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April 17, 2003

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

Re:

Docket No. 000075-TP (Phase IIA)

Investigation into appropriate methods to compensate carriers for exchange of traffic subject to Section 251 of the Telecommunications Act of 1996

Dear Ms. Bayo:

Enclosed are an original and 15 copies of the transcripts of the Agenda Conferences held August 20, 2002 and December 17, 2002 in the above matter. Verizon Florida Inc. respectfully requests that these transcripts be filed in this docket. If there are any questions regarding this matter, please contact me at 813-483-2617.

Sincerely,

Kimberly Caswell

KC:tas

Enclosures

LECENED & FILED

Man DE RECORDS

DOCUMENT MINISTER DATE 03550 AFR 17 8

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of the foregoing were sent via U.S. mail on April 17, 2003 to the parties on the attached list.

Kimberly Caswell

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ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE:

DOCKET NO. 000075-TP - Investigation into appropriate methods to compensate carriers for exchange of traffic subject to Section 251 of

the Telecommunications Act of 1996.

BEFORE: CHAIRMAN LILA A. JABER

COMMISSIONER J. TERRY DEASON COMMISSIONER BRAULIO L. BAEZ COMMISSIONER MICHAEL A. PALECKI

PROCEEDINGS: AGENDA CONFERENCE

ITEM NUMBER: 21

Tuesday, August 20, 2002 DATE:

4075 Esplanade Way, Room 148 PLACE:

Tallahassee, Florida

REPORTED BY: MARY ALLEN NEEL

Registered Professional Reporter

ACCURATE STENOTYPE REPORTERS 100 SALEM COURT TALLAHASSEE, FLORIDA 32301

(850)878-2221



FPSC-COMMISSION CL

PARTICIPANTS:

KEVIN BLOOM, FPSC.

STAFF RECOMMENDATION

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

a) What is the Commission's jurisdiction in this matter?

- b) Should the Commission establish a default definition of local calling area for the purpose of intercarrier compensation, to apply in the event parties cannot reach a negotiated agreement?
- If so, should the default definition of a local calling area for purposes of intercarrier compensation be: 1) LATA-wide local calling, 2) based upon the originating carrier's retail local calling area, or 3) some other default definition/mechanism? PRIMARY RECOMMENDATION: The local calling area should be defined through negotiations between the parties. While staff believes the Commission has jurisdiction to define local calling areas, staff does not believe a compelling case can be made to exercise the Commission's jurisdiction to designate a default in the event negotiations are unproductive. ALTERNATIVE RECOMMENDATION: Alternative staff believes that the Commission has jurisdiction to determine local calling areas, and recommends that the originating carrier's retail local calling area be used as the default local calling area for purposes of reciprocal compensation.
- 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 mechanism?
- a) Does the Commission have jurisdiction to establish bill-and-keep?
- b) What is the potential financial impact, if any, on ILECs and ALECs of bill-and-keep arrangements?
- If the Commission imposes bill-and-keep as a default mechanism, will the Commission need to define generically "roughly balanced"? If so, how

should the Commission define "roughly balanced"? What potential advantages or disadvantages would result from the imposition of bill-and-keep arrangements as a default mechanism, particularly in comparison to other mechanisms already presented in Phase II of this docket? **RECOMMENDATION:** Staff does not recommend the No. imposition of a single 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 negotiating a while staff believes the compensation mechanism. Commission has the jurisdiction to establish bill-and-keep subject to either a determination or a presumption that a traffic between carriers is roughly balanced, the record of this proceeding does not support such a determination and argues against a presumption of balance. Should the Commission determine that the imposition of a bill-and-keep default is desirable, staff recommends the Commission define roughly balanced to mean the traffic imbalance is less than 10% between carriers over a three-month period.

ISSUE 19A: Should this docket be closed?

RECOMMENDATION: Yes. This docket should be closed upon the expiration of the time to file a motion for reconsideration or an appeal, since no further action is required by the Commission.

PROCEEDINGS

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CHAIRMAN JABER: Item 21 is a panel of Jaber, Deason, Baez, and Palecki.

MR. BLOOM: Commissioners, Item 21, you have before you staff's recommendation on Issues 13 and 17 in Phase II-A of Docket 000075. you may recall, at the agenda conference on the 5th of December, you voted on Issues 10, 11, 12, 14, 15, 16, 18, and 19, and then directed us, the staff, to conduct a one-day hearing on Issues 13 and 17 to supplement the record. now have that recommendation before you.

Issue 13 deals with the issue of defining local calling areas. There is a primary and an alternate. I am responsible for the primary, and Ms. Simmons is responsible for the alternate.

Issue 17 deals with the issue of compensation mechanisms, and specifically bill-and-keep, and Issue 19a is the close docket issue.

We are at this time prepared to answer any questions you may have.

CHAIRMAN JABER: Commissioners, we should take them up issue by issue because of the

primary and the alternative, so Issue 13. Do you have any questions of staff or a motion?

COMMISSIONER DEASON: Madam Chairman, I had the opportunity to meet with staff and discuss this matter, and I'm comfortable making a motion. I certainly recognize there may be questions from other Commissioners, and that would be fine too.

CHAIRMAN JABER: Commissioners?

COMMISSIONER DEASON: If there are no other questions, we do have a primary and an alternative, and I would say that I support the alternative. And the main reason for that is, I believe that it provides an avenue for competitive companies to perhaps define local calling areas in a different manner such that they can be responsive to the market as they deem appropriate. I think that the primary recommendation keeps the current local calling areas in a status quo situation. Those calling areas were established before there was competition, and I'm not so sure that that's necessarily the correct model in a competitive environment.

I know that there are perhaps some concerns

about some administrative costs with the
alternative recommendation. I would note,
though, that in the record there is evidence
that BellSouth has been able to accommodate that
particular arrangement, apparently successfully,
and so that gives me comfort that it is a
workable, doable situation.

So for those reasons, I would move that we would adopt staff's alternative recommendation on Issue 13.

CHAIRMAN JABER: Is there a second?

COMMISSIONER PALECKI: I second the motion.

CHAIRMAN JABER: There's been a -- any discussion?

COMMISSIONER BAEZ: This is a real -- this one is tough. I met with staff too, and I think what -- guess my understanding of at least the handicapping of the default is that nobody likes it, and I think therein lies a lot of value. So just with the understanding that there's still negotiation available to --

COMMISSIONER DEASON: Well, let me say
that obviously the number one situation, the
most preferred situation is for the parties to
negotiate it and determine what best meets their

1 particular needs, and I certainly would endorse 2 that by all means. This isn't in the situation 3 of a default. 4 COMMISSIONER BAEZ: Yes. And I think, like 5 I said, therein lies the value. It may not be 6 the most comfortable arrangement for everyone, 7 and I think as long as the negotiation away from 8 it is available, I can support it. 9 CHAIRMAN JABER: Okay. There has been a 10 motion and a second to approve staff's 11 alternative recommendation. All those in favor 12 say aye. 13 (Simultaneous affirmative responses.) 14 CHAIRMAN JABER: Issue 13 alternative is 15 approved, with those clarifications. 16 COMMISSIONER BAEZ: Thank you. 17 CHAIRMAN JABER: Item -- Issue 17. 18 COMMISSIONER DEASON: Madam Chairman, I can 19 move staff's recommendation. 20 CHAIRMAN JABER: There has been a motion to 21 approve staff on Issue 17. All those in favor 22 say -- second? 23 COMMISSIONER PALECKI: Second. 24 CHAIRMAN JABER: All those in favor say 25 aye.

1	(Simultaneous affirmative responses.)
2	CHAIRMAN JABER: Issue 17 is approved.
3	Any objection to closing the docket?
4	COMMISSIONER BAEZ: Gosh, no.
5	COMMISSIONER DEASON: No.
6	COMMISSIONER PALECKI: No.
7	CHAIRMAN JABER: Mr. Bloom, do you have a
8	problem with our closing the docket? There's a
9	motion by Commissioner Deason to close the
10	docket.
11	COMMISSIONER DEASON: Absolutely.
12	CHAIRMAN JABER: And a second by
13	Commissioner Palecki.
14	COMMISSIONER BAEZ: Second.
15	CHAIRMAN JABER: All those in favor say
16	aye.
17	(Simultaneous affirmative responses.)
18	CHAIRMAN JABER: Issue 19a is approved.
19	COMMISSIONER DEASON: Let me take this
20	opportunity to congratulate staff on a very good
21	recommendation and a very long and complicated
22	docket. Good job.
23	CHAIRMAN JABER: Yes, excellent.
24	(Conclusion of consideration of Item 21.)
25	

CERTIFICATE OF REPORTER

4 STATE OF FLORIDA)

5 | COUNTY OF LEON)

I, MARY ALLEN NEEL, do hereby certify that the foregoing proceedings were taken before me at the time and place therein designated; that my shorthand notes were thereafter transcribed under my supervision; and that the foregoing pages numbered 1 through 8 are a true and correct transcription of my stenographic notes.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, or relative or employee of such attorney or counsel, or financially interested in the action.

DATED THIS 29th day of August, 2002.

MARY ALLEN NEEL, RPR

100 Salem Court

Tallahassee, Florida 32301

(850) 878-2221

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: DOCKET NO. 000075-TP - Investigation into

appropriate methods to compensate carriers for exchange of traffic subject to Section 251 of

the Telecommunications Act of 1996.

CHAIRMAN LILA A. JABER **BEFORE:**

COMMISSIONER J. TERRY DEASON COMMISSIONER BRAULIO L. BAEZ COMMISSIONER MICHAEL A. PALECKI

PROCEEDINGS: AGENDA CONFERENCE

25 ITEM NUMBER:

Tuesday, December 17, 2002 DATE:

4075 Esplanade Way, Room 148 PLACE:

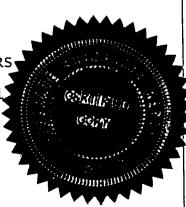
Tallahassee, Florida

REPORTED BY: MARY ALLEN NEEL

Registered Professional Reporter

ACCURATE STENOTYPE REPORTERS 100 SALEM COURT 32301 TALLAHASSEE, FLORIDA

(850)878-2221



PARTICIPANTS:

DAVID CHRISTIAN, Verizon.

MATTHEW FEIL, Florida Digital Network.

SUSAN MASTERTON, Sprint.

MARTIN MCDONNELL, Rutledge, Ecenia, Purnell & Hoffman, on behalf of AT&T, AT&T Broadband, FCCA, FCTA, Time Warner, and US LEC.

FELICIA BANKS, FPSC.

STAFF RECOMMENDATION

ISSUE A: Should the Commission grant AT&T/TCG/AT&T Broadband's request for oral argument on its motion for reconsideration of Order No. PSC-02-1248-FOF-TP? RECOMMENDATION: No. Pursuant to Rule 25-22.060(1)(f), Florida Administrative Code, oral argument on any post-hearing motion for reconsideration may be granted solely at the Commission's discretion. In this instance, staff believes that oral argument will not aid the Commission in evaluating issues before it.

ISSUE 1: Should the Commission grant the various motions for reconsideration filed regarding the tandem interconnection rate and definition of comparable geographic area in Order No. PSC-02-1248-FOF-TP?

RECOMMENDATION: No. The motions have not identified a point of fact or law which was overlooked or which the Commission failed to consider in rendering its decision. Therefore, the motions for reconsideration regarding the tandem interconnection rate and definition of comparable geographic area in Order No. PSC-02-1248-FOF-TP should be denied.

ISSUE 2: Should the Commission grant the various motions for reconsideration filed regarding assignment of telephone numbers and the related intercarrier compensation in Order No. PSC-02-1248-FOF-TP?

RECOMMENDATION: No. The motions have not identified a point of fact or law which was overlooked or which the Commission failed to consider in rendering its decision. Therefore, the motions for reconsideration regarding assignment of telephone numbers and the related intercarrier compensation in Order No. PSC-02-1248-FOF-TP should be denied.

<u>ISSUE 3</u>: Should the Commission grant the various motions for reconsideration regarding the definition

of local calling area defined by Order No. PSC-02-1248-FOF-TP?

RECOMMENDATION: Yes. The motions have identified a point of fact or law which was overlooked or which the Commission failed to consider in rendering its decision. Therefore, the motions for reconsideration regarding the definition of local calling area established by Order No. PSC-02-1248-FOF-TP should be granted. Staff recommends that no default option specifying the applicable local calling scope for purposes of intercarrier compensation should be set at this time.

<u>ISSUE 4</u>: Should the Commission grant the various motions for reconsideration regarding the ruling requiring the originating carrier to bear all of the cost of transport to a distant point of interconnection in Order No. PSC-02-1248-FOF-TP? The motions have not identified RECOMMENDATION: No. a point of fact or law which was overlooked or which the Commission failed to consider in rendering its Therefore, the motions for reconsideration decision. regarding the ruling requiring the originating carrier to bear all the cost of transport to a distant point of interconnection in Order No. PSC-02-1248-FOF-TP should be denied. However, staff believes the Commission should clarify and emphasize that this Commission's ruling will remain in effect only until such time as the FCC makes a definitive ruling on this In addition, staff believes that the Commission should clarify that the point of interconnection designated by the ALEC, to which the originating carrier has the responsibility for delivering its traffic, must be within the ILEC's network.

ISSUE 5: Should Verizon's motion to strike GNAP's notice of adoption be granted?

RECOMMENDATION: Yes. GNAP's notice of adoption appears to be an untimely motion for reconsideration or response to a motion. It is not otherwise contemplated by the Commission rules.

ISSUE 6: Should the various requests/motions for stay pending appeal be granted?

RECOMMENDATION: If staff's recommendation in Issue 3 is approved and reconsideration is granted, staff believes that the requests for stay are rendered moot. If, however, the Commission denies staff's recommendation in Issue 3, staff recommends that the

requests for stay be denied.

ISSUE 7: Should this docket be closed?

RECOMMENDATION: Yes. If the Commission approves staff's recommendation, no further action would be required.

PROCEEDINGS

2 CHAIRMAN JABER: That takes us to Item 25. 3 Commissioners, Item 25 is a panel, Jaber, Deason, Baez, Palecki. It is post-hearing. Let 5 me see if I can do this right here. Issue A 6 addresses a request for oral argument, so we 7 need to take that up first. And I would bring 8 to your attention that the request for oral 9 argument was filed on Issues 1 and 2. Staff 10 believes we have discretion to hear oral 11 argument on all the issues through 4. 12

Just for your benefit, I have to tell you, I need oral argument on Issue 3. But for me personally, that's the only one I need oral argument on.

COMMISSIONER PALECKI: I also would like to hear oral argument on Issue 3.

CHAIRMAN JABER: Okay. Commissioner Baez just said the same thing.

COMMISSIONER BAEZ: If that's a motion, I can second it.

CHAIRMAN JABER: Okay. There's a motion to hear oral argument only on Issue 3, and that would address your Issue A, and a second. All those in favor say aye.

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1	(Simultaneous affirmative responses.)
2	CHAIRMAN JABER: So with respect to Issue
3	A, Ms. Banks, we are limiting oral argument to
4	Issue 3. Okay?
5	MS. BANKS: Okay.
6	CHAIRMAN JABER: Commissioners, is there a
7	motion on Issue 1?
8	COMMISSIONER DEASON: Move staff.
9	CHAIRMAN JABER: There's a motion and a
10	second to approve staff on Issue 1. All those
11	in favor say aye.
12	(Simultaneous affirmative responses.)
13	CHAIRMAN JABER: Issue 1 is approved.
14	Issue 2.
15	COMMISSIONER DEASON: Move staff.
16	COMMISSIONER PALECKI: Second.
17	CHAIRMAN JABER: Motion and a second to
18	approve staff on Issue 2. All those in favor
19	say aye.
20	(Simultaneous affirmative responses.)
21	CHAIRMAN JABER: That brings us to Issue 3.
22	I'm trying to assess whether we want to go ahead
23	and rule on the other issues. Are we ready for
24	a motion on Issue 4?
25	COMMISSIONER DEASON: I can move staff on

1	Issue 4.
2	CHAIRMAN JABER: Issue 4, page 38, there
3	has been a motion to approve staff.
4	COMMISSIONER BAEZ: Second.
5	CHAIRMAN JABER: And a second. All those
6	in favor say aye.
7	(Simultaneous affirmative responses.)
8	CHAIRMAN JABER: Issue 4 is approved.
9	Issue 5.
10	COMMISSIONER DEASON: Move staff on Issue
11	5.
12	CHAIRMAN JABER: Page 47, Issue 5, there
13	has been a motion.
14	COMMISSIONER PALECKI: Second.
15	CHAIRMAN JABER: And a second. All those
16	in favor say aye.
17	(Simultaneous affirmative responses.)
18	CHAIRMAN JABER: That resolves Issue 5.
19	COMMISSIONER DEASON: I think we have to
20	wait on Issue
21	CHAIRMAN JABER: We have to wait, right,
22	and obviously 7. So let's go back to 3. Three,
23	6, 7.
24	Staff, how would you recommend we move with
25	the order? Verizon and BellSouth first?

1	MS. BANKS: Whatever your pleasure, Madam
2	Chair. Probably the petitioner first, and then
3	the respondent.
4	CHAIRMAN JABER: Is there anyone here from
5	Verizon? I think I said BellSouth. I mean
6	Verizon.
7	It's okay. Come on up Mr. Christian.
8	Really, it's okay. You need to go back and tell
9	them that you've done all their work.
10	MR. CHRISTIAN: Oh, the message has already
11	been sent, Commissioner.
12	COMMISSIONER DEASON: It's not your
13	birthday today, is it?
14	MR. CHRISTIAN: No, it's not.
15	COMMISSIONER BAEZ: Maybe you should have
16	them sing for you. It made me feel better.
17	MR. CHRISTIAN: Unfortunately, I am
18	definitely not prepared to discuss this item,
19	and I apologize for not having someone here who
20	can represent the company.
21	CHAIRMAN JABER: It's really fine,
22	Mr. Christian. You do need
23	MR. CHRISTIAN: I think I can let you know
24	that we support staff's recommendation on Issue
25	3.

1 CHAIRMAN JABER: Let me leave the choice up 2 to you. And, Commissioners, I need your 3 feedback here. It seems to me that -- because 4 certainly I recognize I need oral argument on 5 this issue, should we allow Verizon an 6 opportunity to come back and give us oral 7 argument on this issue, or should we ask the 8 questions we have? 9 COMMISSIONER DEASON: Well, Ms. Masterton 10 is here for Sprint, and their arguments may be

very similar. I'm not sure.

MS. MASTERTON: I probably am not prepared to address all of the arguments that Verizon made, but I am prepared to address Sprint's arguments.

COMMISSIONER DEASON: Well, I wasn't seeking for you to make their arguments for them, but it just seems to me that your arguments may give us that side of the picture. I would assume that they're very similar, if not identical.

> MS. MASTERTON: Yes.

COMMISSIONER DEASON: Madam Chairman, you know, with all due respect to Verizon, this item was on and it was noticed. And there may have

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been some difficulties having someone here, and I understand that, but I think we need to go forward.

CHAIRMAN JABER: And I can be fine with that.

And Mr. Feil, you're here, and Mr. McDonnell. Who do you represent, and are you ready to go forward?

MR. FEIL: I'm here on behalf of Florida
Digital Network.

MR. McDONNELL: I'm Marty McDonnell, and
I'm here for the parties who filed a response to
Verizon's motion for reconsideration, for AT&T
Communications of the Southern States and their
affiliates, the Florida Cable Telecommunications
Association, Time Warner, the Florida
Competitive Carriers Association, and US LEC.
And I believe another party or two, ALEC party
or two may have adopted the motion but didn't
join in.

CHAIRMAN JABER: I think, you know, in terms of how this was noticed, this was noticed letting folks know that participation on this item would be at the Commissioners' discretion, and we've exercised our discretion to hear from

the parties, so let's do the best we can and go forward.

With respect to Verizon, you agree with staff's recommendation.

MR. CHRISTIAN: Yes, Madam Chair.

CHAIRMAN JABER: Okay. Ms. Masterton.

MS. MASTERTON: Yes, Madam Chair. Sprint urges you to approve the staff recommendation to grant Sprint's request for reconsideration of the local calling area issue, and that staff's recommendation to grant that motion should be approved by the Commission.

As staff recognized, the Commission failed to consider certain critical implementation issues, such as how a carrier demonstrates what its retail local calling area is and whether the retail local calling area should be based on a carrier-specific basis or a customer-specific basis.

In the tandem rate interconnection issue, there was a lot of attention paid and a lot of testimony given to how to establish what is a comparable geographic area, and we believe that same kind of consideration needs to be given to how to determine what a carrier's retail local

calling scope is in order to implement the Commission's decision, and the evidence wasn't presented on that or considered by the Commission.

In addition, the Commission, as staff noted, failed to consider the inconsistencies between its decision on the retail local -- on the local calling area for reciprocal compensation purposes and its decision on the virtual NXX issue. The inconsistencies in those two decisions present administrative difficulties in implementation that we don't believe the companies can address.

Sprint also believes that the selection of the originating carrier's local calling scope is not a competitively neutral solution as the Commission had sought to achieve. Sprint agrees with staff's recommendation that the Commission should decline to adopt the default local calling area at this time. Sprint believes that allowing the companies to negotiate business solutions to this issue would appear to be the most competitively neutral available alternative.

we ask again that you approve staff's

recommendation on the local calling area issue.

Thank you.

CHAIRMAN JABER: I need to explore with

CHAIRMAN JABER: I need to explore with you a little bit more why you believe implementation creates problems. That's really what I wanted to hear from the parties. I need a better understanding of the concerns you have with how our previous recommendation would have to be implemented.

MS. MASTERTON: Well, first off the bat, we're supposed to compensate based on the ALEC's retail local calling scope, and how are we to know what that is? Do they just come in and say, "This is it," or, you know, do they have to file tariffs showing that it is? Do we negotiate an agreement on what that is when we're negotiating the contract? And none of that was addressed as to what the ILECs would accept as the retail local calling scope for the ALECs. And a corollary to that is --

COMMISSIONER DEASON: I'm sorry. Could you repeat that last sentence? I didn't --

MS. MASTERTON: What are we supposed to use to base our judgment on what the retail local calling scope of the ALEC is? What would we

accept as sufficient demonstration of what that is? There's no guidance to the ILEC as to --

COMMISSIONER DEASON: Is that something we need to give you guidance on, or is that something for you two to work out?

MS. MASTERTON: Well, it's something that we could try to work out. We're thinking that we would end up back before you in an arbitration with an individual ALEC to try to resolve that issue, since there was no guidance given by the Commission on what that determination --

COMMISSIONER DEASON: Well, what's wrong with them telling them what -- the competitive company telling you what their local calling area is? That's not good enough? You can't accept that?

MS. MASTERTON: Well, I think we would need some proof that in fact they offer retail local service on that basis. Otherwise, they could say the LATA is -- the decision didn't even restrict the retail local calling scope to the LATA, so they could say it's the entire state. But we would want some demonstration that they in fact -- because it says retail local calling,

that they in fact offer local -- retail local services in the area that they designate to be their local calling area. And what sort of proof should they be required to give? I'm sure the ALECs would agree with you that they should just tell us.

But I think that it's very similar to comparable geographic area in the tandem rate issue, and there the Commission set forth very specific criteria for how an ALEC would demonstrate that they had a comparable -- that they served a comparable geographic area.

CHAIRMAN JABER: One of the -
COMMISSIONER PALECKI: If you want to -excuse me.

CHAIRMAN JABER: One of the points that was made in either the response or through the hearing process, certainly it's discussed on page 32 of staff's recommendation, is an acknowledgment by the ALECs and our staff that BellSouth is doing this. The very issue that you have a concern about with respect to how it gets implemented and how it gets negotiated for implementation BellSouth has figured out. And as I considered the reconsideration motion you

all filed, I found it hard to understand why one ILEC, the largest ILEC, is not having a problem with the implementation, but you all are.

MS. MASTERTON: I'm not familiar with -you know, BellSouth did that prior to this
recommendation, so maybe there was more
flexibility on both sides in coming to an
agreement there. I don't know what their
agreements provide. I don't think it was really
offered into the record specifically how their
agreements define the originating carrier's --

CHAIRMAN JABER: When we rule on arbitrations, it's not uncommon for us to make our rulings in arbitrations and say, "Now go and negotiate terms for your interconnection agreement that are consistent with our rulings." We don't necessarily give you guidance on how you negotiate or what you bring to the table or how you implement our decision. To the degree BellSouth is implementing how they consider the ALEC's retail calling area to be, doesn't that give you the guidance you need? I mean, can't you call your counterpart at BellSouth?

MS. MASTERTON: I mean, I suppose we could

do that. That doesn't necessarily mean that we would feel that the way that they did it prior to you all issuing this ruling was the way that we would implement it based on -- I mean, that that was fulfilling the Commission's order. But, yes, we could find that as one way. I didn't really understand, though, that you all ordered that we do it in the way that BellSouth is doing it.

CHAIRMAN JABER: No, I agree with that. I don't think we did.

MS. MASTERTON: I guess we're saying we're going to have to negotiate a lot of these implementation issues, and we agree then that rather than you all even setting a default local calling scope that's going to probably -- the implementation of it is going to be back before you in an arbitration as we try to work out the things that weren't said, so you should, you know, reconsider that and just hold that the parties should negotiate rather than have a default.

CHAIRMAN JABER: Okay. And one final question. I know that Commissioner Palecki has some questions of you. Again, I analogize it to

how you all implement our arbitration proceedings. It's the same risk. When we arbitrate various issues and we say, "Now go off and do good in implementing that," I suppose all companies take the risk that that issue comes back to us if there's a failure to reach a resolution that's consistent with our decision. Would you agree with that?

MS. MASTERTON: I agree with you about that. But I would say that before we get to an arbitration, the parties have usually engaged in extensive negotiations, and so all of the various aspects of the particular issues that are in question are raised in that arbitration.

In this case, with this issue, the originating carrier's retail local calling scope was not extensive. There was not testimony on it. The parties didn't really argue it.

BellSouth mentioned that they did that. That was essentially the record on that issue. So I think there's a difference in how much is left up to the parties to try to read into an order in an arbitration where there's been extensive negotiations and testimony.

CHAIRMAN JABER: Okay. Commissioner

Palecki, and then Commissioner Deason.

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COMMISSIONER PALECKI: Yes. You had stated earlier that you might need proof from a particular ALEC as to what their local calling area is. Now, if you come to loggerheads with a particular ALEC on that issue, can you not come before this Commission and seek the proof that you're referring to?

MS. MASTERTON: No, we can. I agree that In fact, I think one of the things that we can. we're saying is that we probably will need to. because there was so much left unsaid that we will probably likely relatively quickly be back before the Commission in an arbitration to flesh out the Commission's order. And we're saying since the alternative that staff is recommending, and which many parties supported in their testimony and their briefs, is to allow the parties to negotiate the local calling scope, since so much is left to be negotiated, that the Commission should reconsider the issue, don't establish a default local calling scope, let the parties negotiate, and to the extent that they aren't able to establish a business solution, they'll be before the Commission in an

arbitration.

that you're speculating that you're going to have a problem before it even happens. And wouldn't it be better to negotiate these items first with the default there, and if you do have a dispute after negotiations as to what that local calling area is, then come before the Commission? It's almost speculating that you're going to have the problem, and the negotiations haven't even occurred yet.

MS. MASTERTON: Well, I can say that it's not totally pure speculation, because we've had to consider how to implement this, you know, since it was adopted in specific situations.

But --

COMMISSIONER PALECKI: And isn't it just as likely that you'll come to loggerheads with one of the ALECs if you don't have a default? Isn't it even more likely that you'll come to loggerheads if there's no default?

MS. MASTERTON: I don't agree, because the particular default that you all enacted we have felt is biased towards, you know, the ALECs and is not competitively neutral. It gives the

ALECs a bargaining advantage that prevents us from coming to an agreed-upon solution and will more lead to us coming before the Commission to get the issues that we have with the result.

COMMISSIONER PALECKI: You know, I know

BellSouth isn't a party to this proceeding, but
why is it that you feel that way, and apparently
BellSouth does not?

MS. MASTERTON: I just hate to -- I cannot speak for BellSouth. And I really feel that there was not a lot of testimony even from BellSouth about this alternative, how they implemented it or why it worked. So I don't think they've put into the record how they're doing it in a way that I could refer to that, and I have no idea what brought them to their decision or even how they've actually implemented it.

COMMISSIONER PALECKI: Thank you.

COMMISSIONER DEASON: Have you ever negotiated an agreement that defined local calling area other than the way Sprint defines local calling?

MS. MASTERTON: Although the majority of our agreements, especially our more recent ones,

have the ILEC local calling scope, I believe in some agreements we have altered that in some respects.

COMMISSIONER DEASON: How were you able to accomplish that? If this decision brings so many problems to you, how were you able to accomplish that?

MS. MASTERTON: Well, that was, you know, an arm's length, equal bargaining position, no presumed local calling area between the parties, and we were able to work it out as a business solution. It has to be the originating local carrier's local calling scope, but it doesn't say anything more about how that's to be determined, whether it's the carrier's -- one local calling scope per carrier or each customer is compensated in a different way. So you're a step ahead of where we would be if we were just starting from scratch in the negotiation, and that might ultimately lead to more conflict between us and the ALEC in trying to resolve it.

CHAIRMAN JABER: Were you done with your presentation?

MS. MASTERTON: That was conclusion of my remarks.

CHAIRMAN JABER: Mr. Feil.

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MR. FEIL: Actually, since FDN adopted the comments of Mr. McDonnell's clients, I was going to defer to him for primary argument.

CHAIRMAN JABER: Mr. McDonnell.

MR. McDONNELL: Thank you, Madam Chair.

I think first and foremost, I would ask the Commission not to lose sight of the vehicle that Sprint and Verizon have used to get before you today, that is, a motion for reconsideration of a previous ruling. As you well know, a motion for reconsideration is inappropriate unless the motion identifies a point of fact or law which was overlooked or which the Commission failed to consider.

Sprint's arguments today mirror the arguments that they've made regarding this issue. This docket was opened in, I think, January of 2000. These issues came before the Commission's consideration, I think, in December 2001, wherein you voted on them. At the time, the Commission did not overlook anything and did not fail to consider anything, as reflected in your order. The position brought forth in the motion for reconsideration by Sprint and Verizon

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are the positions they championed in their briefs and are the positions that their witnesses championed before you in their live testimony.

BellSouth -- obviously, the Commission rejected those positions, and not surprisingly, because of the fact that BellSouth has implemented this very, quote, local calling area, close quote, with a number of ALECs. And I can point to testimony that the Commission considered. It's in your previous order at page 46 and 47. "For purposes of determining the applicability of reciprocal compensation, a local calling area can be defined as mutually agreed to by the parties, and pursuant to the terms and conditions contained in the parties' negotiated interconnection agreement, with the originating party's local calling area determining the intercarrier compensation between the parties." BellSouth currently has the arrangement described in many of its interconnection agreements and is able to implement such agreements to be used as billing factors.

So it's apparent that this Commission has

not overlooked or failed to consider any of the arguments brought forth today. It's merely a rehash of old arguments.

In the order issued September 10, 2002, regarding the very issue you're here to reconsider, the local calling area -- and I'm looking at page 51 of the order, "Consequently, we believe that using the originating carrier's retail local calling area for wholesale purposes need not be as complicated to implement as the Verizon and Sprint witnesses would lead us to believe."

Additionally, the Commission held, "This issue appears with enough frequency that a default definition is needed for the sake of efficiency. A default should be as competitively neutral as possible, thereby encouraging negotiation and development of business solutions. On this basis, we find that the originating caller's retail local calling area shall be used as the default local calling area for purposes of reciprocal compensation."

And I submit to you that's a policy decision made by this Commission that is consistent with federal law, it is consistent

with state law, and it is in fact consistent with the marketplace today, because it's being implemented by at least one ILEC. There is no basis for this Commission to reconsider its previously entered valid ruling.

CHAIRMAN JABER: Thank you. Mr. Feil.

MR. FEIL: If I may just interject one comment, and that is something that
Mr. McDonnell alluded to. You made a policy decision when you initially entered the order.
You made it for very specific reasons, because you thought that it was going to help open up different markets and offer end users in Florida different local calling options, unlike the current environment.

To the extent that Sprint or Verizon had some concerns about the actual implementation of that, that is for the parties to negotiate during the interconnection agreement negotiation process. And to the extent that in the future parties may -- or an ALEC may be requesting something that's completely out of line with the manner in which BellSouth has done something in the past, then if that means there may be a future arbitration, then there's a future

arbitration. But the point is, the Commission
made a policy decision, and neither Sprint nor
Verizon have offered you any reasons for you to
change that policy decision.
That's all I have to say.
CHAIRMAN JABER: Thank you, Mr. Feil.

Commissioners, do you have additional -- well, are there other parties that are here to address us on this item? Thank you.

Commissioners, if you have additional questions, let me know.

COMMISSIONER DEASON: Well, I have a question for staff. Why does this rise to the level that we should reconsider our prior decision? That's a pretty difficult standard to achieve. It's very rare that we reconsider a decision.

MS. BANKS: That is true, Commissioner Deason.

One of the things that Verizon asserted in its motion for reconsideration is the assertion there are appears to be conflict between how the Commission has defined local calling area and how it has established the jurisdiction or what determines the jurisdiction of a call.

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And one of the things that staff viewed -and I have to admit, I think I speak for the
staff on whole that we did grapple with this
decision. As you mentioned, a motion for
reconsideration is a tough standard.

However, in view of what Verizon has asserted, the impact of what a particular decision of having a default local calling area be the originating local calling area, the default, that that potentially is something that the Commission did not -- was not able to give full consideration of how it would impact the parties. And in view of that, a potential that exists, as has been mentioned today, what would afford parties an opportunity to go to the table and negotiate and how they might be influenced to do that, we do believe that with the default local calling area as the originating local calling area, that in some way is more biased on the ILECs. And I'm not sure that gets to your question.

COMMISSIONER DEASON: Biased against the ILEC?

MS. BANKS: That is correct.

CHAIRMAN JABER: I guess I just have a real

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fundamental problem with that statement, knowing from Witness Shiroishi's testimony and what's in staff's rec, that BellSouth has done a good job implementing the local calling area that has been designated by wireless carriers, I think is what the testimony indicates, and ALECs, so I don't buy the conflict argument.

But the other problem I'm having,

Commissioners, is the notion that we didn't

think about the implementation process, because

just speaking from my perspective, I did think

about it. And I looked at the order to refresh

my memory. There was an amendatory order and

the original order, and we talk about our

preference to create an environment that's going

to lend itself to parties coming up with

business solutions. I'm looking at from page 50

on. Page 52 talks about our preference to have

a business solution as opposed to a regulatory

solution to industry disputes. And then we did

consider Ms. Shiroishi's testimony with respect

to implementation.

And I don't know what we'll do at the end of our vote, but from my perspective, I'm willing to take the risk that these companies

are going to talk further about how it gets implemented, and if they need to come back with some hard iron facts to modify our decision, so be it. But where I am right now, Commissioners, I think it's premature to modify our vote. And I certainly don't think there has been a mistake of fact or law, not from my perspective.

COMMISSIONER PALECKI: Madam Chairman, I agree with you completely. I think we did consider implementation. I think the record very adequately supports our decision. I completely disagree with the sentence on page 37 of the staff recommendation that there is insufficient record to establish implementation.

However, at this time, if any Commissioners feel that we should reconsider on our own motion, if they feel like we didn't make the right decision prior, I wouldn't have any problem going down that road. But I certainly don't believe that the standards for reconsideration have been met here, and I also personally believe that we made the correct decision.

CHAIRMAN JABER: Commissioners, any other questions, comments, or a motion?

COMMISSIONER DEASON: Let me provide this comment. I believe that part of the motivation, or at least one Commissioner's motivation, and maybe shared by others, was to foster a situation where there is going to be meaningful negotiation between the parties when it comes to local calling areas, and that this is a default position that maybe will never even have to be implemented, in the sense that the parties can come to the bargaining table and negotiate what is in their own best interests. And I think by having that, customers are going to be better served.

I'm concerned that without this provision, that we're going to be -- we're going to be captured by the existing local calling areas, and we're not going to see innovative plans for competitors to come in and recognize that there are certain demands within the market and meet those demands when it comes to local calling areas. And that may be increasing those local areas; it may be decreasing those. Whatever the demand is out there, what customers demand, there should be an opportunity for competitors to come in and to meet that demand. I think the

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same should be for the incumbents as well.

I think that we are too structured right now in our thinking that local calling is as local calling was defined before the Telecommunications Act was changed in 1995, and it can never change again. I think that is a bad situation to be in. One of the reasons that I voted for this provision was that I think that gives an opportunity for us to change the status quo and allow participants in the market to evaluate what the market is demanding in terms of local calling. And that was part of my motivation, and I still think that that is the correct -- a correct motivation.

COMMISSIONER BAEZ: And I would share those And I spent the last few minutes trying to recall what the discussion was leading up to that vote, and as I recall, there was some discussion of creating a basis for negotiation. And I think it's reflected in the order with some degree of confidence that what we're creating is an opportunity to find business solutions, and that should encompass the whole of the interconnect agreement.

So I think I haven't seen any reason to

change certainly my decision.

COMMISSIONER DEASON: And like I say, this

-- it is a default position, that's correct, but

I think if anything -- I don't think it

disadvantages the incumbent LEC. I think it

puts the ALEC in a better negotiating position

and a more meaningful negotiating position. If

there is a situation where there is a true

market demand for a different local calling area

and the competitive LEC feels that they can come

in and meet that demand, they should have the

ability to put together a local calling area

which accomplishes that.

I think under the present regime that it would be impossible for a competitive LEC to have a more extensive local calling area than the incumbent LEC, because that would mean that for every call, they would have to pay terminating access, and they would not be charging their local customer anything additional for making that call. I just don't -- with that regime, I just don't think that we're going to have any change in local calling areas.

CHAIRMAN JABER: Okay. Sounds like we're

1 ready for a motion on Issue 3. 2 COMMISSIONER DEASON: I would move that we 3 deny staff and that we not reconsider our decision on Issue 3. 5 COMMISSIONER BAEZ: Second. 6 COMMISSIONER PALECKI: Second. 7 CHAIRMAN JABER: Okay. There has been a 8 motion and a second to deny staff's 9 recommendation on Issue 3 and not grant 10 reconsideration. All those in favor say aye. 11 (Simultaneous affirmative responses.) 12 CHAIRMAN JABER: That resolves Issue 3. 13 Now, staff, on Issue 6, there was a request 14 for a stay. And your recommendation is that if 15 we had approved your recommendation on Issue 3, 16 this would have been rendered moot, but if we 17 deny staff's rec on Issue 3, which we just did, 18 you want us to deny the motion for a stay. 19 Before we bring that up for a vote, you 20 have been -- well, it has been represented in 21 the pleadings that the parties will -- I guess 22 Verizon and Sprint will appeal our decision, and 23 I want to talk to the parties in that regard. 24 Absolutely, I recognize that it's your

prerogative to appeal our decision.

I would

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1	hope we start moving forward on these issues and
2	that the resources that would be devoted to an
3	appellate process get devoted instead to a
4	thorough, meaningful negotiation process.
5	That's not to say I don't recognize that you're
6	free to do whatever you want. I would just I
7	have high expectations for this decision being
8	implemented professionally by all the
9	stakeholders.
10	With that, is there a motion for Issue 6?
11	COMMISSIONER DEASON: I would move staff.
12	That's to deny the stay; correct?
13	CHAIRMAN JABER: Is there a second?
14	COMMISSIONER PALECKI: Second the motion.
15	CHAIRMAN JABER: There has been a motion
16	and a second to deny the motion for a stay,
17	which is consistent with staff's recommendation
18	in Issue 6. All those in favor say aye.
19	(Simultaneous affirmative responses.)
20	CHAIRMAN JABER: Issue 6 is approved.
21	Issue 7.
22	COMMISSIONER DEASON: Move staff.
23	COMMISSIONER PALECKI: Second.
24	CHAIRMAN JABER: All those in favor say
25	aye.

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                   (Simultaneous affirmative responses.)
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                   CHAIRMAN JABER: Issue 7 is approved.
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             Thank you all.
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                   MR. McDONNELL: Thank you.
                   (Conclusion of consideration of Item 25.)
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CERTIFICATE OF REPORTER

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4 STATE OF FLORIDA)

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I, MARY ALLEN NEEL, do hereby certify that the foregoing proceedings were taken before me at the time and place therein designated; that my shorthand notes were thereafter transcribed under my supervision; and that the foregoing pages numbered 1 through 36 are a true and correct transcription of my stenographic notes.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, or relative or employee of such attorney or counsel, or financially interested in the action.

DATED THIS 31st day of December, 2002.

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100 Salem Court

Tallahassee, Florida (850) 878-2221 32301