

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of an Investigation of the)	
Actual Costs Incurred in Providing)	
Exchange Access Service and the Access)	Case No. TR-2001-65
Rates to be Charged by Competitive Local)	
Exchange Telecommunications)	
Companies in the State of Missouri.)	

**SPRINT RESPONSE TO
STAFF'S SECOND PHASE PROPOSAL**

COMES NOW Sprint Communications Company L.P., and Sprint Missouri, Inc. (collectively herein "Sprint") and hereby submits this Response as permitted by the Commission's Order dated June 16, 2003.

1. On July 15, 2003, the Staff of the Missouri Public Service Commission filed its *Second Phase Proposal* in the Commission's investigation into switched access service as directed by the Commission in its June 16, 2003 *Order Directing Filing*. Specifically, the Staff's outline for resolving the first phase, and moving to a second phase proceeding, in chronological order, is as follows:

Exchange Access Investigation Outline

- a. The Commission determines the cost-related issues in this proceeding.
- b. The Commission resolves the questions regarding its authority to achieve access charge reform and its authority to expand local calling scopes.
- c. The Commission determines whether the high cost MoUSF should utilize a benchmark cost approach or the cost/JRA/SOP approach.
- d. If the Commission selects a benchmark approach, the Commission next determines whether a multiple or a single benchmark is appropriate.

- e. The Commission opens a new case to determine whether the current exchange access rates are just and reasonable, and to identify solutions should the Commission determine that access charge reform is needed.
- f. The Commission holds a prehearing conference, approximately sixty (60) days after resolving the issues in (a) through (d) above.
- g. The Commission conducts a contested case proceeding to determine whether the current exchange access rates are just and reasonable, and to identify solutions for exchange access reform.

2. Overall, Sprint supports the above seven-point process as a reasonable approach to proceed with this investigation. Sprint concurs with Staff's conclusions that the Commission must provide the industry with some direction by first making certain fundamental decisions. The Commission should resolve outstanding threshold issues related to (a) jurisdiction, (b) cost methodology, and (c) the high cost portion of the Missouri universal service fund (MoUSF). Sprint's position on these three elements are well documented in previous filings in this case, as well as Case No. TO-98-329, and Sprint will not repeat itself at this time; however, Sprint believes that further discussion is necessary concerning certain aspects of the Staff Proposal.

3. First, Staff states that, "[t]he high-cost portion of the MoUSF, if implemented, provides the potential for significant switched access reductions"¹ Sprint strongly supports an initiative to utilize a high cost fund to reduce access rates. Moreover, Sprint believes that the high cost fund is a valuable first step in transitioning the current implicit subsidy system to an explicit subsidy system. Sprint submits that the benchmark approach, when taken as a whole for Missouri, produces intuitive results that serve as an appropriate first step in order to ensure the continued access to comparable essential local services throughout the state. Sprint also believes

¹ Id. at 4.

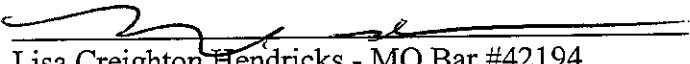
that the use of a multiple or tiered benchmarks would be the most effective in achieving the results sought by the Commission and envisioned by the Legislature.

4. Next, Staff discusses the issue as to whether the Staff's cost studies are an effective method for calculating the actual cost of switched access or whether some other cost study method is appropriate. In addition, Staff infers that accepting Staff's cost studies would be a convenient method for resolving most of the issues from the Joint Issues List. Moreover, Staff expresses concerns with revising its methodology to include alternative carrier-specific cost studies. Sprint strongly disagrees. Sprint does not believe that Staff's cost studies are capable of calculating the company specific forward-looking cost of exchange access for all carriers. The Commission must use cost studies that are compliant with the FCC's forward-looking cost methodology, as advocated by Sprint in the first phase of this case. Any other choice by the Commission would confuse matters and are of little use. Further, in order to determine the costs of switched access for all Missouri ILECs, Sprint believes the Commission must adopt a consistent methodology. Therefore, Sprint suggests the Commission should utilize a forward-looking economic cost standard as defined by the FCC. The FCC's approach is well understood and can be applied to all companies as the Commission examines the costs of switched access.

5. Finally, Staff recommends that a prehearing conference should be held sixty (60) days after the resolution of the outstanding issues. Sprint agrees with Staff in that there needs to be ample time to consider the scope of the second phase based on the Commission's decisions. Sprint submits, however, that the Staff suggested sixty day timeframe may not be sufficient given the potential magnitude of the impacts on cost studies. Consequently, Sprint suggests that a ninety (90) or one hundred-twenty (120) day interval would be a more realistic and appropriate timeframe.

WHEREFORE, Sprint respectfully requests the Commission consider the above.

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CERTIFICATE OF SERVICE

The undersigned does hereby certify that a copy of the above and foregoing document was served by U.S. Mail, postage prepaid and via email on this 15th day of August, 2003 to each of the following:

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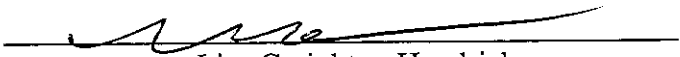
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