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August 15, 2005

VIA EFIS

Colleen M. Dale
Secretary, Chief Regulatory Law Judge
Missouri Public Service Commission
200 Madison, Suite 100
Jefferson City, MO 65101

FILED³

AUG 15 2005

Missouri Public
Service Commission

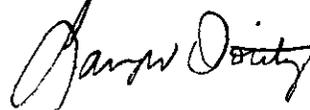
Re: Case No. TO-2003-0257

Dear Ms. Dale:

Earlier this afternoon, the undersigned filed an Amendment/Supplement To The Response Of CenturyTel of Missouri, LLC To Staff's Suggestions In Opposition To Stipulation And Agreement in the above-referenced matter, which referenced and included an Attachment 2. I inadvertently attached the wrong Staff Recommendation.

Please find enclosed the correct Attachment 2, as referenced in the body of the pleading, which I respectfully request be substituted for the earlier erroneous attachment. Thank you for your prompt attention and assistance in this matter. I am copying this correspondence and attachment to counsel of record and Judge Ruth.

Sincerely,



Larry W. DORITY

Att:

cc: Counsel of Record
Senior Regulatory Law Judge Vicky Ruth

MEMORANDUM

To: Missouri Public Service Commission Official Case File
Tariff File No. JI-2003-0998, JI-2003-1000, JI-2003-1001, JI-2003-1002, JI-2003-1003
Case No. IT-2003-0166, IT-2003-0167, IT-2003-0168, IT-2003-0169, IT-2003-0170

From: Natelle Dietrich
Telecommunications Department

William Voight 11/25/02
Utility Operations Division/Date

William K. Haas 11/26/02
General Counsel's Office/Date

Subject: Recommendation to Approve Sprint Price Cap Tariff Filings

Date: November 25, 2002

P.S.C. Mo. No. 22, 23, 24, 25, 26

On October 25, 2002, Sprint Missouri, Inc. d/b/a Sprint (Sprint), an incumbent local telecommunications company, filed tariff revisions in accordance with Section 392.245 of the Missouri Revised Statutes (price cap filing). The tariffs have an effective date of December 11, 2002. Substitute sheets were filed on November 6, 2002, November 20, 2002 and November 21, 2002.

Staff analyzed Sprint's filing, including supporting workpapers. The following sections discuss the proposed changes and compliance with the applicable Missouri statute.

Rebalance basic local and access rates

According to 392.245 RSMo, a price cap company can rebalance by reducing rates for intraLATA interexchange telecommunications services. The resulting revenue loss will be offset by increasing rates for basic local telecommunications services by up to \$1.50.

8. An incumbent local exchange telecommunications company regulated under this section may reduce intrastate access rates, including carrier common line charges, subject to the provisions of subsection 9 of this section, to a level not to exceed one hundred fifty percent of the company's interstate rates for similar access services in effect as of December thirty-first of the year preceding the year in which the company is first subject to regulation under this section. Absent commission action under subsection 10 of this section, an incumbent local exchange telecommunications company regulated under this section shall have four years from the date the company becomes subject to regulation under this section to make the adjustments authorized under this subsection and subsection 9 of this section....

9. Other provisions of this section to the contrary notwithstanding and no earlier than January 1, 1997, the commission shall allow an incumbent local exchange telecommunications company regulated under this section which reduces its intrastate access service rates pursuant to subsection 8 of this section to offset the revenue loss resulting from the first year's access service rate reduction by increasing its monthly maximum allowable prices applicable to basic local exchange telecommunications services by an amount not to exceed one dollar fifty cents....

Attachment 2

Appendix A

Sprint is proposing to reduce its terminating carrier common line charges, bringing the originating and terminating rates closer to parity.

<i>InterLATA</i>		Current	Adjusted
Carrier Common Line	Originating	\$0.040059	\$0.040059
Carrier Common Line	Terminating	\$0.067785	\$0.060373
<i>IntraLATA</i>			
Carrier Common Line	Originating	\$0.040059	\$0.040059
Carrier Common Line	Terminating	\$0.067785	\$0.060373

In order to offset the switched access revenue loss of approximately \$240,000, Sprint is proposing to increase basic local service rates by \$1.50. Staff has reviewed the rebalancing adjustments and finds them consistent with Sections 392.245.8 and 392.245.9 RSMo as stated above.

Revise basic local rates and access rates by the change in the CPI-TS

Section 392.245.4 of the Missouri Revised Statutes states:

4. (1) ... the maximum allowable prices for exchange access and basic local telecommunications services of an incumbent local exchange telecommunications company shall be annually changed by one of the following methods:
- (a) *By the change in the telephone service component of the Consumer Price Index (CPI-TS), as published by the United States Department of Commerce or its successor agency for the preceding twelve months...*
 - (b) *Upon request by the company and approval by the commission, by the change in the Gross Domestic Product Price Index (GDP-PI), as published by the United States Department of Commerce or its successor agency for the preceding twelve months, minus the productivity offset established for telecommunications service by the Federal Communication Commission and adjusted for exogenous factors;*

The statute essentially allows the Company to choose which methodology it utilizes to change its maximum allowable prices. While the CPI-TS adjustment methodology results in an increase, Staff believes that the GDP-PI Methodology would result in a decrease.

The Company has established its maximum allowable prices to be those resulting from the CPI-TS adjustment as set out in (a) above. The CPI-TS was calculated using a twelve-month moving average to arrive at an increase of 0.8958%. This percentage was also applied to the rates for each of the services to arrive at an annual revenue increase of approximately \$275,000.

Rather than applying the CPI-TS adjustment to all basic local rates, Sprint increased a few selected non-recurring rates resulting in the same expected revenue impact as applying the adjustment to all basic local rates.

Service	Current	Adjusted
Service Restoration Charge	\$17.65	\$22.25
Record Order Charge	\$7.85	\$10.50
Service Order Charge	\$12.00	\$16.00
Access Line Work Charge	\$24.45	\$25.00

Premises Visit Charge \$9.15 \$10.00

Sprint followed a similar procedure in order to calculate CPI-TS adjusted access charges and arrived at a revenue impact of approximately \$40,000. Rather than increase all access rates, Sprint revised its local switching rate.

Service	Current	Adjusted
Local Switching	\$0.022823	\$0.023617

Staff has reviewed the CPI-TS adjustments and finds them consistent with Section 392.245.4 RSMo as stated above.

Adjust non-basic rates by 8%

Missouri statutes allow a price cap regulated company to increase maximum allowable prices for non-basic services by up to eight percent each year. According to 392.245.11:

...the maximum allowable prices for nonbasic telecommunications services of an incumbent local exchange telecommunications company may be annually increased by up to eight percent for each of the following twelve-month periods upon providing notice to the commission and filing tariffs establishing the rates for such services in such exchanges at such maximum allowable prices...

Sprint proposes to increase many of its maximum allowable prices for non-basic services by eight percent or less; however, it is proposing to only increase selected, non-basic rates by the eight percent or less. For instance, Sprint proposes increasing the non-basic rate for such services as InfoLink, Directory Listings, Business Trunk Rates, Toll Restriction, Call Screening, PBX Trunks, ATM Service, some Residential and Business Packaged Offerings, some MTS rates, Some Private Line Services and some Special Access rates. Sprint has increased the maximum allowable price for certain Metropolitan Calling Area (MCA) services, but has NOT increased any MCA rates. Staff has reviewed these adjustments and finds them consistent with 392.245.11.

Conclusion

Staff has reviewed the proposed tariff filings and supporting documentation and finds that Sprint has complied with the requirements of 392.245 RSMo. Staff has no objections to the filings, as modified, and recommends the Commission approve the proposed tariff revisions to Sprint Missouri, Inc., d/b/a Sprint PSC MO Nos. 22, 23, 24, 25 and 26. Staff is unaware of any other filing which affects or which would be affected by this tariff filing.

The Company is current in filing an annual report and paying the PSC assessment.

The Company is delinquent. Staff recommends the Commission grant the requested relief/action on the condition the applicant corrects the delinquency. The applicant should be instructed to make the appropriate filing in this case after it has corrected the delinquency.

(No annual report Unpaid PSC assessment. Amount owed:)