

0 30868-TL

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.

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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

Dr Sobels 5/20/05
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appeal

This confidentiality request was filed by or for a "telco" for DN 09489-03. 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. (See DN 08011-03)