

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into appropriate )  
methods to compensate carriers for )  
exchange of traffic subject to Section 251 )  
of the Telecommunications Act of 1996. )  
\_\_\_\_\_)

Docket No. 000075-TP  
(Phase II)

Filed: May 31, 2001

**JOINT PREHEARING STATEMENT  
OF THE FLORIDA COMPETITIVE CARRIERS ASSOCIATION,  
AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.,  
TCG OF SOUTH FLORIDA, MEDIAONE FLORIDA  
TELECOMMUNICATIONS, INC., TIME WARNER TELECOM OF FLORIDA,  
LP, GLOBAL NAPS, INC., INTERMEDIA COMMUNICATIONS, INC.,  
ALLEGIANCE TELECOM OF FLORIDA, INC., FLORIDA CABLE  
TELECOMMUNICATIONS ASSOCIATION, INC., MCI WORLDCOM, KMC  
TELECOM, LEVEL 3 COMMUNICATIONS, LLC, US LEC  
OF FLORIDA, INC., XO FLORIDA, INC. AND E.SPIRE COMMUNICATIONS, INC.**

Pursuant to Order No. PSC-00-2229-PCO-TP issued November 22, 2000, Order No. PSC-00-2350-PCO-TP issued December 7, 2000, Order No. 00-2452-PCO-TP issued December 22, 2000, and Order No. PSC-01-0632-PCO-TP issued March 15, 2001, the Florida Competitive Carriers Association ("FCCA"), AT&T Communications of the Southern States, Inc. ("AT&T"), TCG of South Florida ("TCG"), Global NAPS, Inc. ("Global NAPS"), MediaOne Florida Telecommunications, Inc. ("MediaOne"), Time Warner Telecom of Florida, LP ("Time Warner"), Intermedia Communications, Inc., Allegiance Telecom of Florida, Inc., Florida Cable Telecommunications Association, Inc. ("FCTA"), MCI WorldCom ("WorldCom"), KMC Telecom, Level 3 Communications, LLC ("Level 3"), US LEC of Florida, Inc., XO Florida, Inc. and e.spire Communications, Inc. (hereinafter referred to collectively as the "Joint ALECs") file their Joint Prehearing Statement addressing the Phase II issues.

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**A. Appearances**

**JOSEPH A. MCGLOTHLIN**, McWhirter, Reeves, McGlothlin, Davidson, Decker, Kaufman, Arnold & Steen, P.A., 117 South Gadsden Street, Tallahassee, Florida 32301

On behalf of the Florida Competitive Carriers Association

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

On behalf of KMC Telecom and XO Florida, Inc.

**DANA SHAFFER**, XO Communications, Inc., Vice President, Legal and Regulatory Affairs, 105 Molloy Street, Suite 300, Nashville, Tennessee 37201

On behalf of XO Florida, Inc.

**MARSHA RULE**, 101 North Monroe Street, Suite 700, Tallahassee, Florida 32301, and **JAMES LAMOREAUX**, and **SUZANNE W. OCKLEBERRY**, 1200 Peachtree Street, Suite 8100, Atlanta, Georgia 30309

On behalf of AT&T Communications of the Southern States, Inc., MediaOne Florida Telecommunications, Inc. and TCG of South Florida

**DONNA CANZANO MCNULTY**, 325 John Knox Road, The Atrium, Suite 105, Tallahassee, Florida 32303

On behalf of MCI WorldCom

**KENNETH HOFFMAN**, and **MARTIN P. MCDONNELL**, Rutledge, Ecenia, Purnell & Hoffman, P.A., Post Office Box 551, Tallahassee, Florida 32302

On behalf of AT&T Communications of the Southern States, Inc., TCG of South Florida, Allegiance Telecom of Florida, Inc., and MediaOne Florida Telecommunications, Inc., Level 3 Communications, LLC, and US LEC of Florida, Inc.

**MICHAEL R. ROMANO**, Level 3 Communications, Inc., LLC, 1025 Eldorado Blvd., Broomfield, CO 80021

On behalf of Level 3 Communications, LLC

**CHRISTOPHER W. SAVAGE**, Cole, Raywid & Braverman, L.L.P., 1919 Pennsylvania Avenue, N.W., Washington, DC 20006 and **JON MOYLE and CATHY SELLERS**, Moyle Law Firm, 118 North Gadsden Street, Tallahassee, Florida 32301

On behalf of Global NAPs, Inc.

**SCOTT SAPPERSTEIN**, One Intermedia Way, MC FLT-HQ3, Tampa, Florida 33647-1752

On behalf of Intermedia Communications, Inc.

**PETER M. DUNBAR and KAREN CAMECHIS**, Pennington, Moore, Wilkinson, Bell & Dunbar, P.A., P.O. Box 10095, Tallahassee, Florida 32302-2095

On behalf of Time Warner Telecom of Florida, L.P.

**MORTON J. POSNER**, 1150 Connecticut Avenue, NW, Suite 205, Washington, DC 20036

On behalf of Allegiance Telecom of Florida, Inc.

**MICHAEL GROSS**, 246 East 6<sup>th</sup> Avenue, Tallahassee, Florida 32303

On behalf of the Florida Cable Telecommunications Association

**RICHARD D. MELSON**, Hopping Green Sams Smith, P.A., P. O. Box 6526, Tallahassee, Florida 32314

On behalf of MCI WorldCom and Intermedia Communications, Inc.

**NORMAN H. HORTON**, Messer, Caparello & Self, P.A., P. O. Box 1876, Tallahassee, Florida 32302

On behalf of e.spire Communications, Inc.

<b>B.</b>	<b>Witnesses</b>	<b>Proffered By</b>	<b>Issues</b>
	<b><u>Direct</u></b>		
	Lee L. Selwyn	AT&T, TCG, MediaOne, Time Warner, Global NAPs, FCCA and FCTA	Issues 11 through 15 and 17, 18
	William P. Hunt, III	Level 3	Issues 11, 14, 16

Timothy J. Gates	Level 3	Issues 13, 14, 15
Joseph P. Gillan	FCCA	Issue 16
Richard A. Guepe <sup>1</sup>	AT&T, TCG and MediaOne	Issue 11, 13, 14, 18
Mark E. Argenbright	WorldCom	Issue 11, 12, 18

**Rebuttal**

Lee L. Selwyn	AT&T, TCG, MediaOne, Time Warner, Global NAPS, FCCA and FCTA	Issues 11 through 15
William P. Hunt, III	Level 3	Issue 16
Timothy J. Gates	Level 3	Issues 14, 15
Richard A. Guepe	AT&T, TCG and MediaOne	Issue 14
Mark E. Argenbright	WorldCom	Issues 11, 12

**C. Exhibits**

**Witness**

**Exhibit**

**Title**

**Direct**

Timothy J. Gates	TJG-1 (Composite)	Mr. Gates' Qualifications
Joseph P. Gillan	JPG-1	Class System of Services
Richard A. Guepe	GRF-1	ILEC Network
	GRF-2	AT&T Network
	GRF-3	Cost Model
	GRF-4	TRA Cost Model and AT&T Proposal

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<sup>1</sup>The prefled direct testimony of Gregory R. Follensbee will be adopted by Richard A. Guepe on behalf of AT&T, TCG, and MediaOne.

	GRF-5	ILEC Proposal
<b><u>Rebuttal</u></b>		
Lee L. Selwyn	LLS-1 (Composite)	Article Entitled "Triumph of Light"
	LLS-2	BellSouth end office and tandem switches
Mark E. Argenbright	MEA-1	Arbitrator's Report and Decision

**D. Statement of Basic Position**

Pursuant to the federal Telecommunications Act of 1996 ("Act") and Federal Communications Commission ("FCC") Rules and Orders, state commissions should develop policies that promote local exchange services competition between incumbent local exchange companies ("ILECs") and alternative local exchange telecommunications companies ("ALECs"). Each ALEC, competing for its desired position in the marketplace, should have the opportunity to determine its local calling areas, network architectures, and use of assigned telephone numbers. In order for the ALECs to meaningfully compete in the marketplace, it is imperative that they not be saddled with "cloning" the ILECs' historical networks and local calling areas in the provision of local telecommunications services.

In order to meet the spirit and the letter of the Act and the FCC's Rules and Orders, the ALECs are entitled to be compensated at the ILECs' tandem interconnection rate if they satisfy a single test: the ALEC switches must serve a "comparable geographic area" as the ILEC switches. The ALECs must also be able to define their own "local calling area" for the purposes of determining the applicability of reciprocal compensation. As such, ALECs should be allowed to assign telephone numbers to end users physically located outside the rate center in which the

telephone is homed, as the costs to the ILEC in transporting the call to the point of interconnection are the same irrespective of where the ALEC ultimately terminates the call.

**E. Statement of Issues and Positions**

**Issue 10:** Pursuant to the Telecommunications Act of 1996 (Act), the FCC’s rules and orders, and Florida Statutes, what is the Commission’s jurisdiction to specify the rates, terms, and conditions governing compensation for transport and delivery of termination of traffic subject to Section 251 of the Act? (Legal issue)

**Joint ALECs:** The Commission has jurisdiction to establish rates, terms and conditions for interconnection between ILECs and ALECs pursuant to Section 364.162(1), Florida Statutes. In addition, Section 251(d)(3) of the Act preserves the authority of state commissions to establish access and interconnection obligations of local exchange carriers consistent with the requirements of Section 251.

**Issue 11:** **What types of local network architectures are currently employed by ILECs and ALECs, and what factors affect their choice of architectures? (Informational issue)**

**Joint ALECs:** Although there is no “standard” network architecture employed by ALECs, many ALECs typically use one switch to serve a broad geographic area, providing transport between the switch and end users on the line side of the switch. ILECs, on the other hand, typically provide such transport on the trunk side of their end office switches. An ALEC will design its network to accommodate the actual locations of its customers under an architecture that can be expanded in a flexible manner as demand for the ALEC’s services grows. Due to the high initial cost of switching platforms when compared with the lower incremental costs of high-capacity transport facilities, ALECs often deploy fewer switches and more transport on the end user’s side of the switch. An ALEC may use a combination of leased, unbundled network elements (UNEs), high capacity

transport facilities, and switching resources to accommodate this type of service-provisioning arrangement.

**Issue 12: Pursuant to the Act and FCC's rules and orders:**

**(a) under what condition(s), if any, is an ALEC entitled to be compensated at the ILECs tandem interconnection rate?**

**(b) under either a one-prong or two-prong test, what is "similar functionality?"**

**(c) under either a one-prong or two-prong test, what is "comparable geographic area?"**

Joint ALECs: (a) FCC Rule 51.711(a)(3) requires only that the comparable geographic area test be met before carriers are entitled to the tandem interconnection rate for local call termination. As recently confirmed by the FCC, any ALEC demonstrating that its switch serves "a geographic area comparable to that served by the incumbent LEC's tandem switch" is entitled to the tandem interconnection rate to terminate local telecommunications traffic on its network.<sup>2</sup>

(b) Although the FCC has now definitely declared that an ALEC is not required to meet a similar functionality test, similar functionality would be met if, for example, an ALEC switch aggregates traffic over a wide geographic area and performs other measurement and recording functions. Similar functionality does not require an ALEC switch to perform trunk-to-trunk switching.

(c) A "comparable geographic area" refers to the coverage areas of the ALEC switch and the ILEC tandem switch. If an ALEC's switch enables an ILEC to interconnect and complete local

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<sup>2</sup>See In the Matter of Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92, FCC Order 01-132, paragraph 105, released April 27, 2001.

calls within substantially the same area as that served by an ILEC tandem switch, then the ALEC switch serves a “comparable geographic area” for purposes of qualifying for the tandem interconnection rate.

**Issue 13: How should a “local calling area” be defined for purposes of determining the applicability of reciprocal compensation?**

Joint ALECs: ALECs should be allowed to establish their own local calling areas which may or may not be the same as the ILEC’s. Local competition will be enhanced by allowing ALECs that wish to do so to operate without the constraints of traditional ILEC local calling areas or rate centers that can serve to hamper the ability of ALECs to offer innovative calling plans and services.

**Issue 14: (a) What are the responsibilities of an originating local carrier to transport its traffic to another local carrier?**

**(b) For each responsibility identified in part (a), what form of compensation, if any, should apply?**

Joint ALECs: (a) Section 251(c)(2) of the Act and FCC Rules and Orders obligate each ILEC to allow interconnection by an ALEC at any technically feasible point on the ILEC’s network that is designated by the ALEC for the transmission and routing of telephone exchange service and exchange access. An ILEC must allow a requesting ALEC to interconnect at any technically feasible point, including the option to interconnect at a single point of interconnection per LATA. Once a point of interconnection is established, each carrier is responsible for delivering originating traffic to the point of interconnection.

(b) FCC Rules and Orders preclude an originating carrier from charging a terminating carrier for the costs of switching and transporting traffic originated on its network to the point of interconnection. This was recently reaffirmed by the FCC in the Notice of Proposed Rulemaking



released on April 27, 2001, in CC Docket No. 01-92, in which the FCC stated at Paragraph 112 that: “Our current reciprocal compensation rules preclude an ILEC from charging carriers for local traffic that originates on the ILEC’s network.” These Rules also require the originating carrier to compensate the terminating carrier for transport and termination of such traffic through the payment of intercarrier compensation.

**Issue 15:** (a) Under what conditions, if any, may carriers assign telephone numbers to end users physically located outside the rate center in which the telephone is homed?

(b) Should the Intercarrier compensation mechanisms for calls to these telephone numbers be based upon the physical location of the customer, the rate center to which the telephone number is homed, or some other criteria?

Joint ALECs: (a) Carriers should be allowed to assign telephone numbers to end users physically located outside the rate center in which the telephone is homed anytime the carrier deems appropriate. Both ILECs and ALECs should be allowed to define both their outward and inward local calling areas. ALECs should be allowed to offer customers competitive alternatives to the local calling areas that are embodied in the ILEC’s services. The costs that the ILEC incurs in transporting originating traffic to an ALEC are entirely unaffected by the location at which the ALEC delivers the calls to the ALEC’s end user customer. As long as the ALEC establishes a point of interconnection within the LATA, it should be allowed to offer service in any rate center in the LATA and terminate calls dialed to that rate center at any location it wishes.

(b) Reciprocal compensation obligations should apply without regard to whether the physical location of the called customer is located within the originating rate center of the ILEC.

The appropriate method to determine whether such traffic is local is to compare the calling and called party's NPA/NXXs.

**Issue 16:** (a) What is the definition of Internet protocol (IP) telephony?

(b) What carrier-to-carrier compensation mechanism, if any, should apply to IP telephony?

Joint ALECs: (a) As an emerging technology, there is no single consensus definition of "IP telephony."

(b) Issues concerning IP telephony compensation are currently being addressed in an FCC rulemaking (CC Docket 01-92). The Commission should refrain from addressing these issues at this time.

**Issue 17:** Should the Commission establish compensation mechanisms governing the transport and delivery or termination of traffic subject to Section 251 of the Act to be used in the absence of the parties reaching an agreement or negotiating a compensation mechanism? If so, what should be the mechanisms?

Joint ALECs: Yes. The Commission should establish "default" symmetrical reciprocal compensation rates based upon the ILEC's costs unless an ALEC can establish that its own costs are greater. The "default" rates should include the tandem interconnection rate when the ALEC switch serves a comparable geographic area.

**Issue 18:** How should the policies established in this docket be implemented?

Joint ALECs: The Commission should, in a separate proceeding, establish cost-based symmetrical reciprocal compensation rates available to parties unable to negotiate mutually acceptable rates. The Commission should also establish expedited procedures for implementation

of the decisions made in this docket, including expedited resolution of any disputes regarding any required amendments to their interconnection agreements.

**F. Stipulated Issues:**

None.

**G. Pending Motion:**

None

**H. Pending Request for Confidentiality:**

None

**I. Any requirement set forth in Order that cannot be complied with:**

None

**J. Any decision or pending decision of the FCC or any other court has or may either preempt or otherwise impact the Commission's ability to resolve any of the issues presented for the relief requested in this matter:**

1. In the Matter of Implementation of the Local Competition Provisions in the

Telecommunications Act of 1996, Intercarrier Compensation for ISP-Bound Traffic, CC Docket No.

96-98, FCC Order NO. 01-131 (Released April 27, 2001).

2. In the Matter of Developing A Unified Intercarrier Compensation Regime, CC

Docket No. 01-92, FCC Order No. 01-131 (Released April 27, 2001).

3. Joint ALECs respectfully request to supplement this list in their Posthearing Briefs.

Respectfully submitted,

Martin P. McDonnell

Kenneth A. Hoffman, Esq.

Martin P. McDonnell, Esq.

Rutledge, Ecenia, Purnell & Hoffman, P.A.

P. O. Box 551

Tallahassee, FL 32302

(850) 681-6788 (Telephone)

(850) 681-6515 (Telecopier)

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished by U. S. Mail to the following this 31<sup>st</sup> day of May, 2001:

Felicia Banks, Esq.  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Room 370  
Tallahassee, Florida 32399-0850

Elizabeth Howland  
Allegiance Telecom, Inc.  
1950 Stemmons Freeway, Suite 3026  
Dallas, TX 75207-3118

Morton Posner, Esq.  
Regulatory Counsel  
Allegiance Telecom, Inc.  
1150 Connecticut Avenue, N.W.  
Suite 205  
Washington, DC 20036

Ms. Nancy B. White  
c/o Nancy H. Sims  
BellSouth Telecommunications, Inc.  
150 South Monroe Street, Suite 400  
Tallahassee, Florida 32301-1556

James Meza, III, Esq.  
BellSouth Telecommunications, Inc.  
Legal Department  
Suite 1910  
150 West Flagler Street  
Miami, Florida 33130

James C. Falvey, Esq.  
e.spire Communications, Inc.  
133 National Business Parkway  
Suite 200  
Annapolis Junction, MD 20701

Michael A. Gross, Esq.  
Florida Cable Telecommunications, Asso.  
246 East 6<sup>th</sup> Avenue  
Tallahassee, FL 32303

Mr. Paul Rebey  
Focal Communications Corporation of Florida  
200 North LaSalle Street, Suite 1100  
Chicago, IL 60601-1914

Global NAPS, Inc.  
10 Merrymount Road  
Quincy, MA 02169

Scott Sapperstein  
Intermedia Communications, Inc.  
3625 Queen Palm Drive  
Tampa, Florida 33619-1309

Donna Canzano McNulty, Esq.  
MCI WorldCom  
325 John Knox Road, Suite 105  
Tallahassee, FL 32303-4131

Norman Horton, Jr., Esq.  
Messer Law Firm  
215 S. Monroe Street, Suite 701  
Tallahassee, FL 32301-1876

Jon Moyle, Esq.  
Cathy Sellers, Esq.  
The Perkins House  
118 North Gadsden Street  
Tallahassee, FL 32301

Herb Bornack  
Orlando Telephone Company  
4558 SW 35<sup>th</sup> Street, Suite 100  
Orlando, FL 32811-6541

Peter Dunbar, Esq.  
Karen Camechis, Esq.  
P. O. Box 10095  
Tallahassee, FL 32302-2095

Charles R. Rehwinkel, Esq.  
Susan Masterton, Esq.  
Sprint-Florida, Incorporated  
Post Office Box 2214  
MS: FLTLHO0107  
Tallahassee, FL 32316

Mark Buechele  
Supra Telecom  
1311 Executive Center Drive, Suite 200  
Tallahassee, Florida 32301

Kimberly Caswell, Esq.  
Verizon Select Services, Inc.  
P. O. Box 110, FLTC0007  
Tampa, Florida 33601-0110

Charlie Pellegini, Esq.  
Patrick K. Wiggins, Esq.  
P. O. Drawer 1657  
Tallahassee, Florida 32302

Robert Scheffel Wright, Esq.  
John T. LaVia, III, Esq.  
P. O. Box 271  
Tallahassee, FL 32302

Wanda G. Montano, Esq.  
US LEC Corporation  
Morrocroft III  
6801 Morrison Boulevard  
Charlotte, NC 28211

Carolyn Marek  
Time Warner Telecom of Florida, L.P.  
233 Bramerton Court  
Franklin, TN 37069

Joseph A. McGlothlin, Esq.  
Vicki Gordon Kaufman, Esq.  
117 South Gadsen Street  
Tallahassee, FL 32301

Michael R. Romano, Esq.  
Level 3 Communications, LLC  
1025 Eldorado Boulevard  
Broomfield, Colorado 80021

Marsha Rule, Esq.  
AT&T  
101 North Monroe Street, Suite 700  
Tallahassee, FL 32301-1549

Richard D. Melson, Esq.  
Hopping Green Sams & Smith, P.A.  
P. O. Box 6526  
Tallahassee, FL 32314

Christopher W. Savage, Esq.  
Coles, Raywid & Braverman, LLP  
1919 Pennsylvania Avenue, N.W., Ste. 200  
Washington, DC 20006

By: Mark P. McDO for  
KENNETH A. HOFFMAN, ESQ.

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