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May 31, 2001

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

Re: 000075-TP (Generic ISP) (Phase II)

Dear Ms. Bayó:

Enclosed is an original and fifteen copies of BellSouth Telecommunications, Inc.'s Prehearing Statement, which we ask that you file in the captioned docket.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served to the parties shown on the attached Certificate of Service.

Sincerely,

E. Earl Edenfield, Jr.
E. Earl Edenfield, Jr. (UA)

Enclosures

cc: All Parties of Record
Marshall M. Criser III
R. Douglas Lackey
Nancy B. White

DOCUMENT NUMBER-DATE

06870 MAY 31 01

FPSC-RECORDS/REPORTING

CERTIFICATE OF SERVICE
Docket No. 000075-TP (Phase II)

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via

(*) Hand Delivery and U.S. Mail this 31st day of May, 2001 to the following:

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E. Earl Edenfield Jr. (KA)

(+) Signed Protective Agreement

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

**PRE-HEARING STATEMENT OF
BELLSOUTH TELECOMMUNICATIONS, INC.**

BellSouth Telecommunications, Inc. ("BellSouth"), pursuant to the Order Establishing Procedure (Order No. PSC-00-2229-PCO-TP) dated November 22, 2000¹, submits its Pre-hearing Statement.

WITNESSES

BellSouth proposes to call the following witnesses to offer testimony on the issues in this docket, as enumerated in Appendix A of the Order Establishing Procedure:

<u>Witness</u>	<u>Issues</u>
John Ruscilli (Direct and Rebuttal)	10, 12, 13, 14, 15, 16, 17, 18
Nathaniel Tolar (Direct)	11
Dr. William Taylor (Rebuttal)	12, 13, 14, 15,

BellSouth reserves the right to call additional witnesses, witnesses to respond to Commission inquiries not addressed in direct or rebuttal testimony and witnesses to address issues not presently designated that may be designated by the Pre-hearing Officer at the Pre-

¹ As amended by the Commission in: Order Adopting, Incorporating, and Supplementing Order No. PSC-00-2229-PCO-TP Establishing Procedure (Order No. PSC-00-2350-PCO-TP dated December 7, 2000), Order Granting in Part Joint Motion to Extend Filing Dates, Bifurcate, and Request for Issue Identification / Status Conference (Order

hearing Conference to be held on June 13, 2001. BellSouth has listed the witnesses for whom BellSouth filed testimony, but reserves the right to supplement that list if necessary.

EXHIBITS

John Ruscilli	JAR-1 (Direct)	Network Diagrams
Nathaniel Tolar	NDT-1 (Direct)	Network Diagrams

BellSouth reserves the right to file exhibits to any testimony that may be filed under the circumstances identified above. BellSouth also reserves the right to introduce exhibits for cross-examination, impeachment, or any other purpose authorized by the applicable Florida Rules of Evidence and Rules of this Commission.

STATEMENT OF BASIC POSITION

The Commission's goal in this generic proceeding is to resolve each issue set forth below consistent with the requirements of Section 251 of the Telecommunications Act of 1996 ("1996 Act"), including the regulations prescribed by the Federal Communications Commission ("FCC"). BellSouth's positions on the individually numbered issues in this docket are reasonable and consistent with the Act and the pertinent rulings of the FCC. Thus, the Commission should adopt BellSouth's positions on each of the issues in dispute.

BELLSOUTH'S POSITION ON THE ISSUES OF LAW AND FACT

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 or termination of traffic subject to section 251 of the Act? (Legal issue)

Position: Pursuant to the 1996 Act and FCC rules, the Commission is required to ensure that BellSouth has established reciprocal compensation arrangements for the transport and termination of local telecommunications traffic. BellSouth's obligation to establish reciprocal compensation arrangements is set forth in Section 251(b)(5) of the 1996 Act. Further, Paragraph 1027 of the FCC's First Report and Order in CC Docket 96-98, addresses the obligations of state commissions stating, "Section 252(d)(2) states that, for the purposes of compliance by an incumbent LEC with section 251(b)(5), a state commission shall not consider the terms and conditions for reciprocal compensation to be just and reasonable unless such terms and conditions both: (1) 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 (2) 'determine such costs on the basis of a reasonable approximation of the additional costs of terminating such calls.'" Reciprocal compensation rates must be compliant with the FCC's TELRIC pricing rules and section 252(d) of the 1996 Act.

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)

Position: As this issue is informational only, BellSouth has no position as such. Instead, BellSouth refers the Commission to the testimony of BellSouth witness Nathaniel Tolar.

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 ILEC's 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?"**

Position: In order for an ALEC to appropriately charge for tandem switching, the ALEC must demonstrate to the Commission that: 1) its switches serve a comparable geographic area to that served by BellSouth's tandem switches and that 2) its switches actually perform local tandem functions. An ALEC should only be compensated for the functions that it actually provides.

"Similar Functionality" is as defined in FCC Rule 51.319(c)(3) as (1) Trunk-connect facilities, which include, but are not limited to, the connection between trunk termination at a cross connect panel and switch trunk card; (2) the basic switch trunk function of connecting trunks to trunks; and (3) the functions that are centralized in tandem switches (as distinguished from separate end office switches), including but not limited, to call recording, the routing of calls to operator services, and signaling conversion features. To receive the tandem switching rate, an ALEC must demonstrate that its switches are providing a tandem function to transport

local calls. As stated in the FCC's definition, to provide transport utilizing tandem switching, an ALEC's switch must connect trunks terminated in one end office switch to trunks terminated in another end office switch. In other words, a tandem switch, as defined by the FCC, provides an intermediate switching function.

In determining comparable "Geographic Coverage" the Commission should consider the following factors: (1) whether the ALEC's switch currently serves every exchange served by one of the ILEC's switches; (2) evidence of percentage of population served in a given LATA served by an ILEC's switch (3) evidence as to the location of the ALEC's customers within the area served; (4) whether the ALEC has customers in every wire center territory within an area served by an ILEC's tandem switch; (5) whether the ALEC's customers are concentrated in a small area, or whether its customers are widely scattered over a large area.

ISSUE 13: How should a "local calling area" be defined, for purposes of determining the applicability of reciprocal compensation?

Position: For purposes of determining the applicability of reciprocal compensation, a "local calling area" should be defined through mutual agreement between the parties and pursuant to the terms and conditions contained in the parties' negotiated interconnection agreement. The Commission should simply allow each party to establish their own local calling area for reciprocal compensation purposes.

- 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?**

Position: BellSouth agrees that ALECs can choose to interconnect with BellSouth's network at any technically feasible point in the LATA. In fact, BellSouth does not object to an ALEC designating a single Point of Interconnection at a point in a LATA on one of BellSouth's "networks" for traffic that the ALEC's end users originate. Further, BellSouth does not object to ALECs using the interconnecting facilities between BellSouth's "networks" to have local calls delivered or collected throughout the LATA. However, BellSouth does not agree that ALECs can impose upon BellSouth the financial burden of delivering BellSouth's originating local traffic to that single point. If the ALEC wants local calls completed between BellSouth's customers and the ALEC's customers using this single Point of Interconnection, that is fine, provided that the ALEC is financially responsible for the additional costs the ALEC causes. Thus, when an ALEC establishes a single Point of Interconnection in a LATA, the ALEC should be responsible for any cost incurred by BellSouth for transporting the call out of the local calling area that BellSouth would not have otherwise incurred if the call never left the local calling area.

- 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 mechanism 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 criterion?**

Position: Regardless of the numbers an ALEC assigns to its end users, BellSouth should only pay reciprocal compensation on calls that originate and terminate within the same local

calling area. Further, each party should utilize its NPA/NXXs in such a way, and should provide the necessary information, so that the other party is able to distinguish local traffic (which originates and terminates in the same local calling area) from intraLATA Toll traffic (which originates in one local calling area and terminates in another local calling area) for the other party's originated traffic. If an ALEC does not provide such information to BellSouth, BellSouth has no way of knowing which calls are local (to which reciprocal compensation applies) and which calls are long distance (to which access charges apply).

ALECs should be required to separately identify any number assigned to an ALEC end user whose physical location is outside the local calling area associated with the NPA/NXX assigned to that end user, so that BellSouth will know whether to treat the call as local or long distance. Providing that an ALEC will separately identify such traffic, for purposes of billing and intercarrier compensation, BellSouth would not object to an ALEC assigning numbers out of an NPA/NXX to end users located outside the local calling area with which that NPA/NXX is associated. Because of this freedom, an ALEC can elect to give a telephone number to a customer who is physically located in a different local calling area than the local calling area where that NPA/NXX is assigned. If the ALEC, however, chooses to give out its telephone numbers in this manner, calls originated by BellSouth end users to those numbers are not local calls. Consequently, such calls are not local traffic and no reciprocal compensation applies.

- 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?**

Position: IP telephony is, in very simple and basic terms, a mode or method of completing a telephone call. The word "Internet" in Internet Protocol telephony refers to the name of the protocol; it does not mean that the service necessarily uses the World Wide Web. Phone-to-Phone IP Telephony is telecommunications service that is provided using Internet Protocol for one or more segments of the call. Technically speaking, Internet Protocol, or any other protocol, is an agreed upon set of technical operating specifications for managing and interconnecting networks. The Internet Protocol is a specific language that equipment on a packet network uses to intercommunicate. It has nothing to do with the transmission medium (wire, fiber, microwave, etc.) that carries the data packets between gateways, but rather concerns gateways, or switches, that are found on either end of that medium. As with any other local traffic, reciprocal compensation should apply to local telecommunications provided via IP Telephony. To the extent, however, that calls provided via IP telephony are long distance calls, access charges should apply. Application of access charges for long distance calls does not depend on the technology used to transport such calls. Due to the increasing use of IP technology mixed with traditional circuit switching technology to switch or transport voice telecommunications, it is important to specify that long distance calls, irrespective of the technology used to transport them, constitute switched access traffic and not local traffic.

Switched access charges, not reciprocal compensation, apply to phone-to-phone long distance calls that are transmitted using IP telephony. From the end user's perspective – and, indeed, from the IXC's perspective – such calls are indistinguishable from regular circuit

switched long distance calls. The IXC may use IP technology to transport all or some portion of the long distance call, but that does not change the fact that it is a long distance call.

ISSUE 17: Should the Commission establish compensation mechanism 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 compensating mechanism? Is so, what should be the mechanism?

Position: Yes. The Commission is required to ensure that BellSouth has established reciprocal compensation arrangements for the transport and termination of local telecommunications traffic pursuant to the 1996 Act and FCC rules. As such, the rates, terms and conditions of any compensation mechanism established by the Commission must also comport with the 1996 Act and FCC rules. The mechanism must comply with the FCC's TELRIC pricing rules and §252(d) of the 1996 Act.

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

Position: The policies established in this proceeding should take effect after the Commission issues an effective order and would be implemented when existing interconnection agreements are properly amended to incorporate the ordered policies. The terms and conditions by which BellSouth provides UNEs and interconnection services to ALECs should be governed by an approved interconnection agreement.

STIPULATIONS

None.

PENDING MOTIONS AND CLAIMS FOR CONFIDENTIALITY

None.

OTHER REQUIREMENTS

None.

Respectfully submitted this 31st day of May 2001.

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