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ORIGINAL

December 13, 2000

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RECORDS AND
REPORTING

Ms. Blanca S. Bayo, Director
Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

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

Dear Ms. Bayo:

Please find enclosed for filing in the above matter an original and 15 copies of a revised page 7 and Corrected Exhibit No. HLJ-2 to the direct testimony of Howard Lee Jones on behalf of Verizon Florida Inc. An incorrect diagram was included as Exhibit HLJ-2 in Mr. Jones' direct testimony filed on December 1, 2000. A correction has also been made to the language referring to Exhibit HLJ-2 on page 7, lines 17-18 of Mr. Jones' direct testimony. Service has been made as indicated on the Certificate of Service. If there are any questions regarding this matter, please contact me at 813-483-2617.

Sincerely,

Kimberly Caswell

KC:tas

Enclosures

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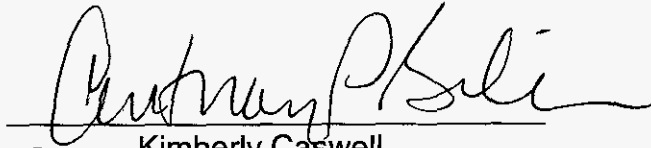
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of revised page 7 and Corrected Exhibit No. HLJ-2 to the direct testimony of Howard Lee Jones on behalf of Verizon Florida Inc. in Docket No. 000075-TP were sent via U.S. mail on December 13, 2000 to the parties on the attached list.



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**CARRIER AND ISP ARRANGEMENTS INVOLVING CIRCUIT
SWITCHED TECHNOLOGIES?**

A. Yes. The intent of reciprocal compensation is to provide a compensation mechanism for the joint function of call handling, which is a function of telephony class 5 and, if applicable, telephony class 4 switching equipment – i.e., fully line side capable Lucent 5ESS and Nortel DMS series circuit switch equipment. These devices have a core switching cost in the \$2-10 Million dollar range. Internet SS7 signaling gateways alleviate the presence of Class 5 and class 4 devices altogether and cost between 100 and 300 thousand dollars to serve as many trunks as 30-40 Class 5 devices. If a carrier is a subtending carrier of another—in other words, a receiving entity—it can interconnect Internet traffic without using a telephony circuit switch at all. Technology has been available for two years that allows the direct intercarrier interconnection of full SS7 trunks to modem pools. This technology is called the Internet call gateway, or SS7 signaling gateway, technology. A diagram showing a typical CLEC configuration of the SS7 model is attached as corrected Exhibit HLJ-2. This technology is highly advertised by vendors to both CLECs and ILECs, but only CLECs can take advantage of the cost savings in most instances, because a carrier must be a subtending receiver of ubiquitous exchange traffic to architecturally qualify for benefits. These benefits are realized as cost savings even before reciprocal compensation payments are considered.

CLEC SS7 Model

