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February 2, 2001

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

Re: Docket No. 000075-TP Prehearing Statement

Dear Ms. Bayo:

Enclosed for filing is the original and fifteen (15) copies of Sprint's Prehearing Statement.

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.

Sincerely,

*Susan S. Masterton*

Susan S. Masterton

SSM/th

Enclosures

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FPSC-RECORDS/REPORTING

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Investigation into ) DOCKET NO. 000075-TP  
Appropriate Methods to )  
Compensate Carriers For ) Filed: February 2, 2001  
Exchange of Traffic Subject to )  
Section 251 of the )  
Telecommunications Act of 1996 )  
\_\_\_\_\_ )

**SPRINT'S PREHEARING STATEMENT**

Pursuant to Orders Establishing Procedure (Order No. PSC-00-229-PCO-TP, Order No. PSC-00-2350-PCO-TP and Order No. PSC-00-2452-PCO-TP) Sprint-Florida, Incorporated and Sprint Communications Company Limited Partnership (collectively, "Sprint") file this Prehearing Statement:

A. **WITNESSES:** Sprint proposes to call the following witnesses to offer testimony in this docket:

**WITNESS:**

Michael R. Hunsucker  
(Direct and Rebuttal)

**ISSUES:**

1-9

Sprint has listed the witnesses for whom Sprint believes testimony will be filed, but reserves the right to supplement that list if necessary.

B. **EXHIBITS:** Sprint has filed no exhibits at this time, but reserves the right to file exhibits if necessary and to introduce exhibits for cross-examination, impeachments, or

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any other purpose authorized by the applicable Florida Rules of Evidence and Rules of this Commission.

C. **BASIC POSITION:** The Commission should treat ISP-bound calls as though they were local calls for purposes of inter-carrier compensation arrangements. Whatever compensation arrangements apply to purely local calls should apply to these calls as well. Sprint believes that a reciprocal compensation rate should ideally reflect the overall costs and mix of traffic. The correct solution is to bifurcate the switching charge into a call setup charge and a call duration charge.

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

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

**ISSUE 1(b): If so, does the Commission have the jurisdiction to adopt such an inter-carrier compensation mechanism through a generic proceeding?**

**Position:** The FPSC's authority to determine inter-carrier compensation for ISP traffic was addressed in the FCC's Declaratory Ruling in CC Docket No. 96-98, adopted February 25, 1999. In that ruling, the FCC determined that Internet Traffic was largely interstate but that the Commission has no rule governing inter-carrier compensation for ISP-bound traffic. Pending the outcome of its rulemaking proceeding, the FCC explicitly permitted state commissions to determine the appropriate compensation for this traffic.

Although individual ILECs and ALECs are free to negotiate whatever inter-carrier compensation arrangements are appropriate for their circumstances, it would be more efficient and benefit both

ILECs and ALECs to resolve this issue through a generic proceeding to determine the appropriate inter-carrier compensation for ISP-bound traffic.

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

**Position:** While the FCC has yet to make a final determination regarding the appropriate compensation arrangement or methodology that carriers should employ to compensate each other for completing dial-up Internet calls, the FCC has clearly stated that reciprocal compensation is an acceptable option for the interim period.

**ISSUE 3: 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?**

**Position:** The absence of a federal rule specifying the treatment of ISP-bound traffic for purposes of reciprocal compensation has created significant financial and marketplace uncertainty for ILECs and ALECs. As previously discussed, the Commission does have the authority, albeit on an interim basis, to resolve this issue. Sprint urges the Commission to do so through a generic determination for the industry as a whole.

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

**Position:** Sprint urges the Commission to treat ISP-bound calls as though they were local calls for purposes of inter-carrier compensation arrangements. Thus, whatever compensation arrangements apply to purely local calls would apply to these calls as well. ISP-bound traffic is functionally the same as other local voice traffic and it is administratively cumbersome and/or expensive to distinguish between the two types of traffic. Longer holding times, for example, are characteristic of other users in addition to ISP.

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

**Position:** Under Section 251 and 252 of the Act, ILECs are required to file cost-based rates for all traffic, including ISP-bound traffic. Since rates already exist, Sprint believes that using these rates for ISP as well as local traffic is the best policy to follow in order to send economically efficient pricing signals to the marketplace, although the local switching rates do need to be structured into a two-part rate structure that recognizes the two distinctly different cost components – call set-up and call usage.

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

**Position:** Sprint believes that a reciprocal compensation rate should ideally reflect the overall costs and mix of traffic. Specifically, Internet calls have much longer “holding times” than the average voice call. It is essential that this critical difference be recognized in the development of reciprocal compensation rates for Internet traffic.

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

**Position:** To limit inter-carrier compensation for ISP-bound traffic to only circuit-switched traffic is both unwarranted and provides uneconomic incentives for ILECs and ALECs not to implement more advanced, and more efficient, technologies.

**ISSUE 8: Should ISP-bound traffic be separated from non-ISP bound traffic for purposes of assessing any reciprocal compensation payments? If so, how?**

**Position:** At this time, there is no need to create a separate class of service for dial-up Internet traffic for several reasons. First, it appears that all carriers do not have the technology sufficient

to separate out dial-up Internet traffic from other types of local traffic and it is extremely administratively burdensome to do so. Second, there are other types of traffic, besides Internet traffic, that tend to generate a disproportionately larger amount of terminating traffic than originating. It is far from clear that Internet traffic should be singled out as some type of arbitrage culprit without looking at all types of traffic and traffic flows.

**ISSUE 9: 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 mechanisms?**

**Position:** The Commission should treat ISP-bound calls as though they were local calls for purposes of inter-carrier compensation arrangements. Whatever compensation arrangements apply to purely local calls should apply to these calls as well. The basic switching components used for voice and Internet-bound traffic are the same. There is nothing unique about Internet calls that causes the per message and per MOU unit cost components to change. Only the call duration changes. The correct solution is to bifurcate the switching charge into a call setup charge and a call duration charge.

H. **STIPULATIONS:** None.

I. **PENDING MOTIONS:** Sprint has no motions pending at this time.

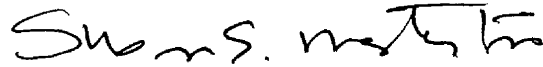
J. **COMPLIANCE WITH ORDER ON PREHEARING PROCEDURE:** Sprint does not know of any requirement of the Order on Prehearing Procedure with which it cannot comply.

K. **DECISIONS THAT MAY IMPACT COMMISSION'S RESOLUTION OF ISSUES:**

The FCC's has pending a docket on ISP reciprocal compensation, *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Intercarrier Compensation for ISP-Bound Traffic*, CC Docket Nos. 96-98, 99-68.

In March, 2000, the D.C. Circuit vacated and remanded the FCC's prior determination in this docket that ISP-bound traffic is jurisdictionally mixed and appears to be largely interstate. See Bell Atlantic Telephone Cos. v. FCC, 206 F.3d 1 (D.C. Cir., 2000).

**RESPECTFULLY SUBMITTED** this 2nd day of February, 2001.



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CERTIFICATE OF SERVICE  
DOCKET NO. 000075-TP

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by U.S. Mail or facsimile this 2nd day of February, 2001 to the following:

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