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ORIGINAL

December 11, 2000

**BY HAND DELIVERY**

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

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RECORDS AND  
REPORTING

Re: Docket No. 000761-TP

Dear Ms. Bayo:

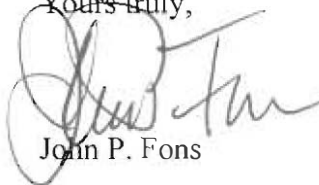
Enclosed for filing in the above docket are the original and fifteen (15) copies of Sprint PCS' Prehearing Statement.

Also enclosed is a diskette containing the above Prehearing Statement originally typed in Microsoft Word 97 format, which has been saved in Rich Text format for use with Word Perfect.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning the same to this writer.

Thank you for your assistance in this matter.

Yours truly,



John P. Fons

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Enclosures

cc: All parties of record

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FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition by Sprint PCS for Arbitration )  
of Certain Terms and Conditions of a Proposed )  
Agreement with BellSouth Pursuant to )  
Section 252 of the Communications Act )  
\_\_\_\_\_ )

Docket No. 000761-TP  
Filed: December 11, 2000

**SPRINT PCS' PREHEARING STATEMENT**

Sprint Spectrum L.P. d/b/a Sprint PCS ("Sprint PCS"), pursuant to Order No. PSC-00-1563-PCO-TP, submits the following Prehearing Statement.

**A. WITNESS:**

Randy G. Farrar (Sprint PCS); Issues 1, 2 and 3  
Explains the Sprint PCS Cost Model and how Sprint PCS calculated its proposed reciprocal compensation rate.

Bridger Mitchell (Charles River Associates); Issues 1 and 2  
Addresses the methodology for calculating the additional costs of terminating interconnected local calls on PCS networks.

Michael Hunsucker (Sprint PCS); Issues 1, 4 and 5  
Addresses the requirements of the Act and FCC Orders applicable to CMRS recovery of additional costs of terminating land-to-mobile local calls, and the pro-consumer aspect of adopting Sprint PCS' position.

Tony Sabatino (Sprint PCS); Issue 2  
Addresses the architecture, operation, and traffic sensitive costs associated with the Sprint PCS network.

John Quackenbush (Sprint PCS); Issue 3  
Addresses the appropriate cost of capital as an input to the Sprint PCS Cost Mode.

**B. EXHIBITS:**

Anthony Sabatino	AS-1	PCS Network Architecture
	AS-2	Sprint PCS Cost Study Line Item Description

Michael R. Hunsucker	_____	
Bridger M. Mitchell	_____	
Randy G. Farrar	RGF-1	Total Investment
	RGF-2	Excluded Expenses
	RGF-3	Sprint PCS-Florida, Calculation Module, TELRIC/Economic Cost Summary Worksheet
	RGF-4	Sprint PCS Cost Model
John D. Quackenbush	JDQ-1	Book Value Equity Ratios Comparison of Sprint PCS, BST, and USTA ILECs
	JDQ-2	Cash Flow to Capital Ratios Comparison of Sprint PCS, BST, and USTA ILECs
	JDQ-3	Pre-Tax Fixed Charge Coverage Ratios Comparison of Sprint PCS, BST, and USTA ILECs
	JDQ-4	Revenues to Net Plant Ratios Comparison of Sprint PCS, BST, and USTA ILECs
	JDQ-5	Market Value Equity Ratios Comparison of Sprint PCS, BST, and USTA ILECs
	JDQ-6	Standard and Poors' Debt Rating Comparison of Digital Wireless Companies, BST and other ILECs
	JDQ-7	Betas Comparison of Digital Wireless Companies, BST, and other ILECs

**C. BASIC POSITION:**

Sprint PCS is entitled to receive in reciprocal compensation a rate that covers its additional costs of terminating BellSouth's traffic. Sprint PCS is not obligated to use BellSouth's rates as a proxy. The Telecommunications Act of 1996 (Act) imposes a duty upon BellSouth to establish reciprocal compensation arrangements with Sprint PCS for the interconnection, transport and termination of calls (47 U.S.C. § 251(b)(5)). More specifically,

the Act requires that such terms and conditions be considered just and reasonable only when they:

- i) . . . provide for the mutual and reciprocal recovery by **each carrier** of costs associated with the transport and termination **on each carrier's network facilities** of calls that originate on the network facilities of the other carrier; and
- ii) such terms and conditions determine such costs on the basis of a reasonable approximation of the additional costs of terminating such calls.

47 U.S.C. § 252(d)(2)(A)(i) (emphasis added). See also, 47 C.F.R. § 51.701(e).

The FCC has found that the “additional cost” of terminating a call originating on another network “includes only the usage-sensitive costs . . . but not the non-traffic sensitive costs.” Local Competition Reconsideration Order, 11 FCC Rcd 13042, 13045 ¶ 6 (1996). The FCC has also established a procedure so that a carrier “other than the incumbent LEC” can recover its own call termination costs rather than use the ILEC’s costs as a proxy: “prove to the state commission on the basis of a cost study . . . that the forward-looking costs for a network efficiently configured and operated by the carrier . . . exceed the costs incurred by the incumbent LEC . . . and, consequently, that such a higher rate is justified.” 47 C.F.R. § 51.771(b).

Consistent with these FCC rules, Sprint PCS has prepared a forward-looking Total Element Long Run Incremental Costs (“TELRIC”) cost study. This cost study demonstrates that Sprint PCS’ additional cost to terminate BellSouth traffic is \$0.066 per minute of use. Sprint PCS therefore proposes that for all land-to-mobile traffic that BellSouth terminates to Sprint PCS, BellSouth should pay Sprint PCS for transport and termination at the rate of \$.066 per minute.

#### **D-G. ISSUES AND POSITIONS:**

**Issue 1:** Does Sprint PCS incur costs in terminating BellSouth’s land-to-mobile traffic? If so, what are those costs?

**Position:** Yes. The costs Sprint PCS incurs in terminating BellSouth's land-to-mobile traffic are additional costs as defined by the FCC. As demonstrated by Sprint PCS' cost study, Sprint PCS' additional cost to terminate BellSouth's land-to-mobile traffic is \$0.066 per minute of use. (Hunsucker, Farrar Mitchell)

**Issue 2:** **What costs identified in Issue 1, if any, constitute additional costs consistent with applicable laws and rules?**

**Position:** The FCC has defined "additional costs" as the traffic sensitive costs that a carrier incurs in terminating a call that originates on another carrier's network. The "additional costs" incurred by Sprint PCS includes all of those traffic sensitive network components necessary to terminate land-to-mobile traffic. (Farrar, Mitchell, Sabatino)

**Issue 3:** **Is Sprint PCS' cost study appropriate for determining the additional costs identified in Issue 2?**

**Position:** Yes. The Sprint PCS cost study is a forward-looking cost study which uses the costing principles required by the FCC's Local Competition Order in FCC Docket No. 96-98. These are the same principles used by Sprint-Florida to develop the economic cost of unbundled network elements and reciprocal compensation for its Florida local exchange territories. (Farrar, Quackenbush)

**Issue 4:** **For those elements and functions that constitute additional costs, is asymmetrical compensation appropriate?**

**Position:** Yes. As required by the Telecommunications Act of 1996 (Act) and the FCC Orders and Rules implementing the Act, Sprint is entitled to recover its "additional costs" of

terminating land-to-mobile local traffic, even if those costs are higher than the costs BellSouth incurs to terminate local traffic on its network. (Hunsucker)

**Issue 5:**        **What is the appropriate level of compensation Sprint PCS should receive for the termination of BellSouth's land-to-mobile traffic?**


**Position:**        Based upon the Sprint PCS cost study, Sprint PCS should receive \$0.066 per minute of use for the termination of BellSouth's land-to-mobile traffic. (Hunsucker)

H.        **STIPULATIONS:** Sprint PCS is not aware of any pending stipulations at this time.

I.        **PENDING MOTIONS:** Sprint PCS has pending its Request for Confidential Classification of certain documents and information provided to Staff in response to BellSouth's Interrogatories and Requests for Production of Documents.

J.        **COMPLIANCE WITH ORDER ON PREHEARING PROCEDURE:** Sprint PCS does not know of any requirement of the Order on Prehearing Procedure with which it cannot comply.

Respectfully submitted this 11th day of December, 2000.

  
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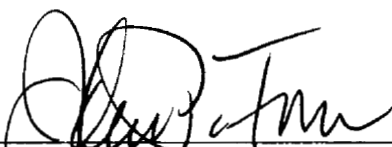
**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by U. S. mail or hand delivery(\*) this 11<sup>th</sup> day of December, 2000, to the following:

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