

**Sprint Local Telephone Companies**

**Transmittal No. 213**

**First Quarter 2003 Universal Service Support Filing**

**February 14, 2003**

***Description and Justification***

The Sprint local telephone companies (Sprint LTCs) hereby submit the following information in support of the accompanying revisions to Sprint Local Telephone Companies Tariff F.C.C. No. 3.

This filing is being made on 15 days' notice under the Federal Communications Commission's streamlined filing procedures, and adjusts Sprint LTC's federal universal service fund (USF) end user charge consistent with the requirements of the Commission's *CALLS Order*.<sup>1</sup>

Pursuant to Paragraph 218 of the *CALLS Order*, Sprint LTC established a separate rate element to recover all contributions to the universal service support mechanisms, while shielding low income customers from increases in the residential SLC. In this filing, Sprint LTC proposes to revise its USF end user charge to reflect its full contribution obligation, which is based on interstate end user revenues used by the Universal Service Administration Company (USAC) to calculate Sprint LTC's first quarter 2003 assessment. The current USF contribution factor remains unchanged, as discussed in the Commission's Public Notice released December 9, 2002 (DA 02-3387). However, Sprint LTC proposes to include an adjustment to its USF end user charge to recapture under-recovered amounts for January and February, 2003.

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<sup>1</sup> *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order (FCC 97-157), released May 8, 1997; *Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Low-Volume Long Distance Users, and Federal-State Joint Board on Universal Service* (FCC 00-193), released May 31, 2000 (collectively *CALLS Order*).

While Sprint LTC has maintained its federal USF charge at a frozen level since second quarter 2002, consistent with the frozen contribution factor, it now becomes necessary to increase the USF end user charge from \$0.50 to \$0.64 due to the significant increase in the contribution base for first quarter 2003. This increase in the contribution base is related to the SLC increase which became effective July 1, 2002. The USF end user charge increase is warranted at this time, since the new interim recovery mechanism<sup>2</sup> being implemented April 1, 2003 will make it impossible for Sprint to make future adjustments to recover this shortfall.

The Sprint local telephone companies are submitting the accompanying information consistent with the requirements of the Commission's price cap regulations for local exchange carriers and in compliance with universal service decisions. The rate adjustment proposed herein is demonstrated to be just and reasonable, and is supported by a detailed exhibit reflecting the calculation of the proposed USF end user charge using the first quarter 2003 contribution factor of 0.072805 stipulated in the Commission's December 9, 2003 Public Notice.

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<sup>2</sup> *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order and Second Further Notice of Proposed Rulemaking (FCC 02-329), released December 13, 2002.

**Sprint Local Telephone Companies**  
**Rate Development for**  
**Federal End User Universal Service Fund Charge**  
**( First Quarter 2003 - Transmittal No. 213 )**

<u>March 2003</u>	<u>Source</u>	<u>Amount</u>
1. Jul - Sep 2002 Interstate End User Revenues	Form 499Q	\$ 179,229,627
2. Jun '02, Jul '02 & Aug '02 Contribution	USAC Billing	\$ 11,449,075
3. 1st Quarter Contribution Base	( Ln 1 - Ln 2 )	\$ 167,780,552
4. 1st Quarter 2003 USF Contribution Factor	CC Docket 96-45 DA 02-3387	0.072805
5. 1st Quarter 2003 USF Contribution	Ln 3 * Ln 4	\$ 12,215,263
6. December 2002 Federal EU USF & Lifeline Lines	Billing Records	7,589,788
7. December 2002 Lifeline Lines	Billing Records	126,750
8. December 2002 Billable Lines	Ln 6 - Ln 7	7,463,038
9. Current Federal EU USF Monthly Surcharge	SLTC FCC No. 3 Page 4-19	\$ 0.50
10 January - February 2003 Federal EU USF Receipts	( Ln 8 * Ln 9 * 2 )	\$ 7,463,038
11. March 2003 Federal EU USF Contribution	( Ln 5 - Ln 10 )	\$ 4,752,225
12. Federal End User USF Charge	( Ln 11 / Ln 6 )	<b>\$ 0.64</b>