

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter Of)
) **Transmittal No. 805**
BellSouth Tariff F.C.C. No. 1)

**PETITION OF SPRINT TO REJECT
OR ALTERNATIVELY SUSPEND AND INVESTIGATE**

Sprint Communications Company L.P. (“Sprint”), pursuant to Section 1.773 of the Commission’s Rules, hereby respectfully requests that the Commission reject, or alternatively, suspend for full five month period permitted under Section 204(a) of the Act and institute an investigation of, the tariff revisions concerning the proposed Service Date Advancement and Service Date Advancement-Missed Appointment charges filed by BellSouth Telecommunications, Inc. (“BellSouth”) on April 5, 2004 under the above-captioned transmittal. BellSouth has used unreasonable and unsupported demand assumptions in its cost support and has made a serious error in its calculations, which, when corrected, produce revenue generating an API above the PCI for the Special Access Basket. Section 61.49(b) of the FCC’s rules requires an API value that is equal to or less than the applicable PCI value. While Section 61.49(d) allows a price cap filing that

produces rates above the applicable band limits established in 61.47(e), such filing must be accompanied by supporting materials establishing substantial cause for the proposed rates. This material has not been provided in this transmittal, and therefore the proposed changes must be rejected, or alternatively suspended and investigated.

BellSouth's currently effective tariff for DS3 special access service requires a charge of \$345 per service order for requests for a service interval of less than four business days following the Application Date. Section 5.1.1(G) of BellSouth Telecommunications Tariff FCC No. 1, 8th Revised Page 5-1.1.1. In the instant transmittal, BellSouth is proposing to significantly restructure the application of its charge for Service Date Advancement by (i) having the charge apply on an individual DS3 circuit basis (rather than on the current per service order basis); (ii) applying the charge to each DS3 circuit for which the customer requests an installation date that is earlier than the standard or negotiated interval in its initial access order, or subsequently requests a revised service date that is less than 20 days from the date of the request; and (iii) charging the customer based on the number of business days the order is advanced. See Section 5.1.1(H). Thus, if the customer requests an order interval less than the standard twenty business days, the customer will be charged \$200 per circuit, per day. In addition, BellSouth proposes to introduce a Service Date Advancement-Missed Appointment charge of \$300 per circuit per occurrence for DS3 special access facilities. Currently, DS3 customers are not charged for a missed appointment.

Sprint believes that BellSouth has seriously underestimated the increase in its revenue that will result from the proposed tariff revisions in its price cap analysis in the attached Description and Justification (“D&J”). First, BellSouth assumes without any support that demand for an interval of four days or less will decrease from 4.85% of the total demand to 0.97%, or an 80% decrease in demand, and has predicted that demand will decrease from 152 service orders to 30 service orders. It is Sprint’s experience that customers request an advancement of the service date because they have an urgent need for the circuits. Demand is inelastic for these customers, who will be unlikely to postpone implementation. Consequently, an eighty percent decrease in demand is extremely unrealistic. By making this -- and other unreasonable assumptions discussed below, BellSouth improperly reduces the projected revenue.

BellSouth further assumes without any justification (1) that demand for service intervals of 5 to 19 days will decrease from 64.32% of total demand to 25.73% (a 60% decrease) and (2) that the current 1% of the DS3 Service Date Advanced Negotiated Interval demand that is 19 business days or less would be reduced to 0.5% “due to customers wanting to avoid charges.” D&J, Appendix A, Work Paper SDA-1, page 1 of 2, line 14. Sprint does not anticipate any change in demand for the advancement of service dates, and believes that it is more appropriate to assume that the demand will remain constant. Here again, by “lowballing” the projected demand, BellSouth has reduced its projected revenues associated with the proposed charges.

Moreover, as noted above, BellSouth is proposing to a charge which is applied per circuit, per day. However, BellSouth has failed to convert the number of circuits into the number of circuit days of advancement in its cost support. In Work Paper SDA-1, Page 1 or 2, line 24, it uses the demand for circuits, calculated by multiplying the DS3 Service Order Demand by an average of 1.12 circuits per order, rather than demand for circuit days. The proper calculation is the DS3 Service Order Demand multiplied by the average number of circuits per order, multiplied by the average number of days the order is advanced. Obviously, this error is a fatal flaw in BellSouth's demand estimate.

BellSouth's projections of decreased demand produce a reduction in its Actual Price Index for Special Access. This result is illogical given the increase in the proposed charges and the relative inelasticity of demand. Sprint anticipates a significant increase in its nonrecurring costs as a result of this filing and believes that BellSouth's unreasonable assumptions result in an incorrect API. In order to correct BellSouth's estimates, Sprint has recalculated BellSouth's work papers assuming (1) no change in demand and (2) an average of 9 days of advancement.¹ As shown in the attached Sprint Revised Appendix B, Workpaper SUM-A incorporating these revised assumptions, the corrected Special Access API of 50.8599 exceeds the PCI of 50.3632 (line 2). In order to stay within the PCI, BellSouth would have to reduce other charges by \$4,515,287.

Clearly, the Commission should require BellSouth to revise its demand estimates to reflect the inelastic nature of demand for service advancements and to correct its circuit

¹ See Appendix A, Work Paper SDA-1, "Corrected Amount." Sprint has also corrected various lines in BellSouth's column describing its calculations (using line number and percentages). See "Corrected Calculations." The changes are highlighted.

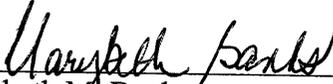
day demand. If the API exceeds the PCI, BellSouth must comply with Section 61.49(d) of the Commission's rules and supply additional cost support.

It should also be noted that the development of price cap rates traditionally uses actual base period demand (Sections 61.3(g) and 61.49(g)(1)(ii)) to measure the change in rates for actual price index changes. BellSouth's use of projections to develop these factors is well outside normal procedures.

For the above reasons, Sprint urges the Commission to reject, or alternatively suspend for the full statutory period and investigate, BellSouth's proposed Service Date Advancement and Service Date Advancement-Missed Appointment charges.

Respectfully submitted,

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Line	Item	Source	TL #805 Calculations	Corrected Calculations	BellSouth Amount	Corrected Amount
1	Advancement of Access orders with Standard Intervals					
	Actual Orders for Special Access DS3 with 0-4 Day Interval - SP	BellSouth Trans# 805 WPs TR-1 and SP-1				
2	Acc	Represents 4.85% of Total DS3 orders based on BellSouth Svc Order Sample			152	152
3	Derived Total DS3 Service Orders	Derived DS3 Service Order Demand (Based on BellSouth Svc Order Sample)	Ln2/.0485	Ln2 / 4.85%	3,134	3,134
4	Special Access DS3 Svc Order with 5-19 Day Interval	5-19 day interval demand is 64.32% of total DS3 service orders				
5	Current Special Access DS3 Svc Order with 0-19 Day Interval	Derived DS3 Advancement Demand	Ln3*.6532	Ln 3 * 64.32%	2,016	2,016
6	Projected DS3 Orders with 0-4 Day Interval- SP Acc	Demand based on Bell South Market Analysis (projected 80% reduction in number of 0-4 day orders with 4.85% to .97%)	Ln 2+4	Ln 2 + Ln4	2,168	2,168
	Projected DS3 Orders with 5-19 Day Interval- Sp Acc which would		Ln2*.40	Ln2 * 20%	30	152
7	be subject to proposed Service Advancement Charge	Demand based on BellSouth Market Analysis (projected 60% reduction in number of 5-19 day orders from 64.32% to 25.73%)		Ln4 * 40%	806	2,016
8	Total Projected DS3 Orders with 0-19 Day Interval- Sp Acc	Advancement Demand based on BellSouth Market Analysis				
10	Advancement of Access Orders with Negotiated Intervals		Ln 6 + Ln 7	Ln 6 + Ln 7	837	2,168
11	Derived Total DS3 Service Orders	Derived DS3 Service Order Demand	Ln 2/.0485	Ln 2 / 4.85%	3,134	3,134
12	Current DS3 Svc Date Adv Demand with Negotiated Interval	Assumed 26.38% of DS3 Service Order demand is Negotiated intervals based on Svc Order Sample				
	Projected DS3 Svc Date Adv Demand with Negotiated Interval of 19 bus days or less	Assumed 1% of DS3 Svc Date Adv Negotiated Interval demand is 19 bus days or less based on BellSouth Svc Order Sample	Ln 11 * .2638	Ln 11 * 26.38%	827	827
	Reduction in DS3 Svc Date Adv Demand due to Advancement	Projected Negotiated Interval advancement demand reduced ~.5% from ~1% due to customers wanting to avoid charges	Ln 12 * .01	Ln 12 * 1%	8,2675	8,2675
14	Charges for Negotiated Short Interval		Ln13 * .5	Ln13 * .5%	0.0413	0.0413
15	Adjusted Svc Date Adv Demand	Standard Interval DS3 Svc Date Adv demand less Negotiated Interval Svc Date Adv demand	Ln 8 - Ln 14	Ln 8 - Ln 14	837	2,168
17	Rescheduling a Service Date (to 3 business days or less) when the Customer has Missed the Service Date					
18	Total DS3 Service Orders	Total DS3 Svc Orders based on BellSouth Svc Order Analysis	Ln 3	Ln 3	3,134	3,134
20	Projected Supplemented DS3 Svc Orders	Assumed 45% of DS3 Svc orders were supplemented based on Svc Order Sample				
	Projected Supplemented DS3 Svc Orders that were due to Customer Missed Appointments	Assumed 36% of supplemented DS3 Svc orders were due to customer missed appointment based on Svc Order Sample	Ln 18 * .45	Ln 18 * 45%	1,410	1,410
22	Projected DS3 Svc Orders rescheduled to less than 5 bus days	Assumed 24% request advancement in less than 5 bus days based on Svc Order Sample	Ln 20 * .654	Ln 20 * 36%	508	508
	Projected DS3 Svc Orders rescheduled to less than 3 bus days	19.7% of DS3 Svc Order Rescheduled appt demand will request interval less than 3 business days	Ln21 * .24	Ln21 * 24%	122	122
25	Adjusted Service Date Demand	Adjusted Service Date Demand plus Rescheduled Appt Svc Advancement	Ln 22 * .197	Ln 22 * 19.7%	24	24
24	Total Adjusted Demand	Converted DS3 Svc Order Demand to ckt Days assuming 1.12 avg circuit per order	Ln 15 + Ln 23	Ln 15 + Ln 23	861	2,192
	Average Number of days per order.		Ln 25 * 1.12	Ln 25 * 1.12	964	2,455
	Total Adjusted Service Date Due Advancement Demand	Advancement Demand Circuit Days				9
			Ln 25	Ln 25	964	22,093

<u>Line</u>	<u>Item</u>	<u>Source</u>	<u>Corrected</u>	<u>Amount</u>	<u>Corrected</u> <u>Amount</u>
1	Charge for Customer Missed Appointment on Advanced Service Dates				
2	Actual Orders for Special Access DS3 with 0-4 Day Interval - Sp Acc	BellSouth Trans# 805 WPs TR-1 and SP-1		152	152
3	Current DS3 Service Orders	Total DS3 Svc Orders based on BellSouth Svc Order Analysis	Ln2/.0485	3,134	3,134
4	Projected DS3 Service Orders Advanced	Addumed 4.85% of Total DS3 Svc Orders were advanced based on BellSouth Svc Order analysis	Ln 3 * .1355	152	152
5	Projected DS3 Service Orders Advanced but Customer Missed Svc Date	Assumed 20% of advanced service dates were missed by the customer based on BellSouth Svc Order analysis	Ln 3 * 4.85%	30	152
6	Adjusted Demand	Total Circuit Days with 1.12 ckts per order	Ln4 * .20	34	152
	Average Number of days per order.		Ln5 * 1.12	34	170
	Projected Occurances where the Svc Date was Advanced but the Customer Missed the Advanced Svc Date	Per occurrence of missed appointments with advanced svc dates			9
			Ln 6	Ln 6	34
					<u>1,532</u>

SDS-DS3 ASIP Filing

PRICEOUT OF EXISTING AND PROPOSED RATES - SPECIAL ACCESS BASKET

Rate Elem Num (A)	State (B)	Zone (C)	Description (D)	USOC (E)	2002 Demand (F)	Last PCI Rate (G)	Existing Rate (H)	Proposed Rate (I)	Last PCI Rate X Demand (J)=F X G	Existing Rate X Demand (K)=F X H	Proposed Rate X Demand (L)= F X I
053001600	BS	0	Svc Ord with < 4 Day Interval - Sp Acc	SOCSP	152	\$ 345.00	\$ 345.00	\$ -	\$ 52,440	\$ 52,440	\$ -
053002000	BS	0	SPA Service Date Advancement - per CKT per Day	SPDASP	964	\$ -	\$ -	\$ 200.00	\$ -	\$ -	\$ 192,800
990733487	BS	0	SPA Service Date Advancement MA - per CKT per occurrence	SPDAMA	34	\$ -	\$ -	\$ 300.00	\$ -	\$ -	\$ 10,200
									\$ 52,440	\$ 52,440	\$ 203,000
											\$ 150,560

CORRECTED PRICEOUT OF EXISTING AND PROPOSED RATES - SPECIAL ACCESS BASKET

Rate Elem Num (A)	State (B)	Zone (C)	Description (D)	USOC (E)	2002 Demand (F)	Last PCI Rate (G)	Existing Rate (H)	Proposed Rate (I)	Last PCI Rate X Demand (J)=F X G	Existing Rate X Demand (K)=F X H	Proposed Rate X Demand (L)= F X I
053001600	BS	0	Svc Ord with < 4 Day Interval - Sp Acc	SOCSP	152	\$ 345.00	\$ 345.00	\$ -	\$ 52,440	\$ 52,440	\$ -
053002000	BS	0	SPA Service Date Advancement - per CKT per Day	SPDASP	22,093	\$ -	\$ -	\$ 200.00	\$ -	\$ -	\$ 4,418,600
990733487	BS	0	SPA Service Date Advancement MA - per CKT per occurrence	SPDAMA	1,532	\$ -	\$ -	\$ 300.00	\$ -	\$ -	\$ 459,600
									\$ 52,440	\$ 52,440	\$ 4,878,200
											\$ 4,825,760
Difference due to unreasonable and unsupported demand assumptions											\$ 4,675,200

DESCRIPTION	SOURCE	LAST PCI RATExDEMAND (A)	R(t-1) EXISTING RATExDEMAND (B)	R(t) PROPOSED RATExDEMAND (C)	RATExDEMAND CHANGE (D)=C-B	R(t) PROPOSED RATExDEMAND (E)	RATExDEMAND CHANGE (F)=E-B	LAST PCI INDEX AMOUNT (G)	(t-1) EXISTING INDEX AMOUNT (H)	TL #508 (t) PROPOSED INDEX AMOUNT (I)	UPPER LIMIT (J)	OUT OF LIMITS INDICATOR (K)	Corrected (t) PROPOSED INDEX AMOUNT (L)	OUT OF LIMITS INDICATOR (M)
SPECIAL ACCESS BASKET														
1. PRICE CAP INDEX (PCI)	Workpaper PCI-1	NA	NA	NA	NA	NA	NA	50.3632	50.3632	50.3632	NA	NA	50.3632	NA
2. ACTUAL PRICE INDEX (API)	Workpaper SP-1	457,790,143	457,790,143	457,940,703	150,560	462,615,903	4,825,760	50.3294	50.3294	50.3460	50.3632	OK	50.8589	BAD
3. SERVICE BAND INDEX (SBI)							HEADROOM ==>	\$ 307,234	\$ 307,234	\$ 156,775			\$ 4,618,287	
A. VOICE GRADE, WATS, METALLIC & TELEGRAPH	Workpaper SP-1	8,113,494	8,113,494	8,113,494	0	8,113,494	0	98.5504	98.5504	98.5504	98.6732	OK	98.5504	OK
B. AUDIO PROGRAM, & VIDEO	Workpaper SP-1	1,620,723	1,620,723	1,620,723	0	1,620,723	0	79.5214	79.5214	79.5214	79.5223	OK	79.5214	OK
C. WIDEBAND ANALOG, & DIGITAL	NA	0	0	0	0	0	0	NA	NA	NA	NA	NA	NA	OK
D. DIGITAL DATA, & HICAP	Workpaper SP-1	448,055,926	448,055,926	448,206,486	150,560	452,881,686	4,825,760	68.3517	68.3517	68.3747	69.3179	OK	69.0879	OK
(1) DS1							HEADROOM ==>	\$ 6,245,308	\$ 6,245,308	\$ 6,098,895			\$ 1,487,312	
a. DENSITY ZONE 1	Workpaper SP-1	17,301,791	17,301,791	17,301,791	0	17,301,791	0	58.5386	58.5386	58.5386	78.8033	OK	58.5386	OK
b. DENSITY ZONE 2	Workpaper SP-1	27,239,685	27,239,685	27,239,685	0	27,239,685	0	72.0115	72.0115	72.0115	89.3587	OK	72.0115	OK
c. DENSITY ZONE 3	Workpaper SP-1	153,822,734	153,822,734	153,822,734	0	153,822,734	0	77.0793	77.0793	77.0793	91.9368	OK	77.0793	OK
d. NON ZONE	Workpaper SP-1	47,748,996	47,748,996	47,748,996	0	47,748,996	0	-	-	-	-	OK	-	OK
e. TOTAL DS1	Workpaper SP-1	246,113,207	246,113,207	246,113,207	0	246,113,207	0	70.7831	70.7831	70.7831	76.8366	OK	70.7831	OK
(2) ds3														
a. DENSITY ZONE 1	Workpaper SP-1	10,872,780	10,872,780	10,872,780	0	10,872,780	0	60.5288	60.5288	60.5288	71.0322	OK	60.5288	OK
b. DENSITY ZONE 2	Workpaper SP-1	15,543,373	15,543,373	15,543,373	0	15,543,373	0	63.6591	63.6591	63.6591	74.7406	OK	63.6591	OK
c. DENSITY ZONE 3	Workpaper SP-1	35,912,388	35,912,388	35,912,388	0	35,912,388	0	64.8125	64.8125	64.8125	75.1287	OK	64.8125	OK
d. NON ZONE	Workpaper SP-1	19,239,134	19,239,134	19,389,694	150,560	24,064,894	4,825,760	64.5499	64.5499	64.6690	68.0480	OK	64.8125	OK
e. TOTAL DS3	Workpaper SP-1	81,567,675	81,567,675	81,718,235	150,560	86,393,435	4,825,760	64.5499	64.5499	64.6690	68.0480	OK	68.3688	BAD
							HEADROOM ==>	\$ 4,193,097	\$ 4,193,097	\$ 4,057,753			\$ (385,298)	