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August 10, 2001

Ms. Blanca S. Bayó, Director
Division of the Commission Clerk &
Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

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Re: Docket No. 000075-TP (Phase II) Posthearing Statement
And Brief Of Sprint

Dear Ms. Bayó:

Enclosed for filing is the original and fifteen (15) copies including a diskette of Sprint 's Posthearing Statement and Brief in Docket No. 000075-TP (Phase II). Copies of this have been served by U.S. Mail pursuant to the attached Certificate of Service.

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

Sincerely,

Susan S. Masterton

Susan S. Masterton

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into) DOCKET NO. 000075-TP (Phase II)
Appropriate Methods to)
Compensate Carriers For) Filed: August 10, 2001
Exchange of Traffic Subject to)
Section 251 of the)
Telecommunications Act of 1996)
_____)

SPRINT'S POSTHEARING STATEMENT

Pursuant to Orders Establishing Procedure (Order No. PSC-00-2229-PCO-TP, Order No. PSC-00-2350-PCO-TP, Order No. PSC-00-2452-PCO-TP and Order No. PSC-01-0632-PCO-TP) Sprint-Florida, Incorporated and Sprint Communications Company Limited Partnership (collectively, "Sprint") submit the following Posthearing Statement:

INTRODUCTION

At issue in this proceeding is the proper intercarrier compensation mechanism for the exchange of traffic subject to Section 251 of the Telecommunications Act of 1996 ("the Act") and the Commission's authority to adopt an intercarrier compensation mechanism through this generic proceeding. Sprint believes that it is clear that the Commission has jurisdiction to specify the rates, terms and conditions governing compensation for transport and delivery of traffic subject to section 251(b)(5) of the Act, pursuant to federal and state law. In setting such intercarrier compensation mechanisms, Sprint advocates that the Commission should follow the reciprocal compensation procedures already established by the FCC. Sprint's positions on the specific issues in this docket are consistent with the Act

and the FCC's rules and regulations adopted pursuant to the Act. Therefore, the Commission should adopt Sprint's position on each of these issues.

ISSUES, POSITIONS AND DISCUSSION

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:** The FCC has jurisdiction to establish rules governing the transport and delivery or termination of local traffic, pursuant to the Act. The Commission has jurisdiction to implement the FCC rules for the transport and delivery or termination of local traffic. **

Discussion: Sections 251 and 252 of the Act confer authority on the FCC to establish rules governing the rates, terms and conditions for the transport and termination of local traffic. The FCC's jurisdiction was confirmed by the U.S. Supreme Court in *AT&T v. Iowa Utility Board*, 119 S. Ct. 721 (1999). State commissions, including this Commission, have jurisdiction to implement the FCC rules and apply any FCC-required methodologies in establishing actual rates, terms and conditions. The parties appear to agree regarding the delineation of the authority between the FCC and this Commission.

The FCC rules setting forth the parameters for state implementation of reciprocal compensation requirements are set forth in 47 C.F.R. sections 51.701 – 51.717. The only limitation the FCC has applied to state commissions is that state actions must be consistent or not otherwise conflict with the FCC rules and policies. In addition to the authority conferred upon states by the federal law and rules, sections 364.161 and 364.162, Florida Statutes, authorize the Commission to arbitrate disputes relating to the

negotiations of telecommunications companies to establish the rates, terms and conditions of interconnection and the unbundling of network elements. Also, section 120.80 (d), Florida Statutes, provides the necessary procedural authority for the Commission to implement the Act.

Two recent decisions by the FCC have significant bearing on the Commission's authority in this proceeding. On April 27, 2001, the FCC released its long awaited Order on Remand regarding the jurisdiction of ISP-bound traffic and the appropriate intercarrier compensation mechanism for such traffic. *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996; Intercarrier Compensation for ISP-Bound Traffic*, CC docket Nos. 96-98 and 99-68, Order on Remand and Report and Order, FCC 01-131 (released April 27, 2001) ("ISP Remand Order"). Complementary to that Order, the FCC issued a Notice of Proposed Rulemaking relating to Intercarrier Compensation Mechanisms for all types of traffic exchanged between telecommunications carriers. *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, Notice of Proposed Rulemaking, FCC 01-132 (released April 27, 2001) (Intercarrier Compensation NPRM) In the ISP Order on Remand, the FCC determined that ISP-bound traffic is interstate in nature and thus subject to the FCC's exclusive jurisdiction. The FCC also set forth a complex interim compensation mechanism for ISP-bound traffic pursuant to its authority under section 201 of the Act. The compensation mechanism was designated as interim pending the Commission's establishment of a permanent compensation mechanism in the companion Notice of Proposed Rulemaking.

The ISP Order on Remand had the effect of removing ISP-bound traffic from the Commission's jurisdiction and, therefore, from this proceeding. As succinctly stated by BellSouth's counsel during the hearing (TR. 910), essentially in this docket the Commission is looking only at that traffic that is exchanged at no greater than a 3:1 ratio between carriers and thus carries a presumption that it is not ISP-bound traffic. However, there are exceptions to this general rule. First, pursuant to the terms of the ISP Remand Order, even the compensation mechanism for this 3:1 traffic is covered by the mechanism set forth in the ISP Remand Order in some circumstances, in that the Order provides that to the extent an ILEC elects to pay the lesser rate for ISP-bound traffic it must also pay that same rate for all 251(b)(5) traffic. Conversely, in those states in which an ILEC elects not to take advantage of the lower rate for ISP-bound traffic, the FCC specifies that the higher rate applicable to voice traffic will also apply to ISP-bound traffic.

In summary, there appears to be no significant disagreement among the parties that the Commission has jurisdiction to implement the rates, terms and conditions of intercarrier compensation mechanisms for intrastate traffic subject 251(b)(5) of the Act, as long as such rates, terms and conditions are not inconsistent with the rules and orders of the FCC governing such intercarrier compensation.

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

****Position:** Much of what drives Sprint ILEC's local network architectural decisions today is the need for additional ports for trunks and pair gains. Sprint's ALEC network architecture is based on forecasted traffic.**

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

(a) Under what conditions, if any, is an ALEC entitled to be compensated at the ILEC's tandem interconnection rate?

****Position:** The FCC rules afford ALECs compensation at the ILEC's tandem interconnection rate under two scenarios: 1) when the ALEC switch utilizes a tandem or "equivalent facility" under FCC Rule 51.701 (c); or 2) when the ALEC switch serves a "comparable geographic area" under FCC Rule 51.711 (a) (3).**

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

****Position:** An ALEC switch performs "functions similar to those performed by an incumbent LEC's tandem switch" if the switch is capable of trunk to trunk connectivity and has the necessary software activated in the switch to perform the actual tandem function.**

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

****Position:** Sprint maintains that the ALEC must in fact hold itself out to serve customers in the geographic area served by the ILEC tandem absent any technical feasibility limitations, in order to satisfy the "comparable geographic area" criteria found in Rule 51.711(a).**

Discussion: The parties appear to agree that the FCC resolved a significant and controversy regarding this issue through its clarifying statement in the Intercarrier Compensation NPRM. In paragraph 105 of that Order, the FCC states that geographic comparability alone is sufficient to establish an ALEC's right to compensation at the tandem switching rate. Therefore the primary issue becomes defining the standard for determining geographic comparability. (TR.101) It is Sprint's position that comparability

is established when an ALEC can demonstrate that it holds itself out to serve a “comparable” area to the area served by the ILEC’s tandem switch.(TR.511) Sprint believes that “comparable” means similar, not identical. (TR.511) BellSouth’s and Verizon’s witnesses suggest complicated measurements and ALEC reporting requirements to determine whether the comparable geographic coverage standard has been met. ALECs also suggest relatively complicated standards for determining if an ALEC meets the geographic comparability standard.

In contrast, Sprint recommends ALEC self-certification, subject to challenge by the ILEC as to the true geographic scope of the ALEC’s switch. (TR.549, Exhibit 6, Item No. 4) If an ILEC challenges an ALEC’s self-certification, the ALEC would have the burden of proving that the geographic criterion was met. (TR. 551) Sprint’s proposal is superior to others suggested by ILECs and ALECs alike, because it simplifies the process and reduces regulatory oversight – that is, the Commission would be involved only if an ILEC disputes an ALEC’s self-certification claim. Freedom from the burdens of over-regulation is an essential goal of both the Act and the Florida Statutes.

Sprint believes that geographic comparability must, to a large extent, be determined on a case-by-case basis because of the subjective nature of the comparability standard. (TR.511) However, Sprint recognizes the uncertainty inherent in a self-certification plan if the Commission does not adopt some minimal guidelines as to what constitutes geographic comparability. (TR.556) Sprint suggests certain criteria that could be used to formulate such guidelines, such as that the ALEC must actually be serving or starting to serve the comparable area, the ALEC must be providing switched service, and the ALEC must be providing voice traffic. (TR. 577, 578). Sprint also suggests that an

ALEC's provision of service using unbundled network elements (UNEs), including UNE-P to fill out certain areas, could be used to satisfy the requirement to serve a comparable geographic area, as well. (TR. 578)

In addition, contrary to the testimony of Mr. Ruscilli, (TR. 107) Sprint believes that the equivalent facility, i.e., similar functionality, test remains an avenue for obtaining the tandem switching reciprocal compensation rate, independent of the geographic comparability test. (TR. 536) In other words, if an ALEC's switch or other facility performs similar functions to the ILEC's tandem switch, then the ALEC is entitled to the tandem rate, regardless of the geographic coverage of the facility. It is Sprint's position that similar functionality means trunk to trunk transport capability. (Exhibit 6, Item No.3)

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

Position: The ILEC's local calling scope, including mandatory EAS, should define the appropriate local calling scope for reciprocal compensation purposes for wireline carriers. This should not affect the ability of an ALEC to designate its own flat-rated calling scope for its retail services provided to its end users customers.

Discussion: The Commission has the authority to define local calling areas for the purpose of applying reciprocal compensation obligations pursuant to paragraph 1035 of the Local Competition Order. Sprint believes that the only workable definition for a "local calling area" for reciprocal compensation purposes is the ILEC's local calling scope. Use of any other local calling scope would be unworkable for determining and measuring the appropriate reciprocal compensation due. (TR. 385-389) The ILECs billing and routing systems have been developed based on the ILECs' Commission-

approved local calling areas. (Id.) End user compensation systems are also configured based on these calling scopes. (Id.) Indeed, the ILEC definition of local calling scopes has been recognized in the Florida Statutes and is the underpinning of the price regulation scheme for basis local telecommunications services embodied in s. 364.051, F.S. FCC Rule 51.701 (b) also recognizes the local calling scopes approved by state commissions as the appropriate basis for determining the jurisdiction of traffic for reciprocal compensation purposes. While BellSouth's witness Ruscilli advocates allowing local calling scopes to be defined by mutual agreement of the parties for the purposes of reciprocal compensation purposes, he, too, recognizes that if the parties cannot agree the ILEC's tariffed basic local calling area should be the default for determining local traffic for reciprocal compensation purposes. (TR.109, Exhibit 5, No. 6).

Although Sprint advocates that the ILEC's local calling area is the appropriate basis for defining local traffic for reciprocal compensation purposes, Sprint agrees that ALECs should be able to define their own local scopes for the purposes of establishing their retail service offerings. The ALECs present significant testimony attempting to justify their position that geographic/exchange based local calling scopes are pricing mechanisms only and should not bind ALECs in determining their local calling scopes for reciprocal compensation purposes, as well. For instance, the Joint ALECs witness Mr. Selwyn attempts to construe the FCC rules defining local and toll services to relate only to the ILEC's pricing schemes. (TR. 671) However, Level 3's witness Mr. Gates recognizes the fallacy of that interpretation and agrees that "pricing issues have nothing to do with whether a call is local or toll. (TR. 851)

In addition to the technical and administrative difficulties posed by adopting any other local calling scope for reciprocal compensation purposes, allowing ALECs to establish their own local calling scopes could result in discriminatory pricing for the same service between ALEC's and IXC's, who must pay access charges to originate and terminate calls based on the ILECs' local calling scopes. (TR. 537) This discriminatory result could occur when an ALEC establishes a geographically broader local calling scope than the ILEC's local calling area, allowing the ALEC to pay lower reciprocal compensation charges or to receive reciprocal compensation for traffic for which an IXC would be required to pay access originating and terminating access charges. While the FCC seeks to address these potential inequities in the Intercarrier Compensation NPRM, this Commission does not have the jurisdiction to reduce or eliminate access charges in its enabling statutes or on the record of this proceeding.

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

****Position:** It is the responsibility of the originating carrier to transport its traffic to the Point of Interconnection (POI) where it will be delivered to the terminating carrier. The ALEC has the right to designate the location of this POI for both the receipt and delivery of local traffic with the ILEC at any technically feasible location within the ILEC's network.**

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

****Position:** The appropriate compensation mechanism would assign responsibility between the ILEC and the ALEC based on a combination of minutes of traffic and distance between the local calling area and the point of interconnection, so long as the

ALEC determines the point of interconnection and no more than one point of interconnection per local calling area is required.**

Discussion: The issue addresses first, which party has the right to designate the point of interconnection for the exchange of traffic and, second, once that point of interconnection has been determined, which party bears financial responsibility for transporting traffic to that point of interconnection. There is general agreement among the parties that an ALEC has the right to establish the point of interconnection for the exchange of traffic and that the ALEC is only required to designate one point of interconnection per LATA. Indeed, the Commission has confirmed this interpretation of the FCC rule in several recent arbitrations in which this issue was disputed. BellSouth attempts to make a weak argument that there is a difference between a “point of interconnection” as provided in the FCC rules and an “interconnection point” established by the parties for the exchange of their respective traffic (TR.38). However, there is no support for this position anywhere in the FCC rules or orders and Mr. Ruscilli himself appears to concede this issue upon cross-examination. (TR.135, 137)

The issue then becomes a dispute over who pays for transport to the ALEC-selected point of interconnection, specifically if the ALEC avails itself of its right to select only one point of interconnection within a LATA. The dispute arises because an ALEC might have a local customer in one local calling area that is served out of the ALEC’s switch at their single point of interconnection within the LATA, but outside the ALEC local calling area. If an ILEC customer in this same local calling area were to call the ALEC’s customer in this local calling area, the call would need to be transported to the ALEC point of interconnection outside the local calling area and then returned to the

local calling area for completion. There is certainly support in the FCC rules and orders for the position that the originating carrier (ILEC or ALEC) must provide at its cost facilities to bring its traffic to the point of interconnection, regardless of where it is located. This position is ably articulated by several ALEC witnesses based on relevant FCC rules and orders prohibiting an ILEC from imposing the costs of its originating traffic on a terminating carrier. (TR.632-635) There are also creditable arguments that if a point of interconnection is located outside the ILEC's local calling area, the ILEC is not responsible for the portion of the costs attributable to transporting the traffic outside the local calling area to the ALEC's point of interconnection. This position is also convincingly argued by BellSouth and Verizon witnesses based on FCC rules and orders outlining the extent of an ILEC's obligation to provide interconnection to requesting carriers.(TR. 41-48)

The Commission's decisions on this issue, as presented in various arbitrations between individual ALECs and BellSouth, have been mixed. In the Level 3/BellSouth arbitration, the Commission decided the issue of who designated the point of interconnection, but declined to rule regarding the ALEC's obligation to pay the costs of transporting traffic outside the local calling area because of a lack of evidence in the record. In the MCI arbitration the Commission deferred resolution of the allocation of costs issue to this generic docket. In Sprint's arbitration with BellSouth, the Commission found that there was sufficient evidence in the record to determine that BellSouth incurs additional costs to transport traffic to a distant point of interconnection for termination and that Sprint must compensate BellSouth for those costs. Most recently, in the AT&T/BellSouth arbitration, the Commission determined that the record was not

sufficient to demonstrate that BellSouth incurred additional costs or to provide any basis for the Commission to determine the level of costs and, therefore, AT&T could not be required to compensate BellSouth for those costs.

Sprint believes that a compromise solution reached by BellSouth and some ALECs is the most equitable solution to resolve the dispute and reconcile the applicable FCC rules and Commission decisions. This solution is delineated by Mr. Ruscilli in his rebuttal testimony (TR. 86-88) and by Mr. Hunsucker in his rebuttal testimony (TR.528-533). Essentially it involves the ILEC paying the transport costs to the ALEC's point of interconnection outside the LATA under three circumstances: 1) when the traffic is less than 8.9 million minutes of use per month, regardless of the distance between the two locations; 2) when the traffic is greater than 8.9 million minutes of use per month and the distance between the local calling area and the point of interconnection is less than 20 miles and not in the same local calling area; and 3) when the point of interconnection is located in the same local calling area, regardless of the level of traffic. (Hunsucker, TR. 532) The ALEC assumes the transport costs outside the LATA when the relevant traffic is greater than 8.9 million minutes of use per month and the distance between the local calling area and the point of interconnection is greater than 20 miles and not located in the same local calling area. (TR. 532)

This compensation mechanism is equitable between the parties and is consistent with the FCC's requirement, expressed in paragraph 553 of the Local Competition Order, that an ILEC must make reasonable accommodation for an ALEC's chosen method of interconnection. (TR. 514)

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

****Position:** (a) Carriers should be permitted to assign NPA/NXX codes to end users outside the rate center in which the NPA/NXX 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:** (b) It should be the responsibility of the originating carrier to deliver its traffic to the rate center in which the NPA/NXX is homed.**

Discussion: Like Issue 14, this issue primarily concerns the appropriate allocation of financial responsibility for transporting traffic outside the ILEC's local calling area. Sprint believes that ALECs should be able to assign telephone numbers to end users outside the rate center where the telephone number is assigned. (TR. 515) The parties generally do not appear to dispute that ALECs should have such an ability. The ILECs provide certain services that assign numbers outside their home rate center, such as the ILEC's FX service. (TR. 758) ALECs should have the capability of offering competing services.

The crux of the dispute is whether an ALEC should be able to receive reciprocal compensation on calls delivered to the telephone number assigned outside the applicable rate center, or whether access charges should apply. It is Sprint's position that the endpoints of a call determine its jurisdiction for reciprocal compensation purposes. (Hunsucker response to Staff Interrogatories, Exhibit 6, Item No. 5) Sprint believes that it is the responsibility of the originating carrier to bear the costs of transporting the traffic

within the rate center. However, the ALEC should bear the costs of transport for the portion of the call outside the rate center. (TR. 516).

There is some question as to the continued significance of this issue given the FCC's ISP Remand Order determining that ISP-bound traffic is not 251(b)(5) traffic subject to reciprocal compensation under the Commission's jurisdiction. (TR. 574) Most parties agree that this issue is no longer relevant for ISP-bound traffic given the Remand Order. Sprint agrees that the FCC's ISP Remand Order has narrowed the scope of this issue and suggests that as applied to non-ISP traffic, the costs of separately identifying virtual NXX arrangements in order to bill access charges may outweigh any benefits of preserving the local/toll distinction in this scenario. (TR. 575) Sprint recommends that the issue be examined by an industry task force to devise a workable solution. (TR. 575, Exhibit 6, Item No. 5) Commission Jacobs also considers the merits of an alternative to the traditional local/toll compensation approach in questioning the merits of a one-time fee to cover the costs of establishing these arrangements. (TR. 890)

ISSUE 16: (a) What is the definition of Internet Protocol (IP) telephony?

****Position:** Paragraph 84 of the FCC's April 1998 USF Order (FCC-98-67) defines IP telephony services as services that "enable real-time voice transmission using Internet protocols." IP telephony services may be generally classified into one of three categories: computer-to-computer, phone-to-phone and computer-to-phone. **

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

****Position:** Sprint supports the position in the Joint Position Statement Regarding Issue 16(b) (“IP Telephony”) filed with the Commission on July 5, 2001.**

Discussion: The joint position statement states:

Because the term “IP Telephony” covers a range of relatively nascent and changing technologies, and because the entire topic is subject to one or more ongoing proceedings before the FCC, the FPSC should not, in this docket, establish a compensation scheme that would be intended to apply to IP Telephony or change existing compensation methods applied to such traffic.

ISSUE 17: Should the Commission establish compensation mechanisms governing the transport and delivery or termination of traffic subject to Section 251 of 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?

****Position:** Yes. The Commission should follow the reciprocal compensation procedures already established by the FCC.**

Discussion:

Bill and Keep

During the hearing, Commissioners requested Parties to address in their briefs issues relating to the Commission’s authority to order bill and keep, both generally under relevant FCC rules and orders and specifically in the context of this docket. As part of this discussion, Commissioners asked Parties to discuss the prerequisite to bill and keep set forth in FCC Rule 51.713, that traffic be roughly balanced and also to address the

affect of the FCC's ISP Reciprocal Compensation Order on the balance of traffic criteria. (TR.910-912)

FCC Rule 51.713 sets forth the parameters the Commission must follow in implementing bill and keep. Paragraph (b) of the rule provides that a state commission may impose bill-and-keep arrangements if the commission determines that the amount of traffic flowing from one network to the other is "roughly balanced." Paragraph (c) provides that a state commission is not precluded from assuming that the traffic flowing between networks is roughly balanced, unless a party rebuts such a presumption. Sprint interprets this rule as requiring a balance of traffic between specific carriers for the exchange of traffic between the two carriers' networks before bill-and-keep may be imposed on those carriers. Therefore, Sprint believes that the existence of a balance of traffic is a determination that must be made on a case-by-case basis between two carriers and cannot be determined on a generic basis for all carriers.

There is no evidence in the record of this proceeding concerning whether traffic exchanged between ILECs and ALECs is roughly balanced either on a global or specific carrier basis. While Verizon did discuss the merits of bill-and-keep in its testimony (TR.) this discussion was on a policy level and no factual evidence was presented to support Verizon's position in favor of bill and keep. Therefore, Sprint does not believe that the Commission has sufficient basis in the record of this proceeding to order bill-and-keep as a default reciprocal compensation mechanism should parties be unable to agree to a mechanism in interconnection negotiations.

In paragraph 1113 of the Local Competition Order, the FCC provides for a state commission to apply a "general" assumption that traffic between carriers is roughly

balanced. Pursuant to this provision and Rule 51.713 (c) codifying this provision, the Commission could determine that, unless a carrier submits sufficient proof to the Commission that traffic between its network and another carrier's network is not roughly balanced, then bill-and-keep is the required reciprocal compensation mechanism. However, the record contains little testimony and no factual evidence to support applying such a presumption. In addition, such a decision by the Commission would not obviate the need to determine the factual issue on a case-by-case basis, either as between the parties or through an arbitration proceeding before this Commission, should the application of the presumption be challenged.

Counsel for BellSouth suggested that, as a result of the FCC's Order on Remand regarding the appropriate compensation mechanism for ISP traffic, an argument could be made that traffic exchange at 3:1 ratio traffic is presumptively "roughly balanced." (TR. 910) Sprint could find no support for that presumption as a matter of law in the text of the ISP Order on Remand or the FCC's discussion of bill and keep in the Intercarrier Compensation NPRM. Furthermore, the record in this proceeding contains no testimony or evidence on which the Commission could base a finding of such a presumption, if the presumption does not arise as a matter of law based on the FCC's orders.

Sprint supports bill and keep as the appropriate intercarrier compensation mechanism for the exchange of all 251(b)(5) traffic, including wireless traffic. (TR. 559) However, Sprint believes that this issue is one that is best resolved by the FCC, which has jurisdiction over all the potentially affected entities and also has the ability to modify or eliminate the requirements of the current rule requiring traffic to be roughly balanced. In fact, the FCC is currently in the midst of an exhaustive analysis of the relative merits of

requiring a bill and keep arrangement as the appropriate intercarrier compensation mechanism. Intercarrier Compensation NPRM. As part of the Intercarrier Compensation NPRM, the FCC seeks extensive and detailed comments regarding the efficacy of adopting bill and keep as the appropriate intercarrier compensation mechanism for virtually all types of intercarrier traffic. Based on the information submitted to the FCC as part of the NPRM the FCC will have an extensive and sufficient record to make determinations regarding the imposition of bill and keep for intercarrier compensation. The FCC's perceived need to gather exhaustive and detailed information in order to determine whether bill and keep is appropriate underscores the paucity of factual or policy evidence available to this Commission in this proceeding to use in evaluating the merits of bill and keep. In addition to the lack of factual evidence regarding the existence of a balance of traffic between carriers, no wireless carrier has intervened as a party to this proceeding. Sprint believes that wireless carriers are indispensable parties to any consideration of a bill and keep regime and that, without their input, the Commission does not have a sufficient record to order bill and keep in this proceeding.

While the Commission could open a new proceeding to address solely the issue of bill and keep, Sprint does not recommend this. Since the FCC is currently examining the issue, and any FCC decision regarding bill and keep would preempt any conflicting decision this Commission might make, Sprint believes that the Commission should defer to the pending FCC action to address the issue.

Reciprocal Compensation Mechanisms

Given Sprint's position that this record does not provide a sufficient evidentiary basis for the Commission to order bill and keep, Sprint believes that the Commission

should adopt reciprocal compensation mechanisms consistent with the reciprocal compensation mechanisms reflected in the rules and orders of the FCC. The applicable FCC rules are found at 47 C.F.R. 51.701-51.717. These rules should be interpreted as advocated by Sprint in the discussions related to the individual issues in this docket.

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

****Position:** Any policies established in this docket should be implemented through negotiation and amendment of new and existing interconnection agreements.**

Discussion: Sprint believes that these policies should be implemented in the context of specific interconnection arrangements between carriers. The Act provides that reciprocal compensation arrangements should be adopted that context pursuant to sections 251 and 252. The First Report and Order and FCC rules adopted pursuant to that order also envision the implementation of reciprocal compensation arrangements in that context. Therefore, Sprint recommends that the policies established by the Commission in this docket should be implemented prospectively in existing agreements, to the extent applicable change of law provisions permit this. In addition, these policies should be implemented for new and renewed interconnection agreements, unless the parties agree to alternative reciprocal compensation mechanism through the negotiation process.

DATED THIS 10th day of August, 2001.

A handwritten signature in cursive script that reads "Susan S. Masterton". The signature is written in black ink and is positioned above a horizontal line.

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ATTORNEY FOR SPRINT

CERTIFICATE OF SERVICE
DOCKET NO. 000075-TP (Phase II)

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by U.S. Mail this 10th day of August, 2001 to the following:

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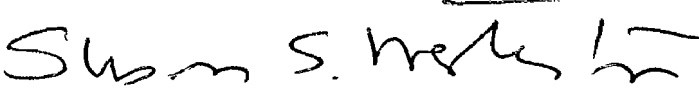
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