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July 10, 2003

EX PARTE

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
The Portals
445 12th St. SW
Washington, D.C. 20554

Re: **CC Docket 01-92**

Dear Ms. Dortch:

This is to notify you that on July 8, 2003 BellSouth met with Commission staff to discuss a number of issues raised in the above docket relating to interconnection and intercarrier compensation between CMRS carriers and independent local exchange carriers. Representing BellSouth at these meeting were Randy Ham, Parkey Jordan and the undersigned. Commission staff in attendance were Jeff Dygert, Debra Weiner, Mary McManus and David Horowitz of the General Counsel's Office.

The attached presentation formed the basis for this discussion. In addition, I am attaching a copy of an ex parte letter previously filed by BellSouth in this proceeding.

Pursuant to Commission rules, please include this notice and attachments in the record of the proceeding identified above.

Sincerely,


Glenn Reynolds

cc: Jeff Dygert
Debra Weiner
Mary McManus
David Horowitz

BELLSOUTH

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May 15, 2003

Mr. William Maher
Chief, Wireline Competition Bureau
Federal Communications Commission
445 12th Street, S.W.
Room 5-C450
Washington, D.C. 20554

RE: Ex Parte Presentation in CC Docket No. 01-92

Dear Mr. Maher:

This is in response to the Notices of Ex Parte Presentation filed by Mr. Stephen G. Kraskin on April 29, 2003, and May 2, 2003, on behalf of the Alliance of Incumbent Rural Telephone Companies, the Georgia Telephone Association, the Kentucky Independent Telephone Group, the Mississippi Rural Independent Telephone Company Group, and the Tennessee Rural Independent Coalition (collectively, the "Independents").

The ex parte presentation of the Independents, as well as that of Verizon Wireless in the same Docket, highlights the need for the Commission to issue rules relating to intercarrier compensation associated with indirect interconnection and transiting functions. Pursuant to the Act, the Independents are obligated to accept calls from carriers who have chosen to interconnect indirectly with the Independents through a third party transiting company, such as BellSouth. Further, the Independents must recognize that compensation due them for local calls from other carriers is the responsibility of the originating carrier, not the transiting company.

The Independents, in their objection to meet point billing arrangements being utilized to provide the Independents with the necessary information to bill the originating carrier for local traffic terminated on the Independents' networks, fail to mention that the industry standard call detail records BellSouth provides to the Independents for CLEC and CMRS originated local traffic are the same records the Independents have received and used for billing interexchange carriers in connection with access services jointly provided by the Independents and BellSouth. Thus, BellSouth has not "unilaterally imposed" meet point billing arrangements on the Independents. Further, while it is true that BellSouth

compensated Independents in the past for CMRS originated traffic that transited BellSouth's network and was delivered to the Independents for termination, BellSouth did so only because CMRS providers' accounts had not been established originally in the industry standard CABS billing system and BellSouth could not generate the industry standard billing records that would enable the Independents to bill the CMRS providers.¹ As CMRS providers have converted to meet point billing with BellSouth, BellSouth has provided advance notice to the Independents. While the Independents have objected to BellSouth's discontinuance of payment for CMRS traffic, they have never claimed that they are unable to utilize the billing records provided to bill the CMRS providers directly. Further, as the Independents utilize the same billing records to bill interexchange carriers in meet point billing arrangements with BellSouth, BellSouth had no reason to believe the Independents would agree to meet point billing only where they could bill access rates. It appears that the Independents simply prefer to classify this traffic as BellSouth's toll traffic, for which the independent companies throughout BellSouth's region charge from \$0.01 to \$0.20 per minute of use.

BellSouth has attempted to negotiate new agreements with the Independents, but the Independents have resisted. As the only local service provider in their service areas, and as the Independents for the most part have not provided toll services, the Independents have never had to pay intercarrier compensation, but have always been the recipient of such compensation. Further the Independents have always charged originating or terminating access, rather than cost-based reciprocal compensation, when exchanging traffic with other carriers. Thus, it appears that the Independents would rather not exchange local traffic with any carrier because to do so would reduce the amount of money the Independents collect for terminating traffic, and would cause the Independents to be responsible for payment to another carrier for originated traffic. By insisting that BellSouth, as a transiting company, continue to pay them access charges for CMRS traffic, the Independents are: (1) ignoring the reality that pursuant to current law they are obligated to terminate traffic on their networks that may be "local" as defined by the originating carrier; (2) charging access rates for termination of local traffic in violation of Section 251(b)(5) of the Act; and (3) attempting to shift the burden of payment for originating traffic from the originating carrier to the transiting carrier. Although BellSouth has agreed to act as a transiting company, it is not willing to assume the costs of reciprocal compensation or access for traffic it neither originates nor terminates. If, when performing this transiting function, BellSouth is forced to pay the originating or terminating carrier, or if BellSouth is not allowed to recover cost of using its network for transit functions, BellSouth will be unwilling to agree to perform transiting services for carriers.² The issues that the Independents raise must be fully addressed in the Commission's intercarrier compensation docket.

¹ In Mississippi and Georgia, BellSouth and the Independents entered into agreements prior to the Telecommunications Act of 1996 whereby BellSouth agreed to compensate Independents in those states for CMRS traffic at the Independents' access rates. Those agreements have been terminated in accordance with the terms thereof. BellSouth has reached a settlement with the Georgia Telephone Association and certain CMRS providers regarding compensation for CMRS transit traffic.

² BellSouth fully agrees with the comments of SBC Communications, Inc. filed in CC Docket No. 01-92 relating to transit traffic and charges therefor.

May 15, 2003

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With regard to the US LEC Petition, the Independents claim that they should receive access charges when terminating any traffic from "an interexchange or toll carrier utilizing an established access interconnection arrangement." In today's environment, interexchange or toll carriers may also be local service providers or transit service providers. The Independents, like other telecommunications carriers, must consider the jurisdiction of the traffic and the origination thereof (as established through industry standard call detail records in the case of transit traffic). The Independents' position on this issue jeopardizes the transit function and ignores the fact that the Act permits multiple local service providers in any given territory.

Neither the Act nor any Commission precedent obligates BellSouth to provide transit service in order to facilitate interconnection between CMRS providers and Independents. While BellSouth is willing to offer such transit service, it will do so only to the extent that it is (1) fairly compensated for this service, and (2) not forcibly placed in the shoes of either the originating or terminating carriers with respect to responsibilities for intercarrier compensation. For these reasons, the Commission should clearly articulate these responsibilities in the context of this proceeding.

Sincerely,



Glenn Reynolds

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BELLSOUTH EX PARTE
JULY 8, 2003

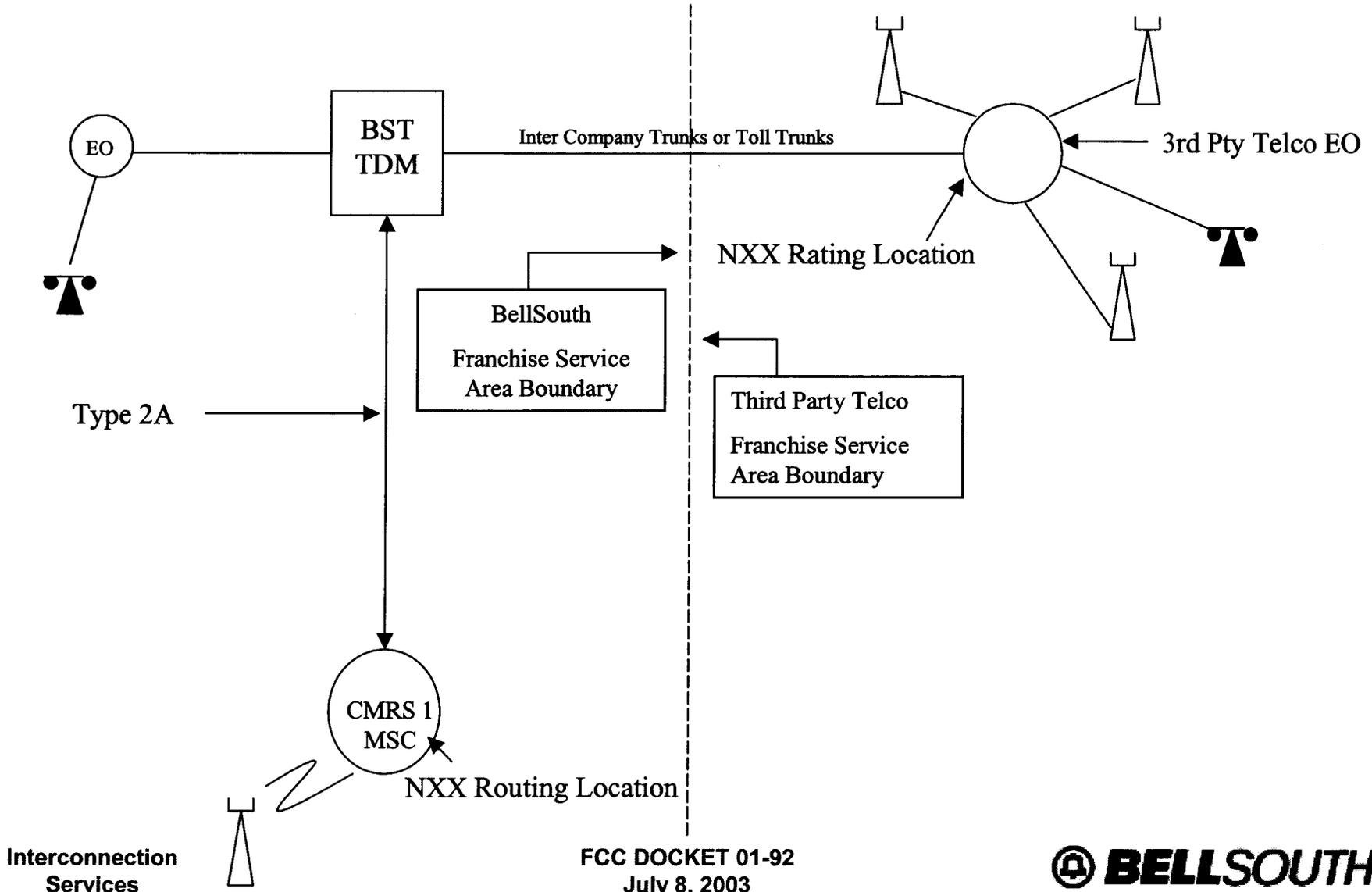
CMRS NPA/NXX ARRANGEMENTS
WITH THIRD PARTY ILEC RATE CENTER



 **BELLSOUTH**



NXX With 3rd Party Rate Center & Routing To BellSouth



FCC DOCKET 01-92
July 8, 2003

>> SPRINT PCS ISSUE

Sprint and other CMRS providers obtain NPA/NXX codes and instruct carriers to ROUTE calls to those numbers to a BellSouth tandem but to RATE those calls in the rate center of an Independent ILEC.

Assigning an NPA/NXX code to different routing and rating points within the same ILEC's service area is acceptable and is permitted by ILECs. Assigning differing routing and rating points in differing ILEC service areas prevents carriers from appropriately jurisdictionalizing traffic and from billing other carriers appropriately.

BellSouth has complied with Sprint's requests to load NPA/NXX codes with routing and rating points in different ILEC territories, but seeks the Commission's guidance regarding whether codes should be loaded in this manner and if so, how affected parties are to address resulting intercarrier compensation issues.

>> CMRS CARRIERS SHOULD INTERCONNECT DIRECTLY WHERE THEY ARE MARKETING A LOCAL PRESENCE

Sprint's intent in assigning a rating point in an independent ILEC's territory is to be able to maintain a local presence in the service area without establishing direct interconnection with the independent ILEC in the area where the local service is provided.

Allows end users of the independent ILEC to dial a local number to reach end users of Sprint

Assumes calls originating from and terminating to the particular NPA/NXX will be predominantly between the CMRS end user and the independent ILEC end user

Does not support Sprint's claim that "a large portion of the traffic at issue is traffic originating on the BellSouth network"

Sprint's claim that traffic volumes do not justify the cost of direct interconnection with the independent ILEC is inconsistent with its desire to establish a local presence in the independent ILEC's territory. Sprint is marketing its wireless service to residents of the independent ILEC's territory and intends to assign the telephone numbers to end users located in that territory.

>> BELLSOUTH SHOULD NOT BE FORCED TO BEAR CMRS CARRIERS' COSTS

Sprint's assignment of routing points in BellSouth territory and rating points in an independent ILEC's territory in effect places on BellSouth an obligation to act as a transiting company.

BellSouth has no obligation pursuant to the Telecommunications Act of 1996 to provide transiting functions, but has agreed to do so for CMRS providers and CLECs in the interest of network and resource efficiency.

If Sprint and other carriers are permitted to force ILECs to load NPA/NXX codes as Sprint has requested, the ILEC owning the routing point tandem will necessarily be transiting calls that are clearly intended to be local to the ILEC owning the rating point. Thus, the majority of the traffic will be exchanged between Sprint and the independent ILEC, and it will all be routed through BellSouth's tandem. Further, allowing such code assignments eliminates the tandem carrier's ability to negotiate transiting arrangements and to charge a reasonable rate for the use of its network.

>> TRANSITING ISSUE

BellSouth agreed to provide a transiting function under the assumption that NPA/NXX codes would be both rated and routed within a single ILEC service area.

The assignment of a routing point in BellSouth's service area and a rating point in an independent ILEC's service area places BellSouth in the middle of disputes regarding intercarrier compensation that should be paid and collected between the originating and terminating carrier and not by BellSouth. As a transit provider, BellSouth should be paid for the use of its network in transiting traffic, and it should not be responsible to any other carrier for intercarrier compensation of any kind.

While some carriers attempt to hold a transiting company responsible for such payments in even the most simple call flows where routing and rating points are not assigned in different locations, the assignment of routing and rating points as Sprint has requested will, in some circumstances, prevent appropriate call detail or billing records to be passed to the appropriate carriers, and prevent the correct billing and collection of intercarrier compensation. In such a situation, terminating carriers may look to the wrong carrier for payment because the assignment of the NPA/NXX codes could distort the records.

>> **INTERCARRIER COMPENSATION ISSUES**

Different Rating and Routing Points

Calls exchanged between BellSouth and Sprint generally do not raise intercarrier compensation issues.

Intercarrier compensation issues generally arise only in the context of transit traffic, where a carrier other than the originating and terminating carriers are involved in the delivery of the call.

Scenario # 1: IXC delivers call to BellSouth for termination to a Sprint end user

BellSouth delivers the call to Sprint and bills the IXC BellSouth's portion of the access charges.

In accordance with CABS Billing Output Specification ("CBOS") industry standards, call detail records are forwarded to the owner of the rate center, which is the independent ILEC. The independent ILEC's network was not utilized and it is not entitled to any compensation.

Sprint is entitled to bill the IXC terminating access charges, but Sprint will not get the call detail records under CBOS standards.



INTERCARRIER COMPENSATION ISSUES

Different Rating and Routing Points

Scenario # 2: CLEC or CMRS provider delivers call to BellSouth for termination to a Sprint end user

BellSouth delivers the call to Sprint and bills the CLEC or CMRS provider transiting charges.

In accordance with CBOS, call detail records are forwarded to the owner of the rate center, which is the independent ILEC. The independent ILEC's network was not utilized and it is not entitled to compensation.

Sprint is entitled to bill the CLEC or CMRS provider reciprocal compensation, but Sprint will not get the call detail records under CBOS.



INTERCARRIER COMPENSATION ISSUES

Different Rating and Routing Points

Scenario # 3: Independent ILEC originates a call to a Sprint end user

Independent ILEC sends the call to the routing point designated in the Local Exchange Routing Guide (LERG), which is BellSouth's tandem. BellSouth will route the call to Sprint for termination.

Call detail records that would normally be provided to Sprint are generated based upon rating points rather than routing points. CBOS standards prevent carriers from loading rating points that are not in that carrier's service area. Thus, no call detail record is generated for Sprint to bill reciprocal compensation to the independent ILEC.

Sprint will bill BellSouth reciprocal compensation, because Sprint received no call detail record to identify the call as a transit call.

BellSouth will not receive any compensation for providing the transiting function because independent ILECs do not have transit agreements with BellSouth.



INTERCARRIER COMPENSATION ISSUES

Different Rating and Routing Points

Scenario # 4: Sprint originates a call to an independent ILEC end user

Sprint sends the call to BellSouth for delivery to the independent ILEC. BellSouth charges its transit fees to Sprint.

BellSouth will deliver an industry standard call detail record to the independent ILEC, but most independent ILECs do not use such records. Independent ILECs generally charge BellSouth terminating access charges for all traffic BellSouth delivers, regardless of whether another carrier originated the call and regardless of the jurisdiction of the call.

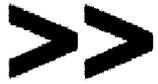
>> **INTERCARRIER COMPENSATION ISSUES**

Different Rating and Routing Points

Many other call scenarios exist that may result in improper recording and delivery of call detail records and improper billing of intercarrier compensation when rating points are assigned in an ILEC territory different from that of the routing point.

BellSouth, as the transiting company, may be billed for traffic that it did not originate, and will be unable to demonstrate in many instances that BellSouth did not originate the traffic. The terminating carrier may be unable to identify the originating carrier to bill the compensation to which it is entitled.

BellSouth will be unable to comply with its contractual obligations to provide call detail records for transit traffic, and may be held liable for a third party's inability to bill intercarrier compensation.



RELIEF REQUESTED

The Commission should clarify that routing and rating points must be assigned within a single ILEC service area.

Carriers such as Sprint should not suffer any undue financial hardship by establishing interconnection with the independent ILEC so that rating and routing points could be assigned properly. The carrier is marketing its service and seeking a local presence in the independent ILEC territory, and its primary exchange of traffic will be with the independent ILEC.

Such clarification would resolve the intercarrier compensation issues associated with assignment of routing and rating points in multiple ILEC territories.



RELIEF REQUESTED

If the Commission finds Sprint's proposed NPA/NXX assignments to be permissible, it should:

Clarify that a transiting company may charge market-based rates for the use of its network when performing a transit function;

Clarify that a transiting company is not responsible for payment of any intercarrier compensation to other involved carriers;

Clarify that a transiting company cannot be held liable for generation and delivery of call detail records in instances where routing and rating points have been assigned to different ILEC territories; and

Develop rules governing how intercarrier compensation will be paid to the appropriate carriers in such instances.