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February 2, 2001

## VIA HAND DELIVERY

Blanca S. Bayo, Director  
Division of Records and Reporting  
Betty Easley Conference Center  
4075 Esplanade Way  
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RECORDS AND REPORTING

Re: Docket No.: 000075-TP

Dear Ms. Bayo:

On behalf of XO Florida, Inc., enclosed for filing and distribution are the original and 15 copies and disk containing the following:

- ▶ Prehearing Statement of XO Florida, Inc..

Please acknowledge receipt of the above on the extra copy of each and return the stamped copies to me in the envelope provided. Thank you for your assistance.

Sincerely,

*Vicki Gordon Kaufman*  
Vicki Gordon Kaufman

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MCWHIRTER, REEVES, MCGLOTHLIN, DAVIDSON, DECKER, KAUFMAN, ARNOLD & STEEN, P.A. 01546 FEB-20

FPSC-RECORDS/REPORTING

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Investigation into Appropriate  
to Compensate Carriers for Exchange  
Traffic Subject to Sec. 251 of the  
Telecommunications Act.

Docket No. 000075-TP  
Filed: February 2, 2001

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**PREHEARING STATEMENT OF XO  
FLORIDA, INC.**

Pursuant to Order No. PSC-00-2229-PCO-TP, XO Florida, Inc. (hereinafter XO) files its Prehearing Statement.

**A. APPEARANCES:**

**DANA SHAFFER**, Vice President, Regional Regulatory Counsel, 105 Molloy Street, Suite 100, Nashville, Tennessee 37201

**VICKI GORDON KAUFMAN**, McWhirter, Reeves, McGlothlin, Davidson, Decker, Kaufman, Arnold & Steen, PA, 117 South Gadsden Street, Tallahassee, Florida 32301

On Behalf of XO Florida, Inc.

**B. WITNESSES:**

None.

**C. EXHIBITS:**

None.

**D. STATEMENT OF BASIC POSITION:**

Both the Telecommunications Act of 1996 and prior decisions of this Commission provide for the reciprocal compensation of ISP-bound traffic. In this docket, the Commission should order that reciprocal compensation is appropriate for ISP-bound traffic on a generic basis. In that way, all parties will be on notice of the Commission's policy as to compensation for ISP-bound traffic and will be better able to plan for and continue competitive entry.

**E. STATEMENT OF ISSUES AND POSITIONS:**

1. **ISSUE:** (a) Does the Commission have jurisdiction to adopt an intercarrier compensation mechanism for delivery of IPS-bound traffic?

**XO:** Yes. Both the Telecommunications Act of 1996, state law and this Commission's prior decisions provide it with ample authority to adopt an intercarrier compensation mechanism.

(b) If so, does the Commission have jurisdiction to adopt such intercarrier compensation mechanism through a generic proceeding?

**XO:** Yes, the Commission has jurisdiction to adopt an intercarrier mechanism through a generic proceeding. In the past, the Commission has attempted to resolve this issue through individual arbitrations. Such an approach is duplicative and expensive and may result in only one carrier influencing a result that has wide-ranging application. A generic approach allows each carrier to put forth its views and fully develop the record for the Commission.

2. **ISSUE:** Is delivery of ISP-bound traffic subject to compensation under Section 251 of the Telecommunications Act of 1996?

**XO:** Yes. Pursuant both to rulings of this Commission and the FCC, ISP-bound calls are local and therefore must be treated that way for purposes of intercarrier compensation.

3. **ISSUE:** What actions should the Commission take, if any, with respect to establishing an appropriate compensation mechanism for ISP-bound traffic in light of current decisions and activities of the courts and the FCC?

**XO:** The Commission should move forward and establish an appropriate compensation mechanism for ISP-bound traffic in this docket. *If* subsequent activities in other jurisdictions require the Commission to take additional action or modify its decision, it may do so at that time. This Commission needs to put forth a cohesive policy on reciprocal compensation so that carriers can move forward in the competitive market with certainty.

4. **ISSUE:** What policy considerations should inform the Commission's decision in this docket?

(Including, for example, how the compensation mechanism will affect ALEC's competitive entry decisions; cost recovery issues and implications; economically efficient cost recovery solutions in the short term and in the long term).

**XO:** The decision that the Commission makes in this docket should serve the policies of equity, non-discrimination, and the promotion of fair competition and innovation. If the Commission adheres to these policies in the development and implementation of the appropriate carrier compensation mechanism, the Commission will simultaneously safeguard affordable access to the Internet by Florida's citizens.

5. **ISSUE:** Is the Commission required to set a cost-based mechanism for delivery of ISP-bound traffic?

**XO:** Yes. The FCC has determined that rates for reciprocal compensation must be symmetrical and based upon the ILEC's costs. Further, the basis for such costs must be forward-looking.

6. **ISSUE:** What factors should the Commission consider in setting the compensation mechanisms for delivery of ISP-bound traffic?

**XO:** The Commission ensure that the mechanism it adopts is fair, non-discriminatory and promotes fair competition and innovation.

7. **ISSUE:** Should intercarrier compensation for delivery of ISP-bound traffic be limited to carrier and ISP arrangements involving circuit-switched technologies?

**XO:** At this time, the Commission should defer consideration of this issue.

8. **ISSUE:** How can ISP-bound traffic be separated from non-ISP bound traffic for purposes of addressing any reciprocal compensation payments?

**XO:** ISP-bound traffic cannot be separated from non-ISP bound traffic. Any mechanism based on such a premise should be rejected.

9. **ISSUE:** Should the Commission establish compensation mechanisms for delivery of ISP-bound traffic to be used in the absence of the parties reaching an agreement or negotiating a compensation mechanism? If so, what should be the mechanism?

**XO:** Yes, the Commission should establish a compensation mechanism if the parties cannot reach agreement. That mechanism should be reciprocal compensation for such traffic.

**F. STIPULATED ISSUES:**

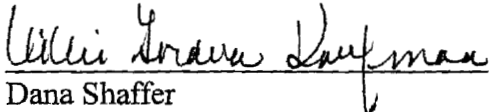
None.

**G. PENDING MOTIONS:**

None.

**H. OTHER MATTERS:**

XO requests that it be excused from attendance at the Phase 1 hearing.

  
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Attorneys for XO Florida, Inc.

## CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that a true and correct copy of the Prehearing Statement of XO Florida, Inc. has been furnished by hand delivery (\*) or U.S. Mail this 2<sup>nd</sup> day of February 2001 to the following:

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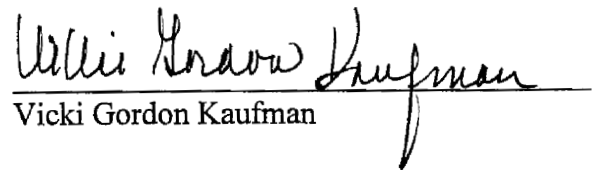
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