

**Sprint Local Telephone Companies**

**Transmittal No. 216**

**Federal USF Compliance Filing**

**March 17, 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 restructures Sprint LTC's federal universal service fund (USF) end user charge from a monthly flat rated charge to a percentage surcharge consistent with the requirements of the Commission's *USF Order*<sup>1</sup>.

Previously, as provided for in Paragraph 218 of the *CALLS Order*<sup>2</sup>, 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 subscriber line charge (SLC). Sprint LTC now proposes to recover its contributions to the Universal Service Fund using the percentage surcharge, which will be applied to the interstate charges which give rise to the Telephone Company's

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<sup>1</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 (*USF Order*).

<sup>2</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*).

contribution obligation. Effective April 1, 2003, the current USF contribution factor of 9.0044%<sup>3</sup> will apply to the following charges:

- End User Common Line Charges (commonly referred to as SLC)
- Presubscribed Interexchange Carrier Charges (PICC)
- Switched Dedicated and Special Access Services
- Digital Subscriber Line (DSL) Services
- Presubscription Change Charges

The USF percentage surcharge for these services will be reflected as a separate line item, clearly identified on the customer's bill.

In addition, Sprint LTC proposes to increase its LNP End User Charge from \$0.48 to \$0.52 to reflect the impact of universal service contribution costs. This adjustment is consistent with the provisions of the *USF Order* which afforded carriers the option of recovering contribution costs directly through service rates. Sprint LTC believes use of this methodology for LNP is in the public interest, particularly since the LNP End User Charge expires February 5, 2004, and extensive billing system modifications would be required to apply the USF percentage surcharge to LNP end user revenues for an interim period until such time as the Commission further reviews the USF assessment and recovery process.

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. As required by Section 61.59(d)(4) of the Commission's Rules, information regarding the proposed changes will be provided to affected customers.

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<sup>3</sup> *Proposed Second Quarter 2003 Universal Service Contribution Factor*, CC Docket No. 96-45, Public Notice (DA 03-689), released March 7, 2003.