

Sprint Local Telephone Companies

Tariff F.C.C. No. 3

Transmittal No. 274

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 15 days' notice under the Federal Communications Commission's streamlined filing procedures, and proposes to add rates and regulations offering customers in the state of Nevada a Custom Access Solutions combination comprised of 1.152 Mbps frame relay service with 6 voice channels.

Custom Access Solutions provides for the integration of multiple voice and frame relay channels over the same 1.544 Mbps facility. With Custom Access Solutions, voice channels are segregated from the frame relay channels using a digital access and cross connect system (DACS) located in the Telephone Company's central office. The monthly recurring rates and nonrecurring charges for Custom Access Solutions are designed to recover only the cost of the frame relay and DACS capability, with the voice channels obtained separately by the customer.

Exhibit 1-1 displays the rate development for the 1.152 Mbps frame relay/6 voice channel combination proposed for the state of Nevada and displays the installed material

cost for the circuit and switching equipment and outside plant facilities associated with the provision of Custom Access Solutions. 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 monthly recurring rates are set above the direct cost floor at a level that ensures recovery of an appropriate amount of overhead costs. The nonrecurring charges displayed on the exhibit is set to recover a portion of the upfront installation and engineering labor costs associated with the provision of Custom Access Solutions.

Forecasted demand for Custom Access Solutions 1.152 Mbps is displayed on Exhibit 1-2, and is based on customer demand.

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 - Nevada

**Rate Element: Custom Access Solutions
6 Voice Channels/1.152 Mbps Frame Relay**

A. Investment	<u>Outside Plant</u>	<u>Frame Equipment</u>	<u>Circuit Equipment</u>
1. Circuit / Switching Equipment Investment	\$ -	\$ 1,570.50	\$ 2,086.00
2. Outside Plant Investment	\$ 618.00	\$ -	\$ -
3. Total Investment Cost (Line 1 + Line 2)	\$ 618.00	\$ 1,570.50	\$ 2,086.00
4. Net Salvage Value - Material	\$ -	\$ -	\$ -
5. Net Installed Cost (Line 3 - Line 4)	\$ 618.00	\$ 1,570.50	\$ 2,086.00

B. Annual Cost		<u>% Total Investment</u>		<u>% Total Investment</u>		<u>% Total Investment</u>
6. Depreciation	\$ 30.90	5.00%	\$ 142.77	9.09%	\$ 189.64	9.09%
7. Other Direct Expense	\$ 60.44	9.78%	\$ 159.41	10.15%	\$ 162.50	7.79%
8. Maintenance	\$ 4.94	0.80%	\$ 49.47	3.15%	\$ 9.80	0.47%
9. Return	\$ 46.91	7.59%	\$ 106.70	6.79%	\$ 141.73	6.79%
10. Federal and State Tax	\$ 25.26	4.09%	\$ 57.45	3.66%	\$ 76.31	3.66%
11. Total Annual Cost (Line 6 thru Line 10)	\$ 168.46	27.26%	\$ 515.81	32.84%	\$ 579.98	27.80%

C. Customer Installation Cost	<u>Hours</u>	<u>Labor Rate</u>	
12. Engineering Labor	0.00	\$ -	\$ -
13. Installation Labor	1.50	\$ 63.27	\$ 94.91
14. Total Labor (Line 12 + Line 13)			\$ 94.91

D. Pricing		
15. Proposed Nonrecurring Charge:		
1 Year	\$	400.00
2 Year	\$	300.00
3 Year	\$	200.00

16. Monthly Direct Cost	PRICE FLOOR	\$ 105.35
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17. PROPOSED MONTHLY RATES:		<u>Direct Cost/ Unit Invest</u>	<u>Direct Cost/ Rate</u>
6 Voice Channels/1.152 Mbps Frame Relay - 1 Year Term	\$349.45	0.2958	0.3015
6 Voice Channels/1.152 Mbps Frame Relay - 2 Year Term	\$329.45	0.2958	0.3198
6 Voice Channels/1.152 Mbps Frame Relay - 3 Year Term	\$309.45	0.2958	0.3405

Forecasted Demand

Company: Sprint Local Telephone Companies - Nevada

Rate Element: Custom Access Solutions

<u>Voice Channels</u>	<u>Frame Relay Bandwidth</u>	<u>Terms</u>	<u>Year 1</u>	<u>Year 2</u>
6	1.152 Mbps	1 Year	3	5
		2 Year	1	2
		3 Year	35	55