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December 11, 2000

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

**Re: Docket No. 000761-TP (Sprint PCS Arbitration)**

Dear Ms. Bayo:

Enclosed is an original and fifteen copies of BellSouth Telecommunications, Inc.'s Pre-Hearing 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,

*R. Douglas Lackey*  
for R. Douglas Lackey

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

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**CERTIFICATE OF SERVICE**  
**Docket No. 000761-TP**

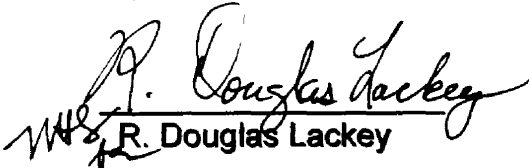
I HEREBY CERTIFY that a true and correct copy of the foregoing was served via

U.S. Mail this 11th day of December, 2000 to the following:

Diana Caldwell  
Staff Counsel  
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R. Douglas Lackey

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Sprint Spectrum L.P. d/b/a )  
Sprint PCS for Arbitration of Certain Terms and ) Docket No. 000761-TP  
Conditions of a Proposed Agreement with )  
BellSouth Telecommunications, Inc. pursuant to ) Filed: December 11, 2000  
Section 252 of The Communications Act )  
\_\_\_\_\_ )

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

BellSouth Telecommunications, Inc., (“BellSouth”) pursuant to the Order Establishing Procedure (PSC-00-1563-PCO-TP), issued August 30, 2000, submits its Pre-hearing Statement.

**Witnesses**

BellSouth proposes to call the following witness 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>
Randy Ham (Direct)	1, 2, 4 and 5
A Panel Consisting of (All Direct)	1, 2, 3, 4 and 5
a. Jamshed K. Madan	
b. Michael D. Dirmeier	
c. David C. Newton	

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-hearing conference to be held on December 18, 2000. BellSouth has listed the witnesses for whom BellSouth filed testimony, but reserves the right to supplement that list if necessary.

## Exhibits

The Panel Consisting of:

- |                        |  |
|------------------------|--|
| a. Jamshed K. Madan    | Exhibit A: Qualifications of Jamshed K. Maden    |
| b. Michael D. Dirmeier | Exhibit B: Qualifications of Michael D. Dirmeier |
| c. David C. Newton     | Exhibit C: Qualification of David C. Newton      |
|                        | Exhibit 1: Sprint PCS Cost-Version 1             |
|                        | Exhibit 2: Sprint PCS Cost-Version 2             |

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 proceeding is to resolve each issue in this arbitration 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"). The seminal question that must be resolved in this arbitration is whether Sprint Spectrum, LP ("Sprint PCS") has demonstrated that it is entitled to receive asymmetrical reciprocal compensation for calls that originate on BellSouth's local landline network and that terminate on Sprint PCS's network. BellSouth states that Sprint PCS has not demonstrated that it is entitled to asymmetrical reciprocal compensation because its cost study supporting such rates is fatally flawed and cannot be corrected on the record presented to the Commission in this proceeding. BellSouth also asserts that as a matter of public policy, allowing Sprint PCS to

receive asymmetrical reciprocal compensation based on the facts in this case would be inappropriate. Sprint PCS seeks rates for the use of portions of its network that BellSouth is not allowed to include in its reciprocal compensation studies. Sprint PCS's claimed asymmetrical reciprocal compensation rate is 18 times higher than BellSouth's rate for traffic flowing in the other direction, and there is no current cost recovery mechanism in place to recover these costs if charged against BellSouth. Therefore, the Commission should adopt BellSouth's positions on the issues in dispute.

### **BellSouth's Position on the Issues of Law and Fact**

**Issue 1: Does Sprint PCS incur costs in terminating BellSouth's land-to-mobile traffic? If so, what are those costs?**

**Position:** BellSouth agrees that Sprint PCS does incur costs to terminate a call that originates on BellSouth's landline network, just as BellSouth incurs a cost to terminate Sprint PCS-originated calls. The study that Sprint PCS has submitted in this proceeding, however, does not allow an accurate determination of what those costs may be for purposes of determining an asymmetrical reciprocal compensation rate.

**Issue 2: What costs identified in Issue 1, if any, constitute additional costs consistent with applicable law and rules?**

**Position:** Additional costs are those costs that one local exchange carrier incurs to terminate another local exchange carriers calls, that would not have been incurred but for the additional call. That is, "additional costs" have been defined by the FCC as the traffic-sensitive costs necessary to transport the call to the terminating carrier's end office, and end office switching costs in that office. These costs are supposed to be based on the costs that a carrier using the most efficient telecommunications technology and the lowest cost network configuration would incur. There have been no costs identified in response to Issue 1 that could constitute "additional costs." This is because the cost study offered by Sprint PCS does not reflect the costs that a carrier using the most efficient telecommunications technology and the lowest cost network configuration would incur.

**Issue 3: Is Sprint PCS's cost study appropriate for determining the additional costs identified in Issue 2?**

**Position:** The Sprint PCS cost study referred to in Issue 2 is not appropriate for identifying any additional costs necessary to terminate BellSouth-originated local calls nor is it appropriate to establish asymmetrical reciprocal compensation rates. The study is fatally flawed because it includes cost for network elements that are not traffic-sensitive and because the study does not reflect the costs that a carrier using the most efficient technology and the lowest cost network configuration would incur. Indeed, the study includes fixed-cost elements, such as spectrum and towers as well as the basic elements that Sprint PCS was required to construct as a condition of its license, without regard to whether a single minute of traffic every traversed the network. Moreover, the declining costs of the Sprint PCS network, as evidenced by its own cost figures, demonstrates that the network is not configured optimally. Therefore, the cost study submitted by Sprint PCS is fatally flawed and cannot be used in this proceeding.

**Issue 4: For those elements and functions that constitute additional costs, is asymmetrical compensation appropriate?**

**Position:** As noted in response to the previous issues, Sprint PCS incurs cost to terminate BellSouth-originated local calls, just as BellSouth incurs costs when the calls flow in the opposite direction. The elements that would be included are those Sprint PCS traffic-sensitive elements that provide transport from BellSouth's network to Sprint PCS's network, plus those elements that provide end office switching. Sprint PCS, however, has not produced a cost study that would show that a carrier using the most efficient technology and the least cost network configuration would incur costs for these traffic-sensitive elements that are greater than those incurred by BellSouth for handling calls flowing in the other direction. Therefore asymmetrical compensation is not appropriate in this case.

**Issue 5: What is the appropriate level of compensation Sprint PCS should receive for the termination of BellSouth's land-to-mobile traffic?**

**Position:** The appropriate level of compensation Sprint PCS should receive for the termination of BellSouth-originated local traffic is the same rate that BellSouth receives when it terminates a Sprint PCS-originated call, where the same traffic-sensitive network elements are used. Sprint PCS should not receive asymmetrical reciprocal compensation for terminating BellSouth-originated calls.

#### Stipulations

None.

#### Pending Motions

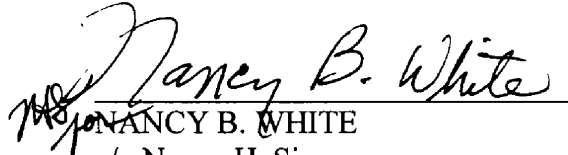
None.

#### Other Requirements

None.

Respectfully submitted this 11th day of December 2000.

BELLSOUTH TELECOMMUNICATIONS, INC.

  
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