA.

6  
7 Q. DID BELLSOUTH MAKE ANY CHANGES TO CABS TO SEPERATELY  
8 METER OR OTHERWISE SPECIFICALLY HANDLE USAGE RECORDS  
9 FOR CALLS BOUND FOR ISPs SERVED BY BELLSOUTH?

10  
11 A. Yes. As early as January 1997, BellSouth began a project to identify methods  
12 to separate ISP traffic from local traffic by identifying specific 10-digit  
13 telephone numbers of ISP providers served by BellSouth. Through this  
14 process, BellSouth could then identify and separate out ISP traffic that  
15 originated on ALEC networks to ensure that such traffic would not be  
16 considered when calculating reciprocal compensation bills that BellSouth  
17 submitted to ALECs. In June 1997, BellSouth instituted a work request to  
18 implement this enhancement in CABS. Although originally targeted for  
19 completion by August, 1997, the enhancement was not implemented in CABS  
20 until September 1997. In September 1998, CABS was revised again to  
21 specifically detail the ISP traffic on the ALEC's bill pages to illustrate that  
22 these calls were being zero-rated and to aid the ALECs in bill verification  
23 efforts.

24  
25

1 Q. WERE ON-GOING PROCESSES DEVELOPED TO MAINTAIN THIS  
2 CABS CAPABILITY?

3

4 A. Yes. A process was put in place to maintain the database of telephone numbers  
5 identified as being used by an ISP. This process allowed for new numbers to be  
6 added and for numbers to be removed as the ISP's use of them ended. These  
7 updates were made on a periodic basis as new information became available.

8

9 Q. HAS BELLSOUTH BILLED ALECS RECIPROCAL COMPENSATION  
10 FOR ISP TRAFFIC?

11

12 A. No. BellSouth has never intentionally billed reciprocal compensation for ISP  
13 traffic to any ALEC. In October 1995, when the billing requirements for ALEC  
14 traffic were first being addressed, BellSouth's systems were not equipped to  
15 bill ALECs for reciprocal compensation. Thus, BellSouth implemented a  
16 process in CABS to create an error record for any call originating from NPA-  
17 NXXs being used by ALECs. While these calls were not actually "errors", an  
18 error record provided an easy way to hold the usage records associated with the  
19 traffic while BellSouth revised CABS to implement the various billing  
20 provisions of the ALEC contracts. BellSouth designed the error record process  
21 to ensure that ALECs were not billed for any reciprocal compensation  
22 whatsoever, including for ISP traffic, while the local contract billing  
23 requirements were implemented in the systems. So that BellSouth could  
24 ensure it billed ALECs appropriately when BellSouth completed the  
25 implementation of the enhancements to CABS to appropriately bill for

1 reciprocal compensation, BellSouth wrote off the usage held beginning in  
2 October 1995 rather than billing the ALECs for that reciprocal compensation.

3

4 Q. WAS THE TRANSITION FROM THE PROCESS IMPLEMENTED IN  
5 CABS IN 1995 TO THE ISP PROCESS IMPLEMENTED IN SEPTEMBER  
6 1997 A SEAMLESS ONE?

7

8 A. Not entirely. In some isolated instances reciprocal compensation usage was  
9 billed from CABS prior to the time that the ISP process was ready for  
10 operation. I want to emphasize that to the extent this limited reciprocal  
11 compensation billing included any ISP traffic, it was included in error. In the  
12 fall of 1997, BellSouth attempted to negotiate a settlement of this issue, as well  
13 as a number of other reciprocal compensation issues, with one ALEC with  
14 little success owing to the very different positions of the parties on the billing  
15 of ISP traffic. Based on this experience, and given the small amounts of billing  
16 involved, no further attempts were made to settle this issue at that time.

17

18 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

19

20 A. Yes.

21

22

23

24

25

- 1 BELL SOUTH TELECOMMUNICATIONS, INC.  
2 REBUTTAL TESTIMONY OF RICHARD McINTIRE  
3 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION  
4 DOCKET NO. 000636-TP  
5 OCTOBER 9, 2000  
6
- 7 Q. PLEASE STATE YOUR NAME, YOUR POSITION WITH BELL SOUTH  
8 TELECOMMUNICATIONS, INC. (BELL SOUTH) AND YOUR BUSINESS  
9 ADDRESS?  
10
- 11 A. My name is Joseph Richard McIntire. I am currently Operations  
12 Director- Interconnection Purchasing Center (IPC). My business  
13 address is room7D3, 600 N. 19<sup>th</sup> Street, Birmingham, Alabama 35203.  
14
- 15 Q. PLEASE GIVE A BRIEF DESCRIPTION OF YOUR BACKGROUND  
16 AND EXPERIENCE?  
17
- 18 A. I obtained a Bachelor of Science Degree in Civil Engineering from the  
19 University of Kentucky in 1973 and I am a licensed Professional  
20 Engineer and Land Surveyor in the state of Kentucky. My Professional  
21 career spans 26 years and includes experience as an Outside Plant  
22 Engineer, Planning Engineer, Staff Specialist, Manager over an Outside  
23 Plant Construction and Engineering group, Re-engineering Manager  
24 and currently, Operations Director IPC.  
25

1 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

2

3 A. The purpose of my testimony is to clarify the testimony of Richard A.  
4 Warner.

5

6 Q. HAS SPRINT BEEN INVOICING BELLSOUTH FOR RECIPROCAL  
7 COMPENSATION?

8

9 A. Sprint sent their first invoice for March 1999, which contained back  
10 billing for January 1998 through December 1998, their second invoice  
11 was April 1999 for back billing of January 1999 through March 1999 and  
12 they have been invoicing monthly since.

13

14 Q. HAVE YOU NOTICED ANY ERRORS IN THEIR INVOICES?

15

16 A Yes, starting with the March 1999 invoice through the July 1999 invoice  
17 Sprint has been using the wrong contract rate and they were not using  
18 the correct Percent Local Usage (PLU) factor that was provided  
19 quarterly by BellSouth. By using the incorrect rates and PLU factor,  
20 Sprint was invoicing larger amounts than the contract allowed, which  
21 amounts to an over billing of \$2,400,589.81, not the \$1,053,062.02 as  
22 stated in Mr. Warner's testimony.

23

24 Q. DID BELLSOUTH NOTIFY SPRINT OF THIS ERROR?

25

- 1 A. Yes, with each payment from BellSouth there is a dispute letter that  
2 states what BellSouth is disputing and the correct factor to be used.  
3
- 4 Q. DID SPRINT MAKE ANY CORRECTIONS TO THEIR INVOICES?  
5
- 6 A. Starting with the August 1999 invoice Sprint stated using the correct  
7 rates and PLU factors. However, to-date Sprint has not given any credit  
8 on any of their other invoices to correct for the over billing.  
9
- 10 Q. HAVE YOU EVER HAD A CONVERSATION WITH MR. WARNER?  
11
- 12 A. Yes, I had a phone conversation with Mr. Warner at which time I stated  
13 BellSouth's ISP policy and the method of how we estimate the ISP  
14 usage per individual ALEC. To the best of my recollection I sent a copy  
15 of the 10-step process by which we determine ISP to Sprint for their  
16 review.  
17
- 18 Q. DO AGREE WITH ALL OF THE NUMBERS PROVIDED BY MR.  
19 WARNER IN HIS TESTIMONY?  
20
- 21 A. No. A total of \$4,280,669.56 is in dispute through the July 2000 invoice,  
22 not \$3,142,388.47. There is an over billing of \$ 2, 400,589.81 due to  
23 rates and PLU usage, not the \$1, 053,062.02 as stated by Mr. Warner.  
24 No one from Sprint has contacted the IPC group to handle the  
25

1           \$1,053,062.02 credit that Mr. Warner states is due nor has it been  
2           posted on any invoice.

3

4 Q.       DOES THIS CONCLUDE YOUR TESTIMONY?

5

6 A.       Yes.

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1                   COMMISSIONER JACOBS: Very well. That appears  
2 to take care of witnesses and exhibits. Staff?

3                   MR. VACCARO: Yes, Staff has one witness, the  
4 Official Recognition List, Staff's Stip-1, and we would  
5 ask that that please be marked as Exhibit 3 and entered  
6 into the record.

7                   COMMISSIONER JACOBS: Very well. Show that  
8 Staff's Stip-1 is marked as Exhibit 3 and without  
9 objection, show it as admitted.

10                   (Exhibit 3 marked for identification and  
11 admitted into the record.)

12                   COMMISSIONER JACOBS: Anything else to be  
13 entered into the record?

14                   MR. VACCARO: Nothing else to be entered into  
15 the record, Commissioner.

16                   COMMISSIONER JACOBS: Very well. Any other  
17 matters?

18                   MR. VACCARO: There are no other matters that  
19 I'm aware of.

20                   COMMISSIONER JACOBS: What schedule do we have  
21 from here?

22                   MR. VACCARO: The transcripts are due to be  
23 filed on November 16th, briefs are due November 30th, and  
24 the Staff recommendation is due to be filed on January  
25 18th for the January 30th Agenda.



1 STATE OF FLORIDA)

2 : CERTIFICATE OF REPORTER

3 COUNTY OF LEON )

4

5 I, KORETTA E. STANFORD, RPR, Official Commission  
6 Reporter, do hereby certify that the hearing in docket  
7 number 000636-TP was heard by the Florida Public Service  
8 Commission at the time and place herein stated.

9 It is further certified that I stenographically  
10 reported the said proceedings; that the same has been  
11 transcribed under my direct supervision; and that this  
12 transcript, consisting of 74 pages, constitutes a true  
13 transcription of my notes of said proceedings and the  
14 insertion of the prescribed prefiled testimony of the  
15 witnesses.

16 I FURTHER CERTIFY that I am not a relative, employee,  
17 attorney or counsel of any of the parties, nor am I a  
18 relative or employee of any of the parties' attorneys or  
19 counsel connected with the action, nor am I financially  
20 interested in the action.

21 DATED this 15th DAY OF NOVEMBER, 2000

22

23

*Koretta E. Stanford*  
KORETTA E. STANFORD, RPR  
FPSC Official Commission Reporter  
(850) 413-6734

24

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**CONFIDENTIAL**

FLORIDA PUBLIC SERVICE COMMISSION  
CHECKET  
NO 000636-P EXHIBIT NO 1  
COMPLAINT/  
RESPONSE: Warner  
DATE: 11-9-00

14684-00

**Direct Exhibit JDH-1**

**BELLSOUTH TELECOMMUNICATIONS, INC.  
FPSC Docket 000636-TP**

**E.L. Bush's August 12, 1997 Memorandum  
to All Competitive Exchange Carriers**

FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET  
NO. 000636-TP EXHIBIT NO. 2  
COMPANY/ Dundee  
WITNESS: [Signature]  
DATE: 11-9-07

**Direct Exhibit JDH-2**

**BELLSOUTH TELECOMMUNICATIONS, INC.  
FPSC Docket 000636-TP**

**Comments & Reply Comments of  
Bellsouth Corporation and BellSouth  
Telecommunications, Inc  
CC Docket No. 96-263, March 24, 1997 &  
April 23, 1997, respectively.**

FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET  
NO. 000636-TP EXHIBIT NO. 2  
COMPANY: Hendricks  
DATE: 11-9-00

disruptions in providing service to the public.<sup>2</sup> The exemption, however, was not intended to be permanent.<sup>3</sup> The outstanding concern of the Commission has been that ESPs through the local charges that they pay may not contribute sufficiently to the interstate costs of the exchange access facilities they use in offering their services to the public. As a result, the Commission has observed that the ESP exemption may force other users of switched access to bear a disproportionate share of the local exchange costs that access charges are designed to cover.<sup>4</sup>

When the Commission last considered the ESP exemption in 1988, it reached the conclusion that the changing telecommunications environment made it inappropriate to terminate the ESP exemption.<sup>5</sup> The Commission further found that any discrimination that existed by reason of the exemption remained reasonable as long as the enhanced services industry remained in a state of change and uncertainty.<sup>6</sup>

In the recent access charge reform proceeding the Commission tentatively concluded to continue the ESP exemption and not to apply an access charge regime that was designed for circuit switched voice telephony. BellSouth concurred in the Commission's tentative conclusion. In BellSouth's view, the marketplace should be free to operate to provide the choice of product/network solutions that will optimize network usage. Thus, the challenge is to create the environment that will permit innovative solutions to develop.

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<sup>2</sup> See *Amendments of Part 69 of the Commission's Rules Relating to Enhanced Service Providers*, 3 FCC Rcd 2631 (1988).

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> *Id.* at 2633.

<sup>6</sup> *Id.*

The NOI provides the opportunity to consider creative approaches and a regulatory framework that will encourage both voice and high-speed data networks. The concern expressed by the Commission that just applying access charges to information services might hinder the development of new data services highlights the complexity of the issues that are presented. Without a doubt, the issues go beyond the sole question of whether access charges should apply. The Commission must be prepared to review and revise a broad range of policies and rules if the Commission wants to facilitate investment and innovation in underlying voice and data networks.

It is also clear that the time is ripe for Commission action. While the information services industry has been in a state of transformation, unlike past periods when the Commission has considered the use of the local network by ESPs, there now exists a significant amount of ESP traffic on the public switched network in the form of Internet usage. The expectation is that such traffic will continue to grow. Indeed, public policy initiatives are being proposed to increase Internet connectivity which in turn will stimulate such traffic on local networks.

The public switched network is the primary means of access for individual Internet users. The usage characteristics of such Internet users vary significantly from typical voice users. As Internet usage grows, the potential for congestion on the public switched network increases. Indeed, as Internet providers move to flat-rate pricing, more Internet traffic can be expected on the public switched network with increasing possibilities of congestion.<sup>7</sup>

BellSouth has endeavored to manage the increased network usage and minimize the congestion. For example, ISDN provides a service that minimizes the potential for congestion at

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<sup>7</sup> America Online's experience when it converted to a flat-rate Internet service serves as a sufficient warning that affirmative steps must be taken now to avoid a critical public switched network failure.

the switch serving the Internet provider, a critical aggregation point in which congestion is most likely to occur first. Such steps, however, are short-term. They afford the Commission time, however, to take the necessary steps to develop and implement a long-term solution.

As discussed further below, BellSouth believes it has an approach that would enable it to serve the information service providers with a high-speed switched data service. The data service will offer information service providers the same ubiquity that the local public switched network provides for the purposes of having their users access their services, but the traffic will be transported over a data network rather than the voice network.

BellSouth identifies areas where the Commission will have to modify its rules and policies in order for this data service to be brought to the marketplace. Accordingly, BellSouth urges the Commission to begin the rulemaking immediately and consider BellSouth's proposal.

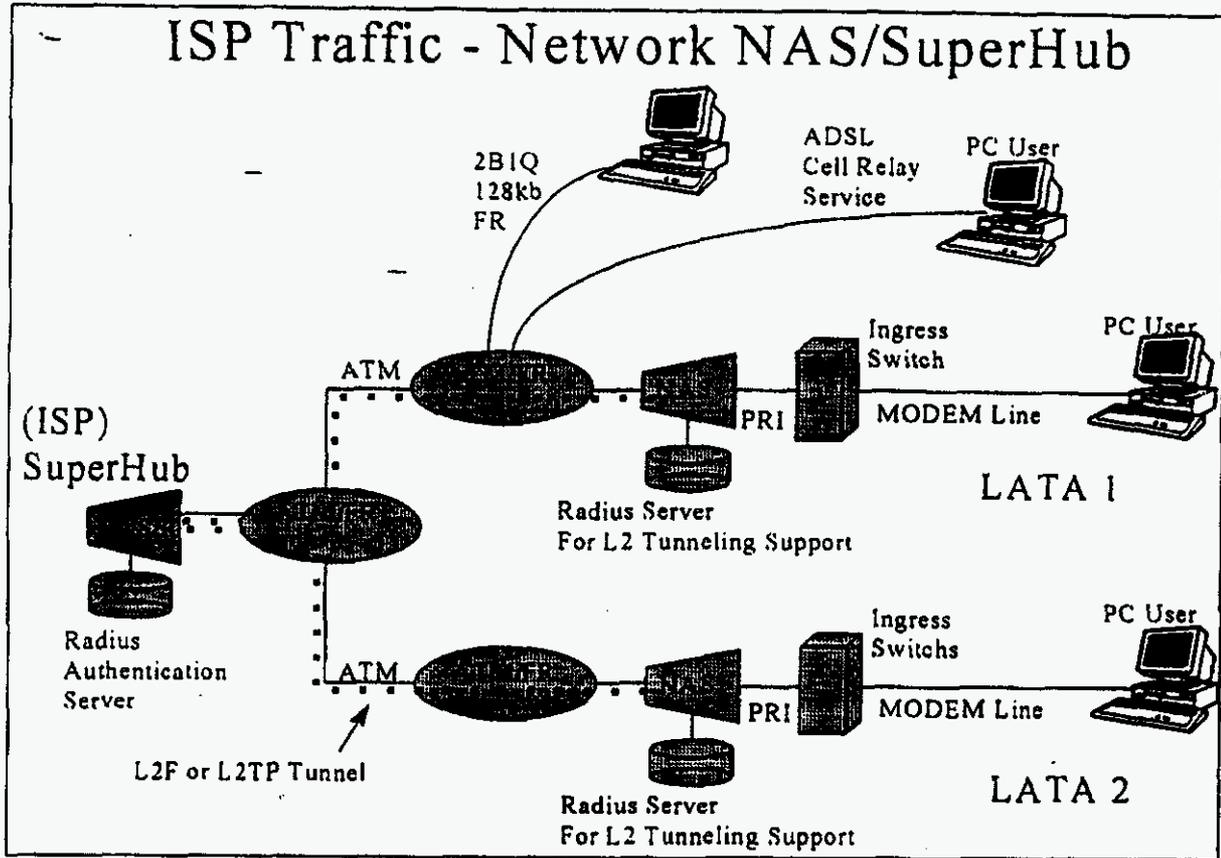
## **II. THE COMMISSION'S RULES SHOULD BE AMENDED TO FACILITATE THE DEVELOPMENT OF A HIGH-SPEED DATA NETWORK SOLUTION**

Based on currently available technologies, a network solution could be developed by BellSouth that would afford Internet providers an alternative to the public switched network for the purposes of gaining access to their individual users. The data service not only could be used for Internet access but also would support the emerging demand for intranet access arrangements. The high-speed data service would be based on a network access server. This network service could support multiple means of access to the data network such as modem dial-up, ISDN, frame relay, asynchronous transfer mode (ATM) and asymmetrical digital subscriber line (ADSL). Thus, an Internet provider could use a single network service to connect to its customers regardless of the means by which its customers access the data network. Further, the underlying

data network would be a common network and, therefore, have the same cost sharing benefits of the public switched network.

Figure 1 depicts the network architecture for the proposed data service. Dial up connections would be routed to the network access server. The network access server

Figure 1



would be connected to a radius server. The radius server would act as a routing database. In other words, based on the number dialed by the Internet subscriber, the radius server would identify the Internet provider to which the network access server should establish a data connection. In addition, using the L2 Tunneling protocol, the Internet provider would be able to authenticate that the end user is authorized to connect to the Internet provider's network. The

network access server would then make the connection to the underlying ATM/Frame Relay network to which the Internet provider would also be connected. As Figure 1 also illustrates, end users could also be directly connected to the underlying data network.

There is a regulatory hurdle to be overcome before this network solution can be implemented. This architecture would involve protocol conversion. For example, with Frame Relay and Connectionless Data Service (CDS) as well as with Analog Modem and ISDN dial-up, the ingress protocol is different from the egress protocol. In the case of 2B1Q Frame Relay Service, the ingress protocol is frame relay and the egress protocol is ATM. With CDS, the ingress protocol is SMDS DXI and the egress protocol is ATM. With either analog or ISDN dial-up the ingress protocol is Point-to-Point Protocol (PPP) and the egress protocol is IP over ATM. In each case, protocol conversion would be done in the public network. Such protocol conversions have typically been viewed by the Commission as service interworking and, hence, enhanced services.

While protocol conversion can be done on a deregulated basis, the complexity and additional cost of compliance with the Commission's rules render the service arrangement unacceptable. Indeed, the cumbersome way in which the Commission's rules would require BellSouth to provide protocol conversion effectively insures that the arrangement would be unacceptable in the marketplace. These rules add artificial operating costs that raise the price of the service beyond a reasonable market price.

It is for this reason that the Commission should consider amending its rules regarding protocol conversion. In continuing the access charge exemption for ESPs, the Commission believed it was inappropriate to apply a set of rules that were designed for a circuit switched voice

network and that had not considered data services. In the same vein, the Commission should be equally concerned with rigid application of the protocol conversion rules that were established long before and never contemplated the current circumstances.

Moreover, the Commission should consider whether there is an overriding public policy that would warrant either a different approach in these circumstances or possibly forbearance. The Telecommunications Act encourages the Commission to use pro-competitive mechanisms such as forbearance to remove regulatory obstacles that inhibit the widespread deployment and availability of advanced telecommunications. In BellSouth's opinion, its proposed data network service would contribute to the achievement of the goals of the Telecommunications Act by providing cost-effective, high-speed data access to the Internet. At a minimum, however, the Commission should, as part of its rulemaking proceeding, consider the impact BellSouth's proposed network solution would have on access to advanced telecommunications.

If a data network solution can be implemented that is acceptable in the marketplace, such a solution would also resolve the ongoing question of whether access charges should be continued. The network solution would in fact resolve the Commission's outstanding concern that the access charge regime never explicitly considered data networks. Indeed, once a data network solution becomes available, ESP traffic that remains on public switched network would be there by the choice of the ESP. In these circumstances, it would be appropriate to terminate the access charge exemption.

### **III. CONCLUSION**

The growth of Internet and other information services has raised serious concerns regarding congestion on the public switched network. BellSouth has proposed a network-based

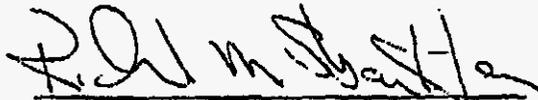
**March 24, 1997**

solution that will alleviate the congestion on the public switched network. In order to bring this solution to the marketplace, however, the Commission must adopt a market approach to regulation and amend or forebear from applying its protocol conversion rules. BellSouth urges the Commission to commence a rulemaking proceeding that will lead to the removal of the regulatory obstacles that prevent innovative network options from being implemented.

Respectfully submitted,

**BELLSOUTH CORPORATION  
BELLSOUTH TELECOMMUNICATIONS, INC.**

By:



**M. Robert Sutherland  
Richard M. Sbaratta**

**Their Attorneys**

**Suite 1700  
1155 Peachtree Street, N. E.  
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**Date: March 24, 1997**

EXHIBIT NO. \_\_\_\_\_

DOCKET NO.: 000636-TP

WITNESS: Stip-1

PARTY: Staff

DESCRIPTION:

1. Official recognition List

PROFFERING PARTY: STAFF

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET

NO. 000636-TP EXHIBIT NO. 3

COMPANY/ FPSC Staff

WITNESS/ 11-9-00

DATE \_\_\_\_\_

I.D. # Stip-1

**DOCKET NO. 000636-TP**  
**OFFICIAL RECOGNITION LIST**

**FLORIDA COMMISSION ORDERS**

1. Consolidated Docket No. 971478-TP
  - a. Order No. PSC-98-1216-FOF-TP
2. Docket No. 980986-TP
  - a. Order No. PSC-99-1477-FOF-TP
3. Docket No. 981008-TP
  - a. Order No. PSC-99-0658-FOF-TP
4. Docket No. 990149-TP
  - a. Order No. PSC-99-2009-FOF-TP \*
5. Docket No. 990691-TP
  - a. Order No. PSC-00-0128-FOF-TP \*
6. Docket No. 990750-TP
  - a. Order No. PSC-00-0537-FOF-TP \*
7. Docket No. 991267-TP
  - a. Order No. PSC-00-0802-FOF-TP
8. Docket No. 991854-TP
  - a. Order No. PSC-00-1519-PCO-TP \*

**FCC ORDERS AND RULES**

1. FCC DN 78-72
  - a. Order No. 83-256
2. FCC DN 87-215
  - a. Order No. 87-208                      1987 NPRM
  - b. Order No.                                ESP Exemption Order
3. FCC DN
  - a. Order No. 92-18
4. FCC DN 96-98
  - a. Order No. 99-38                      Declaratory Ruling- Inter-Carrier Compensation for ISP-  
Bound Traffic

- 5. FCC DN 98-147
    - a. Order No. 99-413
    - f. Order No. 00-297
  - 6. FCC Rules
- Order on Remand  
Order on Reconsideration
- 47 C.F.R. Ch. 1, Part 51

**COURT DECISIONS**

- 1. Bell Atlantic Telephone Companies v. Federal Communications Commission, 2000 U.S. App. LEXIS 4685 (D.C. Cir. Mar. 24, 2000)

**FEDERAL ACT**

- 1. The Telecommunications Act of 1996