

Sprint Local Telephone Companies

Tariff F.C.C. No. 3

Transmittal No. 215

Description and Justification

The Sprint local telephone companies (Sprint LTC) hereby submit the following information in support of the accompanying tariff filing, as required by Sections 61.38 and 61.41 through 61.49 of the Federal Communications Commission's Rules and Regulations.

This filing is being made on 15 days' notice under the Federal Communications Commission's streamlined filing procedures, and proposes the addition of rates for the provision of Single-Pair High Speed Digital Subscriber Line Service (SHDSL) in the state of North Carolina.

1.0 Single-Pair High-Speed Digital Subscriber Line Service

1.1 Service Description

Sprint LTC proposes to offer Single-Pair High-Speed Digital Subscriber Line Service (SHDSL) to customers served by suitably equipped offices in the state of North Carolina.

SHDSL provides customers the ability to transmit data "upstream" and receive data "downstream" symmetrically, or at the same speed. The "up" speed represents transmission speeds in kilobits (kbps) or megabits (Mbps) per second from the point of demarcation at the customers designated premises to the Telephone Company's SHDSL connection point; while the "down" speed represents transmission speeds in kbps or Mbps from the Telephone Company's SHDSL connection point to the point of demarcation at the customer's designated premises.

Sprint LTC proposes to offer SHDSL service at speed levels of 768 kbps, 1.5 Mbps or 2.0 Mbps. These SHDSL options are available for one, two, three, four or five year commitment periods.

1.2 Cost and Rate Development

Monthly recurring rates and nonrecurring charges are being proposed for SHDSL technology for the one, two, three, four and five year service commitment periods. Pages 1 through 3 of Exhibit 1-1 display the rate development for each of the SHDSL options. Page 4 of Exhibit 1-1 displays the rate development of the SHDSL nonrecurring downgrade charge, which applies when a customer chooses to downgrade an existing SHDSL service to a lower bandwidth option, provided the same customer premises is maintained.

Each worksheet is presented in the same format, and displays the installed material cost for the circuit equipment and outside plant facilities associated with the provision of SHDSL technology. The annual cost is determined by applying company specific factors for maintenance and income taxes. Depreciation is based on straight-line depreciation of the net material investment over the estimated life of the investment. Return is calculated at 11.25% and applied to the average investment amount over the estimated location life. The annual cost is divided by 12 to produce the monthly direct cost floor. The proposed monthly recurring rates are set above the direct cost floor at a level that ensures recovery of an appropriate amount of overhead costs. The nonrecurring charges displayed on each page of the each exhibit is set to recover a portion of the upfront installation and engineering labor costs associated with the provision of SHDSL technology.

Forecasted demand for each SHDSL configuration is based on customer demand and is provided in Exhibit 1-2.

2.0 Conclusion

The Sprint local telephone companies are submitting the accompanying tariff revisions in response to customer requests for the proposed services, and in accordance with the Commission's Rules governing the provision of interstate access services. The rates and charges proposed in this filing are demonstrated to be fully cost-based and reasonable, and are supported, where required, by exhibits detailing cost and rate development, along with a showing of prospective demand.

Company: Sprint Local Telephone Companies - North Carolina

Rate Element: SHDSL Option I - 768 Kbps / 768 Kbps

A. Investment

1. Circuit Equipment Investment	\$	166.03
2. Outside Plant Investment	\$	270.60
3. Total Investment Cost (Line 1 + Line 2)	\$	436.63
4. Net Salvage Value - Material	\$	-
5. Net Installed Cost (Line 3 - Line 4)	\$	436.63

B. Annual Cost

		<u>% Total Investment</u>
6. Depreciation	\$ 87.33	20.00%
7. Other Direct Expense	\$ 142.65	32.67%
8. Maintenance	\$ 145.48	33.32%
9. DSLAM To Data Protocol Connection Cost	\$ 41.40	24.94%
10. General & Administrative Cost	\$ 381.60	87.40%
11. Return	\$ 27.25	6.24%
12. Federal and State Tax	\$ 19.45	4.46%
13. Total Annual Cost (Line 6 thru Line 10)	\$ 845.16	209.02%

C. Customer Installation Cost

	<u>Hours</u>	<u>Labor Rate</u>	
14. Engineering Labor	0.00	\$ -	\$ -
15. Installation Labor	0.50	\$ 42.73	\$ 21.37
16. Total Labor (Line 12 + Line 13)			\$ 21.37

D. Pricing

17.	Proposed Nonrecurring Charge		\$	49.95
18.	Monthly Direct Cost		PRICE FLOOR	\$ 70.43
19.	PROPOSED MONTHLY RATE:		Direct Cost/ <u>Unit Invest</u>	<u>Direct Cost/ Rate</u>
	1 Year Commitment	\$ 169.95	1.9356	0.4144
	2 Year Commitment	\$ 149.95	1.9356	0.4697
	3 Year Commitment	\$ 139.95	1.9356	0.5032
	4 Year Commitment	\$ 139.95	1.9356	0.5032
	5 Year Commitment	\$ 139.95	1.9356	0.5032

Company: Sprint Local Telephone Companies - North Carolina

Rate Element: SHDSL Option II - 1.5 Mbps / 1.5 Mbps

A. Investment

1. Circuit Equipment Investment	\$	166.06
2. Outside Plant Investment	\$	270.60
3. Total Investment Cost (Line 1 + Line 2)	\$	436.66
4. Net Salvage Value - Material	\$	-
5. Net Installed Cost (Line 3 - Line 4)	\$	436.66

B. Annual Cost

		% Total Investment
6. Depreciation	\$ 87.33	20.00%
7. Other Direct Expense	\$ 142.64	32.67%
8. Maintenance	\$ 145.47	33.31%
9. DSLAM To Data Protocol Connection Cost	\$ 82.68	49.79%
10. General & Administrative Cost	\$ 381.60	87.39%
11. Return	\$ 27.25	6.24%
12. Federal and State Tax	\$ 19.45	4.46%
13. Total Annual Cost (Line 6 thru Line 10)	\$ 886.42	233.85%

C. Customer Installation Cost

	Hours	Labor Rate	
14. Engineering Labor	0.00	\$ -	\$ -
15. Installation Labor	0.50	\$ 42.73	\$ 21.37
16. Total Labor (Line 12 + Line 13)			\$ 21.37

D. Pricing

17.	Proposed Nonrecurring Charge	\$	49.95
18.	Monthly Direct Cost	PRICE FLOOR	\$ 73.87
19.	PROPOSED MONTHLY RATE:	Direct Cost/ Unit Invest	Direct Cost/ Rate
	1 Year Commitment	\$ 259.95	2.0300
	2 Year Commitment	\$ 239.95	2.0300
	3 Year Commitment	\$ 229.95	2.0300
	4 Year Commitment	\$ 229.95	2.0300
	5 Year Commitment	\$ 229.95	2.0300

Company: Sprint Local Telephone Companies - North Carolina

Rate Element: SHDSL Option III - 2.0 Mbps / 2.0 Mbps

A. Investment

1. Circuit Equipment Investment	\$	166.03
2. Outside Plant Investment	\$	270.60
3. Total Investment Cost (Line 1 + Line 2)	\$	436.63
4. Net Salvage Value - Material	\$	-
5. Net Installed Cost (Line 3 - Line 4)	\$	436.63

B. Annual Cost

		% Total Investment
6. Depreciation	\$ 87.33	20.00%
7. Other Direct Expense	\$ 142.65	32.67%
8. Maintenance	\$ 145.48	33.32%
9. DSLAM To Data Protocol Connection Cost	\$ 107.16	64.54%
10. General & Administrative Cost	\$ 381.60	87.40%
11. Return	\$ 27.25	6.24%
12. Federal and State Tax	\$ 19.45	4.46%
13. Total Annual Cost (Line 6 thru Line 10)	\$ 910.92	248.62%

C. Customer Installation Cost

	Hours	Labor Rate	
14. Engineering Labor	0.00	\$ -	\$ -
15. Installation Labor	0.50	\$ 42.73	\$ 21.37
16. Total Labor (Line 12 + Line 13)			\$ 21.37

D. Pricing

17.	Proposed Nonrecurring Charge	\$	49.95
18.	Monthly Direct Cost	PRICE FLOOR	\$ 75.91
19.	PROPOSED MONTHLY RATE:	Direct Cost/ Unit Invest	Direct Cost/ Rate
	1 Year Commitment	\$ 294.95	2.0862
	2 Year Commitment	\$ 274.95	2.0862
	3 Year Commitment	\$ 264.95	2.0862
	4 Year Commitment	\$ 264.95	2.0862
	5 Year Commitment	\$ 264.95	2.0862

Company: Sprint Local Telephone Companies - North Carolina

Rate Element: SHDSL Downgrade Charge

A. Investment

	<u>Hours</u>	<u>Labor Rate</u>	
1. Sales Rep - Downgrade Order	0.25	\$46.16	\$11.54
2. Provisioning Center - Manual Pro	0.25	\$47.26	\$11.82
4. Total Labor (L1 + L2)			\$23.36

B. Pricing

5. Proposed Nonrecurring Charge	\$199.00
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Interstate Access Rate Development

Forecasted Demand

Company: Sprint Local Telephone Companies - North Carolina

Rate Element: SHDSL Technology

	<u>Year 1</u>	<u>Year 2</u>
<u>Option I - 768 Kbps/768 Kbps</u>		
1 Year	71	316
2 Year	57	258
3 Year	0	0
4 Year	0	0
5 Year	0	0
<u>Option II - 1.5 Mbps/1.5 Mbps</u>		
1 Year	63	354
2 Year	52	290
3 Year	0	0
4 Year	0	0
5 Year	0	0
<u>Option III - 2.0 Mbps/2.0 Mbps</u>		
1 Year	26	118
2 Year	19	96
3 Year	0	0
4 Year	0	0
5 Year	0	0