

## **Sprint Local Telephone Companies**

### **Tariff F.C.C. No. 3**

### **Transmittal No. 223**

#### ***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 61.49(f)(3) 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 includes the following revisions:

- (1) Addition of rates and regulations introducing one-year commitment rates for OC3 and OC12 OptiPoint switched and special access services and for OC3 and OC12 Sprint SONET Ring Service in all states where OptiPoint and SONET Ring services are currently available;
- (2) Addition of rates offering frame relay customers the option of ordering a PVC with a committed information rate of 1536 kbps in the state of Florida; and
- (3) Addition of nonrecurring charges for the special construction of fiber optic facilities designed to meet the specific requirements of AT&T Communications in the state of Ohio.

#### ***1.0 One-Year OC3 and OC12 OptiPoint and Sprint SONET Ring Services***

Sprint LTC currently offers OC3 and OC12 OptiPoint switched and special access services and Sprint SONET Ring services with minimum commitment periods of three and five years. In order to accommodate varying customer needs for high bandwidth services, Sprint LTC now proposes to offer customers the option of ordering OC3 and OC12 OptiPoint and Sprint SONET Ring services with a one year minimum commitment period. The proposed rate structure for one

year OC3 and OC12 OptiPoint and Sprint SONET Ring services is identical to the structure of existing OC3 and OC12 services.

### ***1.1 OptiPoint Services***

OptiPoint service provides point-to-point high speed, synchronous, fiber optic-based full duplex data transmission capabilities. OptiPoint rate elements include the channel termination (or entrance facility for switched access), channel mileage (or switched transport), configuration card, configuration node, and regeneration charge elements. The configuration cards provide for the interface at which a channelized or lower speed service terminates or originates from an OptiPoint line terminated at a customer designated premises or a Telephone Company central office. The configuration node is an arrangement at the system level that allows a higher service bandwidth to add or drop lower level signals. The regeneration charge covers the cost of additional regeneration equipment when the actual fiber facility distance between the customer's designated premises and serving wire center exceeds SONET design limits.

For OptiPoint service, one-year, flat-rated monthly recurring rates are proposed for the entrance facility and channel terminations, direct-trunked transport and channel mileage, customer nodes, configuration cards, and OptiPoint regeneration rate elements. In addition, the one-year commitment option will include a nonrecurring installation charge for OptiPoint entrance facilities and channel terminations provided with or without Telephone Company provided terminal equipment.

### ***1.2 Sprint SONET Ring Services***

Sprint SONET Ring services provide a dedicated high capacity network designed to offer customers reliable functionality for the transmission of voice, data, and video via a self-healing ring topology. The Sprint SONET Ring network consists of fiber optic facilities routed through local, alternative central office, internodal, and/or interoffice channel facilities for simultaneous

transmission over primary and alternative diverse paths between customer designated locations and Telephone Company central offices. Existing OC3 and OC12 Sprint SONET Ring services are offered using 2-fiber unidirectional path switch ring (UPSR) topology. Sprint SONET Ring services include the following rate elements:

- (1) Customer Node – provides ring switching capabilities at customer designated locations other than the Telephone Company central offices that are part of the Sprint SONET Ring network. This rate element offers is provided with or without Telephone Company provided equipment.
- (2) Central Office Node – provides ring switching capabilities at Telephone Company central offices that are part of the Sprint SONET Ring network.
- (3) Configuration Interface – provides electrical and/or optical channelization that may take place at each customer or central office node. The configuration interface rate element applies for every interface capacity that originates or terminates at a node.
- (4) Local Channel – provides the communications path between a customer node and the serving wire center of the premises where the customer node is located. One local channel rate element will apply per customer designated premises for each local channel terminated.
- (5) Alternate Central Office Channel – provides the communications path between a customer node and an alternate central office. The primary central office node and any alternate central office node and applicable configuration interfaces must be associated with the same Sprint SONET Ring arrangement.
- (6) Interoffice Channel – provides the communications path between directly connected Telephone Company central offices located on the Sprint SONET Ring network. This rate element does not apply where central office nodes are adjacently connected in the same central office on the same Sprint SONET Ring arrangement for the purposes of providing

additional node capacity.

- (7) Internodal Channel – provides the communications path between two directly connected customer nodes of a given Sprint SONET Ring arrangement located (a) in the same serving wire center area, (b) in the same office park /campus environment or contiguous property located in contiguous serving wire center areas, or (c) in different serving wire center areas.
- (8) Intraoffice Channel – provides the communications path when the customer designated premises and the serving wire center are located in the same Telephone Company building, or where both customer designated premises are in the same building.
- (9) Node Configuration Interface Capacity Reallocation – allows the customer to request that the Telephone Company reallocate central office or customer node configuration interfaces subsequent to the initial service installation.

One-year, flat-rated monthly recurring rates are proposed for the customer and central office nodes, configuration interfaces, local channels, alternate central office channels, interoffice channels, internodal channels and intraoffice channels required for the provision of Sprint SONET Ring services. In addition, the one-year commitment option will include a nonrecurring installation charge for customer nodes with Telephone Company provided terminal equipment and for central office nodes.

One-year OC3 and OC12 OptiPoint and Sprint SONET Ring services satisfy the new service criteria set forth in the Commission's pricing flexibility guidelines and, as stipulated in Section 61.49(f)(3) of the Commission's Rules, do not require accompanying cost support.

## ***2.0 Frame Relay Service***

Sprint LTC currently offers Frame Relay Service (FRS) in the state of Florida. In order to better accommodate the frame relay needs of customers, this filing proposes to add frame relay

rates for Permanent Virtual Circuits (PVCs) with a committed information rate of 1536 kbps. Exhibit 1-1 displays the material investment and labor associated with the provision of the proposed PVC component. 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 rates are set above the direct cost floor at a level that ensures recovery of an appropriate amount of overhead costs.

The nonrecurring charge is also displayed on Exhibit 1-1 and is designed to recover the upfront installation and engineering labor cost associated with the provision of the requested service arrangement.

The forecasted demand for each rate element is based on customer requests for this service and is displayed in Exhibit 1-2.

### ***3.0 Special Construction***

#### ***Individual Case Basis Filings***

Sprint LTC proposes to add nonrecurring charges for the special construction of fiber optic facilities designed to satisfy the specific requirements of AT&T Communications in the state of Ohio. The proposed nonrecurring charge recovers the cost of materials, engineering and installation incurred by the Telephone Company, which is in addition to the investment costs included in the monthly recurring rates associated with the special access service requested. Rate development worksheets detailing the calculation of the proposed charges for this service are included as Exhibit 2-1. The rates for the fiber optic cable and the taxes and maintenance charges were developed individually and then combined to produce a single nonrecurring charge.

#### ***4.0 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 - Florida**

**Rate Element: Frame Relay - Permanent Virtual Connection (PVC) - 1536 Kbps**

**A. Investment**

1. Circuit Equipment Investment		\$	748.50
2. Outside Plant Investment		\$	-
3. Total Investment Cost (Line 1 + Line 2)		\$	748.50
4. Net Salvage Value - Material		\$	-
5. Net Installed Cost (Line 3 - Line 4)		\$	748.50

**B. Annual Cost**

			<u>% Total Investment</u>
6. Depreciation	\$	68.05	9.09%
7. Other Direct Expense	\$	38.40	5.13%
8. Maintenance	\$	15.27	2.04%
9. Return	\$	50.85	6.79%
10. Federal and State Tax	\$	30.51	4.08%
11. Total Annual Cost (Line 6 thru Line 10)	\$	203.08	27.13%

**C. Customer Installation Cost**

	<u>Hours</u>	<u>Labor Rate</u>	
12. Engineering Labor	0.00	\$ -	\$ -
13. Installation Labor	0.17	\$ 46.73	\$ 7.79
14. Total Labor (Line 12 + Line 13)			\$ 7.79

**D. Pricing**

<b>15.</b>	<b>Proposed Nonrecurring Charge</b>	<b>\$</b>	<b>10.00</b>
<b>16.</b>	<b>Monthly Direct Cost</b>	<b>PRICE FLOOR</b>	<b>\$ 16.92</b>
<b>17.</b>	<b>PROPOSED MONTHLY RATE:</b>	<b>\$</b>	<b>75.00</b>

<u>Direct Cost/ Unit Invest</u>	<u>Direct Cost/ Rate</u>
0.2713	0.2256

Interstate Access Rate Development

Forecasted Demand

**Company: Sprint Local Telephone Companies - Florida**

**Rate Element: Frame Relay - Permanent Virtual Connection**

	<u>Year 1</u>	<u>Year 2</u>
<b>1536 Kbps CIR</b>	4	8

Interstate Access Rate Development

Company: *Sprint Local Telephone Companies - Ohio*

Rate Element: *Special Construction - Fiber Optic Cable  
AT&T Communications*

**A. Investment (Equipment & Labor)**

1. Circuit Equipment Investment		
2. Outside Plant Investment	\$12,144	
3. Total Investment Cost (Line 1 + Line 2)		\$12,144
4. Net Salvage Value - Material		\$0
5. Net Installed Cost (Line 3 - Line 4)		<u>\$12,144</u>

**B. Annual Cost**

		% Total Investment
6. Depreciation	\$12,144	100.00%
7. Other Direct Expense	\$0	0.00%
8. Maintenance	\$0	0.00%
9. Return	\$753	6.20%
10. Federal and State Tax	<u>\$405</u>	<u>3.34%</u>
11. Total Annual Cost (Line 6 thru Line 10)	<u>\$13,302</u>	<u>109.54%</u>

**C. Customer Installation Cost**

	Hours	Labor Rate	
12. Engineering Labor	0.00	\$0.00	\$0
13. Installation Labor	0.00	\$0.00	\$0
14. Total Labor (Line 12 + Line 13)			\$0

**D. Pricing**

<b>15. Proposed Nonrecurring Charge</b>	<b>\$ 15,032.00</b>
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Interstate Access Rate Development

Company: *Sprint Local Telephone Companies - Ohio*

Rate Element: *Special Construction - Taxes and Maintenance  
AT&T Communications*

**A. Investment (Equipment & Labor)**

1. Circuit Equipment Investment		
2. Outside Plant Investment	\$36,080	
3. Total Investment Cost (Line 1 + Line 2)		\$36,080
4. Net Salvage Value - Material		\$0
5. Net Installed Cost (Line 3 - Line 4)		<u>\$36,080</u>

**B. Annual Cost**

		% Total Investment
6. Depreciation	\$0	0.00%
7. Other Direct Expense	\$1,631	4.52%
8. Maintenance	\$224	0.62%
9. Return	\$0	0.00%
10. Federal and State Tax	\$0	0.00%
11. Total Annual Cost (Line 6 thru Line 10)	<u>\$1,855</u>	<u>5.14%</u>

**C. Customer Installation Cost**

	<u>Hours</u>	<u>Labor Rate</u>	
12. Engineering Labor	0.00	\$0.00	\$0
13. Installation Labor	0.00	\$0.00	\$0
14. Total Labor (Line 12 + Line 13)			\$0

**D. Pricing**

<b>15.</b>	<b>Proposed Nonrecurring Charge</b>	<b>\$2,096.00</b>
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