

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

In the Matter Of)	
)	Transmittal No. 821
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 May 14, 2004 under the above-captioned transmittal.¹ BellSouth has used unreasonable and unsupported demand assumptions in its cost support which, when corrected, produce significantly higher revenue requiring greater reductions than BellSouth has proposed for other services in the Special Access Basket to remain within allowable price cap limits. Section 61.49(b) of the FCC's rules requires an API value that is equal to or less than the applicable PCI value. Also, BellSouth has failed to use historic data, as required by Sections 61.3(g) and

¹ BellSouth proposed identical revisions in its Transmittal No. 805, which it subsequently withdrew. Calculation errors in that transmittal have been corrected; however, the assumptions concerning reduced demand remain the same.

61.49(g)(1)(ii) of the FCC's rules. Absent proper cost support, 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, Original 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). 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"). BellSouth assumes without any support that demand for an interval of four days or less will decrease by 70 % (from 4.85 % of the total demand to 0.97 %),² and it predicts that demand will decrease from 152 service orders to 46 service orders. It is Sprint's experience that customers request an

² D&J, Appendix A, Work Paper SDA-1, Page 1 of 2, Line 6. A decrease from 4.85% to 0.97% is an 80% discount, not a 70% discount.

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, a seventy 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 proper 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), *Id.*, line 7, 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 from 1 % to 0.5 %, *Id.*, line 17. In support for these reductions, BellSouth simply states that “[t]he new advancement charge coupled with BellSouth’s offer of standard intervals provide incentives for customers to reduce advancement requests to those limited situations where end customers require compressed intervals.” D&J, Section 3.1, p. 6. 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.

BellSouth’s projections of decreased demand produce a projected revenue increase that is too small. The lower revenue increase serves to reduce the amount by which BellSouth must decrease other rates (e.g., the Zone 3 DS1 interoffice mileage rates) to remain within the allowable price cap limits. Sprint believes that there will be an insignificant reduction in demand for service date advancements. In order to correct BellSouth’s estimates, Sprint has recalculated BellSouth’s work papers assuming no


change in demand.³ As shown in the attached Sprint Revised Appendix B, Workpaper SUM-A incorporating these revised assumptions, the corrected Special Access API of 50.5012 (line 2) exceeds the PCI of 50.3632 (line 1). In order to stay within the PCI, BellSouth would have to reduce other charges by \$1,253,930. 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 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 and estimated decreases in demand 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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³ See attached Appendix A, Work Paper SDA-1, "Corrected Amount." The changes are highlighted.

Line Item	Source	TL #821 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 Acc	BellSouth Trans# 805 WPs TR-1 and SP-1 Represents 4.85% of Total DS3 orders based on BellSouth Svc Order Sample			152	152
2					
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	Ln3*.6432	Ln 3 * 64.32%	2,016	2,016
5 Current Special Access DS3 Svc Order with 0-19 Day Interval	Derived DS3 Advancement Demand	Ln 2+4	Ln 2 + Ln4	2,168	2,168
6 Projected DS3 Orders with 0-4 Day Interval- SP Acc	Demand based on Bell South Market Analysis (projected 70% reduction in number of 0-4 day orders with 4.85% to .97%)	Ln2 * .30	Ln2	46	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%)	Ln 4 * .40	Ln4	806	2,016
8 Total Projected DS3 Orders with 0-19 Day Interval- Sp Acc	Advancement Demand based on BellSouth Market Analysis	Ln 6 + Ln 7	Ln 6 + Ln 7	852	2,168
9 Adjusted Svc order demand	Converted DS3 Svc order projected advancement demand assuming 1.12 avg circuit per order	Ln 8 * 1.12	Ln 8 * 1.12	954	2,428
10 Total Standard Interval advancement demand	Avg # of days advanced per circuit expected to be 3.8 bus days based upon Bell South Market analysis of standard intervals	Ln 9 * 3.8	Ln 9 * 3.8	3,626	9,226
11 Advancement of Access Orders with Negotiated Intervals					
12 Derived Total DS3 Service Orders	Derived DS3 Service Order Demand	Ln 3	Ln 3	3,134	3,134
13 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	Ln 12 * .2638	Ln 12 * 26.38%	827	827
14 Current Non Special handling DS3 Service order demand	Assumed 73.62% DS3 Service Order demand is Non Special handling Negotiated Intervals & standard interval demand based on Svc order sample	Ln 12 * .7362	Ln 12 * 73.62%	2,307	2,307
15 Current DS3 Svc order demand for non Special handling negotiated interval	Assumed 9% of BellSouth Svc order sample is non Special handling negotiated interval Svc order demand	Ln 14 * .09	Ln 14 * 9%	208	208
16 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 13 * .01	Ln 13 * 1%	8	8
17 Reduction in DS3 Svc Date Adv Demand due to Advancement Charges for Negotiated Short Interval	Projected Special handling negotiated interval advancement svc order demand reduced from 1% to .5%	Ln16 * .5	Ln 16	4	8
18 Current advancement DS3 Svc Order Demand for Non Special Handling Negotiated Interval	Assumed 64.32% Non-Special Handling Negotiated Interval Svc Order Demand that is advanced 19 business days or less according to Bell South Service Order Sample.	Ln 15 * .6432	Ln 15 * 64.32%	134	134
19 Total Projected Advancement Demand	Demand based on Bell South Market Analysis (projected 60% reduction in days advanced 19 days or less from 64.32% to 25.73%).	Ln 18 * .4	Ln 18	53	134
20 Total Negotiated Interval Service Order Advancement Demand	Total Projected Special Handling Negotiated interval advancement Svc Order demand.	Ln 17 + Ln 19	Ln 17 + Ln 19	58	142
21 Adjusted Demand	Converted DS3 Svc Order Projected Advancement Demand assuming 1.12 avg circuit per order.	Ln 20 * 1.12	Ln 20 * 1.12	64	159
22 Total Negotiated Interval Advancement Demand	Avg # of days advance per circuit expected to be 7.2 bus days based upon Bell South Market Analysis of negotiated intervals	Ln 21 * 7.2	Ln 21 * 7.2	464	1,144

<u>Line</u>	<u>Item</u>	<u>Source</u>	<u>TL #821</u> <u>Calculations</u>	<u>Corrected</u> <u>Calculations</u>	<u>BellSouth</u> <u>Amount</u>	<u>Corrected</u> <u>Amount</u>
Rescheduling a Service Date (to 3 business days or less) when the Customer has Missed the Service Date						
23	Total DS3 Service Orders	Total DS3 Svc Orders based on BellSouth Svc Order Analysis	Ln 3	Ln 3	3,134	3,134
24	Projected Supplemented DS3 Svc Orders	Assumed 45% of DS3 Svc orders were supplemented based on Svc Order Sample	Ln 23 * .45	Ln 23 * 45%	1,410	1,410
25	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 24 * .36	Ln 24 * 36%	508	508
26	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	Ln25 * .24	Ln25 * 24%	122	122
27	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	Ln 26 * .197	Ln 26 * 19.7%	24	24
28	Adjusted Advancement Svc Ord Demand (Rescheduled Apptmt)	Converted DS3 Svc Order Projected Demand assuming 1.12 avg circuit per order	Ln 27 * 1.12	Ln 27 * 1.12	27	27
29	Total Rescheduled Appointment Advancement Demand	Avg # of days advanced per circuit expected to be 2 based upon Bell South Market Analysis of rescheduled appointments	LN 28 * 2	LN 28 * 2	54	54
30	Total Adjusted Service Date Due Advancement Demand	Sum of Standard, Negotiated & Rescheduled Appointment Advancement	Ln10+Ln22+Ln29	Ln10+Ln22+Ln29	4,144	10,424

<u>Line</u>	<u>Item</u>	<u>Source</u>	<u>Corrected</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
3	Current DS3 Service Orders	Total DS3 Svc Orders based on BellSouth Svc Order Analysis	Ln2/.0485	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 * .0485	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	Ln4 * .20	30
6	Adjusted Demand	Total Circuit Days with 1.12 cktis per order	Ln5 * 1.12	34
7	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	Ln 6	34
			Ln 6	34

DESCRIPTION	SOURCE	LAST PCI RATE DEMAND (A)	R(I-1) EXISTING RATE DEMAND (B)	R(I) PROPOSED RATE DEMAND (C)	RATE DEMAND CHANGE (D)=C-B	R(I) PROPOSED RATE DEMAND (E)	RATE DEMAND CHANGE (F)=E-B	LAST PCI INDEX AMOUNT (G)	(I-1) EXISTING INDEX AMOUNT (H)	PROPOSED INDEX AMOUNT (I)	UPPER LIMIT (J)	OUT OF LIMITS INDICATOR (K)	OUT OF LIMITS INDICATOR (M)	Corrected	
														(I)	PROPOSED INDEX AMOUNT (L)
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	NA	50.3632	NA
2. ACTUAL PRICE INDEX (API)	Workpaper SP-1	457,790,143	457,790,143	458,096,365	306,222	459,352,365	1,562,222	50.3294	50.3294	50.3632	50.3632	OK	OK	50.3012	NA
3. SERVICE BAND INDEX (SBI)							HEADROOM ==>	\$ 307,234	\$ 307,234	\$ 1,218				\$ 1,253,939	84D
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	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	OK	79.5214	OK
C. WIDEBAND ANALOG, & DIGITAL	NA	0	0	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	OK
D. DIGITAL DATA, & HICAP	Workpaper SP-1	448,055,926	448,055,926	448,362,148	306,222	449,618,148	1,562,222	68.3517	68.3517	68.3884	69.3179	OK	OK	68.5600	OK
(1) DS1							HEADROOM ==>	\$ 6,245,308	\$ 6,245,308	\$ 5,947,416				\$ 4,708,077	
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	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	OK	72.0115	OK
c. DENSITY ZONE 3	Workpaper SP-1	153,822,734	153,822,734	153,342,396	(480,338)	153,342,396	(480,338)	77.0793	77.0793	76.8386	91.9368	OK	OK	76.8386	OK
d. NON ZONE	Workpaper SP-1	47,748,996	47,748,996	47,748,996	0	47,748,996	0	-	-	-	-	OK	OK	-	OK
e. TOTAL DS1	Workpaper SP-1	246,113,206	246,113,206	245,632,868	(480,338)	245,632,868	(480,338)	70.7831	70.7831	70.6450	76.8366	OK	OK	70.6450	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	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	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	OK	64.8125	OK
d. NON ZONE	Workpaper SP-1	19,239,134	19,239,134	20,025,694	786,560	21,281,694	2,042,560	-	-	-	-	OK	OK	-	OK
e. TOTAL DS3	Workpaper SP-1	81,567,675	81,567,675	82,354,235	786,560	83,610,235	2,042,560	64.5499	64.5499	65.1724	68.0480	OK	OK	66.1663	OK
							HEADROOM ==>	\$ 4,193,097	\$ 4,193,097	\$ 3,480,211				\$ 2,277,288	

CORRECTED PRICEOUT OF EXISTING AND PROPOSED RATES - SPECIAL ACCESS BASKET

<u>Rate Elem Num</u>	<u>State</u> <u>(B)</u>	<u>Zone</u> <u>(C)</u>	<u>Description</u> <u>(D)</u>	<u>USOC</u> <u>(E)</u>	<u>2002 Demand</u> <u>(F)</u>	<u>Last PCI Rate</u> <u>(G)</u>	<u>Existing Rate</u> <u>(H)</u>	<u>Proposed Rate</u> <u>(I)</u>	<u>Last PCI Rate X Demand</u> <u>(J)=F X G</u>	<u>Existing Rate X Demand</u> <u>(K)=F X H</u>	<u>Proposed Rate X Demand</u> <u>(L)= F X I</u>
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	10,424	\$ -	\$ -	200.00	\$ -	\$ -	2,084,800
990733487	BS	0	SPA Service Date Advancement MA - per CKT per occurrence	SPDAMA	34	\$ -	\$ -	300.00	\$ -	\$ -	10,200
									\$ 52,440	\$ 52,440	\$ 2,095,000
											\$ 2,042,560
Difference due to unreasonable and unsupported demand assumptions											\$ 1,256,000