

Sprint Local Telephone Companies

Tariff F.C.C. No. 3

Transmittal No. 249

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 not less than three days' notice and proposes to extend the recovery period, for one month at a reduced rate, for Wireless Local Number Portability (WLNP) End User Access Service consistent with the requirements of the Commission's decisions in CC Docket No. 95-116¹ and in compliance with the Commission's Order².

Certain portions of the support material for this filing are being submitted under separate cover with a request that it be treated as confidential under the Freedom of Information Act. The information constitutes confidential business information which, if disclosed, could substantially harm the competitive position of Sprint LTC.

¹ Telephone Number Portability, CC Docket No. 95-116, First Report and Further Notice of Proposed Rulemaking, 11 FCC Rcd 8352 (1996) (*First Report and Order*); First Memorandum Opinion and Order on Reconsideration, FCC 97-74, released March 11, 1997 (*Order on Reconsideration*); Second Report and Order, FCC 97-289, released August 18, 1997 (*Second Report and Order*); Third Report and Order, FCC 98-82, released May 12, 1998 (*Third Report and Order*); Memorandum Opinion and Order, DA 98-2534, released December 14, 1998 (*Cost Classification Order*); Order FCC 04-91, released April 13, 2004 (*Bellsouth Petition*); (collectively referred to as the *Number Portability Orders*).

² In the Matter of Telephone Number Portability, Sprint Local Telephone Companies Petition for Waiver, CC Docket No. 95-116, (DA 04-3881), released December 13, 2004.

1.0 WLNP Background

On July 1, 2004, Sprint LTC filed Transmittal No. 243, which proposed rates and regulations implementing a WLNP End User Access Service rate to recover costs incurred by Sprint LTC to provide WLNP. The rate established was set at \$0.43 (\$0.47 including USF recovery) to be recovered for a period of five months beginning July 16, 2004 through December 15, 2004.

After review of the first full month's cost recovery, a rate development computational error was discovered. Analysis of the first month's billings revealed that the access line count for ISDN/PRI, with multipliers, used to develop the \$0.43 (\$0.47 including USF recovery) rate was overstated by 5,057,166 units. This demand overstatement was caused by counting all ISDN/PRI voice grade equivalents (B channels) rather than just the ISDN/PRI lines in the rate development. As a result, Sprint LTC will under-recover for WLNP over the original five month WLNP recovery period by \$2.1 million.

On November 1, 2004, Sprint LTC filed a petition for waiver of the Commission's rules regarding recovery of WLNP implementation costs. This petition requested a waiver of Section 52.33(a)(1) of the Commission's rules³ in order to allow Sprint a reasonable opportunity to recover the costs to implement WLNP in accordance with Section 251(e)(2) of the Telecommunications Act of 1996 ("1996 Act")⁴, the Commission's cost recovery order⁵, and its implementing rules.

On December 13, 2004, the Commission granted Sprint LTC's petition for waiver and with this filing, Sprint LTC proposes to extend the recovery period for one additional month, from December 16, 2004 through January 15, 2005, at a reduced rate of \$0.28 (\$0.30 including USF recovery). This will allow Sprint LTC to recover the WLNP mandated costs approved by the Federal Communications Commission.

³ 47 CFR § 52.33(a)(1).

⁴ 47 U.S.C. § 251(e)(2).

⁵ *Telephone Number Portability, CC Docket No. 95-116, RM 8535, Third Report and Order*, 13 FCC Rcd 11701 (1998)(*Third Report and Order*). The Commission defines cost recovery as "the collection of funds by carriers to cover some or all of their costs of providing number portability." *Id.* at 11717 n. 100.

2.0 Rate Development

The following describes the calculation of the rate to be applied from December 16, 2004 through January 15, 2005 using corrected ISDN/PRI demand. Details are contained in the attached workpapers, including Chart 2B and Exhibits 1, 2, 5 (original) and 5-Revised.

Exhibit 1 shows the calculation of the rate of \$0.28 to be applied for an additional month, from December 16, 2004 through January 15, 2005. The ISDN/PRI demand has been corrected for this calculation. In addition, Sprint LTC proposes to include the impact of the universal service contribution factor in this rate. When the current USF contribution factor of 0.089 is applied, the resulting rate equals \$0.30.

Exhibit 2 displays a summary of the original and corrected average total forecasted demand, including the appropriate multipliers, by month. A copy of the originally filed forecasted demand for WLNP End User Access Service is displayed on Exhibit 5. A corrected version of the filed forecasted demand, based on the same forecast of total access lines as the original, is displayed on Exhibit 5-Revised.

3.0 Conclusion

The Sprint local telephone companies are submitting the accompanying tariff revisions in accordance with the Commission's regulations for local exchange carriers. The service proposed in this filing is supported by exhibits detailing the rate development, along with a showing of prospective demand. The associated rates are demonstrated to be fully cost-based and reasonable, and in full compliance with the Commission's *Number Portability Orders*.

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Sprint LTD
ISDN-PRI Demand Correction for WLNP Surcharge Calculation
Exhibit 1

			A	B	C
Row #	Description	Source/ Calculation	Approved Cost Recovery	Demand	Revenue
1	Approved Present Value of Cost Recovery	7/1/04 Filing [Chart 2B, J26]			
2	Average Original Forecast Demand w/ Multipliers - Total	7/1/04 Filing [Ex. 5, Sum(J9:J13)]			
3	Original Projected Five Month Revenue @ \$0.43 - Total	B2 * 0.43			
4	PV Factor	7/1/04 Filing [Chart 2B, E30]			
5	Approved Projected PV Revenue	C3 * C4			
6	Average Corrected Forecast Demand w/ Multipliers - Total	Ex. 5-Revised, Sum(J9:J13)			
7	Corrected Projected Five Month Revenue @ \$0.43 - Total	B6 * 0.43			
8	Corrected Projected PV Revenue	C7 * C4			
9	Shortfall to be recovered from Dec 16, 2004 through Jan 15, 2005	C5 - C8			
10	Present Value of Revenue Requirement w/ 5 Mos. of Return &	Chart 2B, J26			
11	Difference between Projected PV Revenue & PV of 5-Mo Rev Req	C5 - A10			
12	Difference not recovered in initial 5-month recovery period	A11 * (C9 / C5)			
13	Revised Shortfall to be recovered from Dec 16, 2004 through Jan 15, 2005	C9 - C12			
14	Corrected December Demand w/ Multipliers	Ex. 5-Revised, J14			
15	PV Factor (December)	1/(1.1125)^(5.5/12)			
16	PV of Corrected Demand (December) w/ Multipliers	B14 * B15			
17	Surcharge Amount Required from Dec 16, 2004 through Jan 15, 2005	C13 / B16			\$0.278
18	Surcharge Amount Required from Dec 16, 2004 through Jan 15, 2005 including USF Gross-up	C17 * 1.089			\$0.303

Note: Difference between Ln. 1 and Ln. 5 reflects negotiated agreement to round down surcharge amount from \$0.4345 to \$0.43.

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Sprint LTD
ISDN-PRI Demand Correction for WLNP Surcharge
Exhibit 2

	A	B	C	D	E	F	G	H
Row # Description	June	July	August	September	October	November	December	Total Jul-Nov
Average Original Forecast Demand w/ Multipliers:								
1 PBX								
2 ISDN-PRI								
3 All Other								
4 Total								
Average Corrected Forecast Demand w/ Multipliers:								
5 PBX								
6 ISDN-PRI								
7 All Other								
8 Total								

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***Sprint Local Telephone Companies
Wireless Number Portability
Chart 2B - Revenue Requirement
(000) Omitted***

A	B	C	D	E	F	G	H	I	J
Ln #	Description	Input	Calc/Source	2004 Year 1	2005 Year 2	2006 Year 3	2007 Year 4	2008 Year 5	Total
1									
2	Incremental Investment		Chart 2A						
3	Cumulative Investment		=Ln2 + Prev Yr Cum Inv Ln3						
4									
5	Total Annual Depreciation		One Yr Amortization						
6	Cumulative Depr for Return		Note # 1						
7	Maintenance		=Avg Inv * Ln 7 Col C						
8	Return		=C * (Avg Inv - Cum Depr)						
9	Federal Inc. Tax		=(Ln 8-((AvgLn3-AvgLn6)*.44*.088))*(C/(1-C))						
10	State & Loc Inc. Tax		= ((Ln8-((AvgLn3-AvgLn6)*.44*.088))+Ln9) * (C/(1-C))						
11	Other Tax		=Avg Inv * Ln 11 Col C						
12	Inv Related Rev. Req.		=Ln5+SUM(Ln7:Ln11)						
13	Inv Related Rev Req % of Cumulative Inv.								
14	Total Expense		=Chart 2A Ln 27						
15	Total Rev. Req.		=Ln12+Ln14						
16									
17	Incr. Support Labor		Incr. Support Labor Study						
18	Rev Req & Common Exp.		=Ln15+Ln17						
19									
20	Uncollectible Factor		Uncollectible Study						
21									
22	Total Revenue Requirement		=Ln18*(1+Ln20)						
23									
24	Year								
25	P/F Present Value Factor								
26	Present Value								
27									
28	Recovery Period								
29	Period Exponent								
30	P/F Present Value Factor								
31									
32	Average Access Lines		Acc Line Forecast						
33									
34	PV of Average Access Lines		=Ln 30 * Ln 32						
35									
36									
37	Surcharge over 5 months		=Ln 26 Col. J / Ln 34 Col. E						
38	July 2004 - November 2004								
39									
40	End User Monthly Rate								\$ 0.43
41									
42									
43									
44									
45									
46									
47									
48									
49									
50									

Please Note: # 1 =Previous Years Cumulative Depreciation + Current Year Depreciation

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***Sprint Local Telephone Companies
Wireless Number Portability
Access Line Forecast
Exhibit 5***

A	B	C	D	E	F	G	H	I	J
Ln #	Month / Year	Total BUS.	Total RES.	PBX TRUNKS	PRI	Lifeline	Total LNP Access Lines	Total LNP Access Lines w/ multipliers	Average Total LNP Access Lines w/ multipliers
1									
2	Dec-03								
3	Jan-04								
4	Feb-04								
5	Mar-04								
6	Apr-04								
7	May-04								
8	Jun-04								
9	Jul-04								
10	Aug-04								
11	Sep-04								
12	Oct-04								
13	Nov-04								
14	Dec-04								

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***Sprint Local Telephone Companies
Wireless Number Portability
Access Line Forecast - Corrected
Exhibit 5-Revised***

A	B	C	D	E	F	G	H	I	J
Ln #	Month / Year	Total BUS.	Total RES.	PBX TRUNKS	PRI	Lifeline	Total LNP Access Lines	Total LNP Access Lines w/ multipliers	Average Total LNP Access Lines w/ multipliers
1									
2	Dec-03								
3	Jan-04								
4	Feb-04								
5	Mar-04								
6	Apr-04								
7	May-04								
8	Jun-04								
9	Jul-04								
10	Aug-04								
11	Sep-04								
12	Oct-04								
13	Nov-04								
14	Dec-04								