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August 27, 2003

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BY HAND DELIVERY

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

030868-TL

Re: *In re: Sprint-Florida, Incorporated's Petition to Reduce Intrastate Switched Network Access Rates to Interstate Parity in a Revenue Neutral Manner Pursuant to Section 364.164(1), Florida Statutes*

CONFIDENTIAL DOCUMENTS ATTACHED

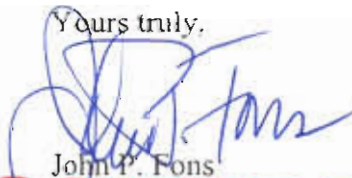
Dear Ms. Bayo:

Enclosed with this letter are the unredacted documents referred to in Sprint's Request for Confidential Classification and Protective Order pursuant to Section 364.183(1), Florida Statutes, which was filed on this date with the Division of Records and Reporting. A listing of the documents follows:

1. Direct Testimony of John M. Felz, page 9
2. John M. Felz Exhibit JMF-4
3. Kent W. Dickerson Exhibit KWD-2, pages 1, 2, 3, 5, 6 and 7.

Please keep these documents confidential pending receipt and action on the Company's Request for Confidential Classification relating to these documents.

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max
FPSC DIVISION OF RECORDS

Yours truly,

John P. Fons

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Enclosures

cc: Certificate of Service List (w/o encls.)

This confidentiality request was filed by or for a "telco" for DN 08011-03. No ruling is required unless the material is subject to a request per 119.07, FS, or is admitted in the record per Rule 25-22.006(8)(b), FAC.

appeal
DOCUMENT NUMBER-DATE
08011 AUG 27 8
FPSC-COMMISSION CLERK
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DECLASSIFIED

dm 5/20/05

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**SPRINT-FLORIDA, INC.
PETITION TO REDUCE ACCESS RATES
FILED: AUGUST 27, 2003**

1 exhibit JMF-2 to illustrate the current relationship between intrastate access rates and
2 cost. The analysis demonstrates that Sprint's current average intrastate switched
3 access rate of \$.050392 per minute of use (per end) exceeds the cost for the service of
4 \$.004475, thereby providing a significant contribution of \$.045917 per minute of use.
5 It should be noted that this analysis of current intrastate access rates and costs is
6 presented solely to demonstrate the existing subsidy to residential local service
7 provided by intrastate access charges.

8

9 **Q. Is cost the target for the intrastate access reductions?**

10 A. No. The 2003 Act established parity with the January 2003 interstate access rates as
11 the appropriate target for reducing intrastate access rates.

12

13 **Q. What evidence do you have that the contributions from intrastate switched
14 network access charges are subsidizing residential basic local service?**

15 A. Exhibit JMF-3 to my testimony demonstrates the significant subsidy being provided to
16 residential basic local service rates. The cost studies presented by Sprint witness
17 Dickerson identify the forward-looking cost of residential basic local service as \$30.46
18 and business basic local service as \$23.29. A comparison of these costs to the current
19 associated rates (including the subscriber line charge) for basic local service reveals
20 that residential basic local service is currently priced well below its associated costs.
21 The exhibit clearly demonstrates that the rates for residential basic local service are
22 not recovering the associated costs of providing the service. Coupled with the
23 previous analysis of intrastate access rates and its associated costs, it is clear that
24 intrastate access charges are providing a subsidy to residential basic local service rates.
25 Exhibit JMF-4 provides a comparison of the rates and costs for single-line business

Sprint-Florida, Inc.
Basic Local Service Rates vs. Cost Comparison

Sprint-Florida, Inc.
Petition to Reduce Access Rates
Filed: August 27, 2003
Exhibit JMF-4

	A	B
Line		Single-Line Business
1 Current Basic Local Service Rate (weighted average)		\$ 21.18
2 Subscriber Line Charge		<u>\$ 6.50</u>
3 Total (weighted average) line 1 + line 2		\$ 27.68
4 Forward-Looking Cost (weighted average)		<u>\$ 23.29</u>
5 Difference line 3 - line 4		<u>\$ 4.39</u>

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Sprint-Florida, Inc.
Cost of Local Service Study
Summary

A	B	C	D
Row	Cost Element	Source	TSLRIC
1	<u>Residential - Basic Local Service Cost (Per Line)</u>		
2	TSLRIC	Exhibit KWD-2, Page 2 of 7, Col. F, Line 7	\$ 30.46
3	<u>Single Line Business - Basic Local Service Cost (Per Line)</u>		
4	TSLRIC	Exhibit KWD-2, Page 3 of 7, Col. F, Line 7	\$ 23.29
5	<u>Intrastate Switched Network Access (Per MOU)</u>		
6	TSLRIC	Exhibit KWD-2, Page 4 of 7, Col. D, Line 13	\$ 0.004475

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Sprint-Florida, Inc.
Cost of Local Service Study
Residential Cost Summary

A	B	C	D	E	F
			Docket 990649 TP	Docket 990649 TP	D * E /12
Row	Description	Source	Investment	UNE ACF	TSLRIC
1	Total Cost				
2	Average Residential Line	Exhibit KWD-2, Page 5 of 7, Col. I	\$ 1,250.21	22.30%	\$ 23.24
3	Port	Docket 990649-TP, Switch04!UNE_Port!J7	72.87	30.05%	1.82
4	NID	Docket 990649-TP, NID04!NIDLine2	41.79	20.78%	0.72
5	Residential Usage Cost	Exhibit KWD-2, Page 6 of 7, Col. F, Line 5			1.65
6	Retail Related Costs	Exhibit KWD-2, Page 7 of 7, Col. E, Line 9			3.03
7	Total TSLRIC	Sum (F2+F3+F4+F5+F6)			\$ 30.46

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Sprint-Florida, Inc.
Cost of Local Service Study
Business Cost Summary

A	B	C	D Docket 990649 TP	E Docket 990649 TP	F D * E /12
Row	Description	Source	Investment	UNE ACF	TSLRIC
1	Total Cost				
2	Average Business Line	Exhibit KWD-2, Page 5 of 7, Col. J	\$ 906.16	22.30%	\$ 16.84
3	Port	Docket 990649-TP, Switch04!UNE_Port!J7	72.87	30.05%	1.82
4	NID	Docket 990649-TP, NID04!NIDLine2	41.79	20.78%	0.72
5	Business Usage Cost	Exhibit KWD-2, Page 6 of 7, Col. F, Line 6			0.88
6	Retail Related Costs	Exhibit KWD-2, Page 7 of 7, Col. E, Line 9			3.03
7	Total TSLRIC	Sum (F2+F3+F4+F5+F6)			\$ 23.29

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**Sprint-Florida, Inc.
 Cost of Local Service Study
 Loop Summary**

A B C D E F G H I J

Row		Total Residential Lines	Total Single Line Business	Total Business Lines	Total Switched Lines		Average UNE-P Loop Investment	Average Residential Investment	Average Single Line Business Investment
1	Total	1,557,117	313,501	634,749	2,191,866		\$ 1,132.15	\$ 1,250.21	\$ 906.16
		Docket # 990649B	Docket #	Docket #	Docket #		Docket # 990649B-		
	Source	TP	990649B-TP	990649B-TP	990649B-TP		TP		

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Sprint-Florida, Inc.
Cost of Local Service Study
Local Usage

A	B	C	D	E	F
Row	Description	Source	Average Local MOU per Line	Approved UNE Rate Docket 990649-TP Without Common	TSLRIC for Total Average MOU per Line
Residential					
1	Local Switching	Florida Customer Usage Study-07/2003	798	\$ 0.001846	\$ 1.47
2	Common Transport	Florida Customer Usage Study-07/2003	242	0.000716	\$ 0.17
Business					
3	Local Switching	Florida Customer Usage Study-07/2003	435	\$ 0.001846	\$ 0.80
4	Common Transport	Florida Customer Usage Study-07/2003	105	0.000716	\$ 0.08
5	Total Residential Usage	F1 + F2			\$ 1.65
6	Total Business Usage	F3 + F4			\$ 0.88

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Sprint-Florida, Inc.
Cost of Local Service Study
Retail Related Expenses

A	B	C	D	E
Row	Account Number	Description	Source: Docket 990649-TP	Total Expenses
1	6121	Land & Building	ACS00FLIAvoid_ExpII17 & J18	\$ 3,413,332
2	5301	Uncollectible Revenue	ACS00FLIAvoid_ExpII319 & J319	1,765,503
3	6611	Product Management	ACS00FLIAvoid_ExpII137 & J137	3,339,461
4	6612	Sales	ACS00FLIAvoid_ExpII195 & J95	1,073,960
5	6613	Product Advertising	ACS00FLIAvoid_ExpII212 & J212	2,454,350
6	6623	Customer Services	ACS00FLIAvoid_ExpII294 & J294	55,870,459
7		Total Retail Related Expenses	Sum (Rows 1-6)	\$ 67,917,065
8		Access Lines	Exhibit KWD-2, C1 + D1	1,870,626
9		Retail Related Expenses per access line per month	Sum (Rows 7 / 8) / 12 months	\$ 3.03

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