



FILED²

SEP 03 2002

Missouri Public
Service Commission

Legal and External Affairs
6450 Sprint Parkway
Building 14
Overland Park, KS 66251

September 3, 2002

Secretary
Missouri Public Service Commission
200 Madison Street, Suite 650
P. O. Box 360
Jefferson City, MO 65102

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

Dear Sir:

Attached please find original and two copies of Sprint's Position Statement in the
above case. I would appreciate your filing the same and returning filed-stamped copies.

Pursuant to the Commission's Order Adopting Procedural Schedule, Clarifying
the Scope of this Proceeding, and Concerning Motion to Waive Service Requirement and
Motion to Compel Discovery issued on March 14, 2002 ("Order"), copies of the
foregoing are being served on counsel for all represented parties in this case. This cover
letter is being served on unrepresented parties pursuant to the Order, advising all
unrepresented parties that you may obtain a copy of the referenced document upon
request from the filing party at no cost.

Please direct any further questions or requests to Vickie Worrel at 913-315-9135.

Very truly yours,

Lisa Creighton Hendricks

Lisa Creighton Hendricks

/vw

cc: Counsel for All Represented Parties of Record w/enclosures
All Unrepresented Parties of Record w/o enclosures

by Davis Bergmeyer

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

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Actual Costs Incurred in Providing)
Exchange Access Service and the Access)
Rates to be Charged by Competitive Local)
Exchange Telecommunications)
Companies in the State of Missouri.)

Case No. TR-2001-65

SPRINT POSITION STATEMENT

COMES NOW Sprint Communications Company L.P., and Sprint Missouri Inc. d/b/a Sprint (collectively herein "Sprint") and hereby provides the following Position Statement:

1. What is the appropriate cost methodology (i.e. TSLRIC, LRIC, embedded, stand alone, etc.) to be used in determining the cost of switched access?

Sprint Position: The appropriate cost methodology is a TSLRIC methodology that is consistent with the FCC's Forward-Looking Economic Cost standard, as defined in the FCC Local Competition Order. The Forward-Looking Economic Cost standard is ideal for switched access because it is well defined, well documented, easily applied, widely used and widely accepted. Of the cost methodologies suggested in this proceeding, only the TSLRIC methodology can be consistent with this standard. A TSLRIC cost study that is consistent with the Forward-Looking Economic Cost standard is attached to the Direct Testimony of Sprint witness Mr. Farrar.

2. Should the cost methodology (i.e. TSLRIC, LRIC, embedded, stand alone, etc) for determining switched access costs be uniform and consistent for all Missouri LECs?

Sprint Position: The Commission should adopt a uniform, long run incremental cost methodology consistent with the FCC's Forward-Looking Economic Cost standard for all

companies. This standard is contained in the TSLRIC cost methodology performed by Sprint and should be used for determining the cost of switched access for all Missouri companies.

3. Should loop costs be included in the determination of the cost of switched access, and if so, at what level?

Sprint Position: No, pursuant to the FCC's local Competition Order, Access Reform Order, and USF Order, loop costs are not an element of the long run incremental cost of switched access and its allocation (at any level) to TSLRIC switched access costs is inappropriate.

4. What are the appropriate assumptions and/or the appropriate values for the following inputs:

a. Cost of capital

Sprint Position: A forward-looking cost of capital should be used, which reflects the current market-valued capital structure, current cost of debt, and current, forward-looking cost of equity. Historic rates of return reflecting monopoly business should not be used.

b. Switch discounts

Sprint Position: Current vendor discounts, if applicable, should be used. These discounts should reflect the weighting for new and growth discounts, where applicable.

c. Depreciation

Sprint Position: Forward-looking economic lives should be used, which reflect the fact that current economic lives are shorter than historic levels.

d. Maintenance factors

Sprint Position: Maintenance factors should be forward-looking. The most recent experience is a reasonable measure of forward-looking maintenance costs.

e. Common and shared costs

Sprint Position: Consistent with the FCC's Forward-Looking Economic Cost standard, the cost of shared facilities and operations should be directly attributed to the greatest extent possible.

f. Fill factors

Sprint Position: Consistent with the FCC's Forward-Looking Economic Cost standard, "reasonably accurate fill factors" should be used. "Reasonably accurate" must reflect the fact that reasonably efficient telecommunications companies will operate with fill factors that are below theoretical optimal levels due to the "lumpiness" of investment levels over time.

g. Other major assumptions and/or inputs.

Sprint Position:

(1) All inputs should be company-specific, reflecting the differences in serving rural vs. urban areas and reflecting differences in scale among providers which translate to differences in costs.

(2) Central Office Processor, Fiber Optic Terminals and Fiber Cable Facilities -- Consistent with the FCC's Forward-Looking Cost standard, costs attributable to the central office processor, fiber optic terminals and fiber cable facilities should be included in a TSLRIC cost study. The costs of these facilities are variable in the long run and more capacity in these facilities is needed as a result of offering switched access.

(3) Base load Switching Software -- Consistent with the FCC's Forward-Looking Cost standard, base load switching software is properly included as a directly attributable shared cost.

(4) Tandem Switching Cost - -- Consistent with the FCC's Forward-Looking Cost standard, the cost of tandem switching should be based on the cost of access tandem switches instead of the cost of all switches in Missouri.

5. Is the current capping mechanism for intrastate CLEC access rates appropriate and in the public interest?

Sprint Position: The current CLEC capping mechanism adopted by the Commission is neither anti-competitive nor a barrier to entry as long as a CLEC has the option to demonstrate that a rate above the cap is appropriate, via an affirmative showing of its costs.

6. Are there circumstances where a CLEC should not be bound by the cap on switched access rates?

Sprint Position: See response to #5, above.

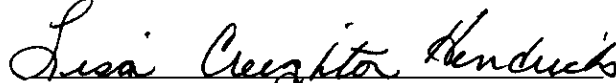
7. What, if any, course of action can or should the Commission take with respect to switched access as a result of this case?

Sprint Position: To the extent that the Commission believes that the evidence regarding the cost of switched access justifies further proceedings, the Commission's next step should be to determine what statutory options are available to it for the differently regulated companies that will be impacted by any subsequent proceeding.

WHEREFORE, Sprint respectfully submits its position statement for consideration by the Commission.

Respectfully submitted,

SPRINT



Lisa Creighton Hendricks - MO Bar #42194

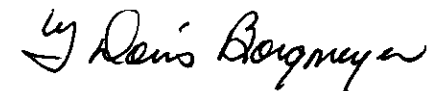
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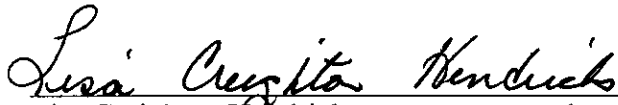
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CERTIFICATE OF SERVICE

Copies of this document were served on the following parties by first-class/electronic/facsimile mail, the 2nd day of September, 2002.



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MO TR-2001-65

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