ORIGINAL

Sprint

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May 15, 1998

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

Re: Comments and Rule Proposal of Sprint in
Docket No. 980253-TX

Dear Ms. Bayo:

Enclosed are the original and fifteen (15) copies of Sprint's Comments and Rule Proposal in Docket No. 980253-TX.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning the same to this writer.

Thank you for your assistance in this matter.

Sincerely,

Charles J. Rehwinkel

CJR/th

Enclosures

cc: All Parties of Record

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ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition to Initiate Rulemaking Pursuant to Section 120.54(5), Florida Statutes to Incorporate "Fresh Look" Requirements to all Incumbent Local Exchange Company (ILEC) Contracts	DOCKET NO. 980253-TX FILED: May 15, 1998

Comments and Rule Proposal of Sprint-Florida, Incorporated and Sprint Communications Company Limited Partnership

Pursuant to the request of the Staff of the Florida Public Service commission, Sprint files these comment accompanied by a proposed rule implementing a "Fresh Look" policy. At an initial workshop held on April 22, interested parties were asked to provide comments on the two proposals offered by Time Warner Communications and the Florida Competitive Carriers Association or to present an alternative proposal own. Sprint has chosen to submit a rule proposal (Attachment 1) with comments explaining the major points of the rule proposal.

INTRODUCTION

Implementation of the Telecom Act places state commissions including the Florida Public Service Commission in the position of balancing the positions of ALECs and ILECs while creating a marketplace where local competition will develop. The balancing of ALEC and ILEC positions and interests is an issue that Sprint faces internally in the development of its regulatory policy on a daily basis.

Sprint brings a unique perspective and business focus to regulatory policy in that Sprint is an ILEC, an ALEC, an IXC, and a partner in a major wireless company. Sprint not only will be required to open its ILEC contracts to Fresh Look but will also be taking advantage of the ALEC opportunity to gain customers currently under term agreements with ILECs. Sprint deals with the balancing of competing interests as it runs its diverse operations in nearly every facet of the telecommunications industry. Sprint has been forced by the nature of its diverse business to analyze the position of its ILEC division and its ALEC division and arrive at balanced positions that provide the ILECs and the ALECs the ability to compete in a competitive local telecommunications marketplace. Sprint's proposed positions on Fresh Look will promote the development of local exchange competition in Florida.

The following comments provide Sprint's proposed position on the key issues that should be contained in the Fresh Look policy along with supporting rationale for the proposed position.

PURPOSE

The purpose of a fresh look process is to promote the public policy objective of fostering competitive markets by limiting the financial and operational penalties frequently associated with early termination of long-term contracts. The customer is given the opportunity to reassess their contractual obligation in light of regulatory changes that affect the contract's original economic rationale or market environment.

ELIGIBLE CONTRACTS

Sprint's proposed fresh look rule balances the interests of the new competitors by providing customers opportunities to opt out of certain long-term contract obligations with the interests of ILECs by placing specific limitations on the contracts eligible for fresh look provisions. Sprint's proposed rule makes contracts or tariff provisions with terms of 180 days or more subject to fresh look. This provides more open access by the new competitors to existing ILEC customers who, without the rule, might be reluctant to change carriers due to existing contract obligations, including potential termination penalties.

Sprint proposes two limitations on the services and/or contracts that should be eligible for fresh look : 1) the proposal restricts the application of fresh look to price regulated telecommunications services only, and 2) contracts that were executed subject to a competitive bid situation between August 8, 1996 and the start of the fresh look window are excluded from fresh look provisions.

Sprint believes that price regulated telecommunications services are the only services that should be subject to fresh look provisions. Non-price regulated telecommunications services have generally been found to be competitive and should not be subject to fresh look as these services are under direct competition everyday and certainly were not sheltered from competition prior to August 8, 1996. Please note that Sprint advocates that the determination of price regulated telecommunications services versus non-price regulated telecommunications services should be based on the appropriate classification as of August 8, 1996 (six months after the Telecom Act and the date of the FCC Order that established many of the rules for local competition).

Sprint also believes that contracts that were executed subject to a competitive bid situation between August 8, 1996 and the start of the fresh look window should be not be classified as an eligible contract. Again as in item 1 above, these contracts have already been subjected to competition and inclusion of these contracts as eligible contracts simply give ALECs another opportunity to secure a customer that made a conscious decision to choose the ILEC.

CUSTOMER NOTIFICATION

Sprint's proposed fresh look rule for notice of customers provides a reasonable approach for both ALECs and ILECs. The proposed rule requires ILECs to notify customers, via a bill insert approved by the Commission, of the fresh look provisions. Sprint's proposal limits the burden of notifying customers of the fresh look provisions to development of a bill insert versus a more comprehensive identification of contracts subject to the rule and individual notification to the affected customers. The proposed rule provides for notification to the customers and gives the competitors the opportunity to market alternative solutions to those customers during the fresh look window.

FRESH LOOK WINDOW

Sprint's proposed fresh look rule balances the interests of both the new competitors and the ILECs with regards to the timing and duration of the fresh look window. The proposal establishes a fresh look window of reasonable enough length to allow new competitors the opportunity to market alternative services to customers but does not keep the window open so long that it becomes a burden to the ILECs.

Sprint has proposed a fresh look window for all ILECs that is begins on the date that the FCC or Court grants 271 authority to BellSouth and continues for a 180 day period. The grant of 271 authority marks a defining moment in that the

FCC or the Court has found that local markets are open to competition. This is clearly the best time to start the fresh look window for all ILECs in the state so as not to cause customer confusion with market-by-market determinations of different fresh look windows. This proposal provides customers a limited (180 days), yet reasonable amount of time to avail themselves of competitive alternatives.

TERMINATION LIABILITY

Sprint's proposal for liabilities associated with early termination of eligible contracts during the fresh look window is fair to customers, ALECs and ILECs. Sprint's proposes to limit termination liabilities to payment of: 1) the ILECs unrecovered non-recurring costs or capital investments and the difference between the discounted prices in the contract and the standard prices for the services provided or 2) the termination liability contained in the current contract, whichever is less.

This proposal removes much of the financial disincentive for customers associated with early termination of typical long-term contracts. The proposal provides ILECs a mechanism to recoup installation or capital costs which may have been incurred to provide the requested service. In addition, the ILEC receives the difference between the discounted rate charges under the contract and the rates that would have been in effect if no long-term agreement existed. With these provisions, the ILEC is no worse off than it would have been if a long-term agreement was not in effect.

Conclusion

Consistent with the above major principles, Sprint has provided as

Attachment 1, a proposed rule for consideration by the Florida Public Service Commission in this docket and requests that the Commission adopt the attached rule consistent with Sect. 120.54, Fla, Stat.

Respectfully Submitted this 15th day of May 1998.

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ATTACHMENT 1

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition to Initiate Rulemaking Pursuant to Section 120.54(5), Florida Statutes to Incorporate "Fresh Look" Requirements to all Incumbent Local Exchange Company (ILEC) Contracts	**DOCKET NO. 980253-TX** **FILED: May 15, 1998**

SPRINT'S PROPOSAL FOR A FRESH LOOK RULE

(1) Purpose: The purpose of the Fresh Look Rule is to promote the public interest in fostering the development of an efficient technologically advanced, statewide system of telecommunications services by permitting competition in all telecommunications service markets in the state. These rules will foster competition in Florida by providing for the limitation of customer liability related to the early termination of contracts with incumbent local exchange carriers in order to allow such customers a "fresh look" period within which to avail themselves of competitive service alternatives offered by competing local exchange carriers.

(2) Definitions:

(a) Local Exchange Company ("LEC") - a public utility offering and providing basic local exchange service pursuant to tariffs approved by the Florida Public Service Commission, prior to June 30, 1995. Provided, however, this Rule shall not apply to an LEC with fewer than 100,000 total access lines in Florida unless such LEC voluntarily enters into an interconnection agreement with a ALEC or unless such LEC applies for a certificate to provide telecommunications services in an area outside its service area existing on June 30, 1998.

(b) Alternative Local Exchange Company ("ALEC") - a competing telecommunications service provider certified by the Florida Public Service Commission (FPSC), authorized to provide local exchange telecommunications service in Florida on or after July 1, 1995.

(c) Fresh Look Window - the period of time in which LEC customers may terminate Eligible Contracts with termination liability limited as provided for in this rule.

(d) Eligible Contracts - contracts or tariffs, as further defined in Section (3), entered into or subscribed to between August 8, 1996 and the date of commencing the Fresh Look Window. Contracts or tariffs entered into via a competitive bid process are not Eligible Contracts.

(e) LEC Fresh Look Notice - a written notice in the form of a bill insert approved in advance by the PSC and issued by a LEC to all its customers, which describes the Fresh Look process, including the beginning and ending date of the Fresh Look window.

(f) Telecommunications Service - All services defined in 47 U.S.C. § 153(46) and which, on August 8, 1996, were subject to FPSC price regulation.

(g) Statement of Termination Liability (STL) - the statement by a LEC detailing, pursuant to Section 7, the liability, if any, for a customer to terminate an Eligible Contract.

(h) Notice of Termination - The notice by a customer of early termination of an Eligible Contract pursuant to this rule.

(3) Applicability - Eligible Contracts.

(a) Only Eligible Contracts will be subject to the early termination provisions of this Fresh Look Rule. Eligible Contracts shall include those contracts between LECs and customers for a term of one hundred-eighty (180) days or longer. In addition, Eligible Contracts shall include LEC tariffs which contain terms, conditions or other provisions that require the customer to subscribe to Telecommunications Services for 180 days or longer in order to avoid termination liability and/or receive reduced rates. Options to renew and automatic renewals are not included in the determination of the contract term unless penalties under such contact are to be applied if the customer elects not to exercise such options.

(b) Only those portions of Eligible Contracts that involve the provision of Telecommunications Services will be subject to the Rule.

(4) Notice.

Each LEC must give the LEC Fresh Look Notice to its customers during the period 30 days prior to the commencement of the Fresh Look Window and annually thereafter until the end of the Fresh Look Window. Additionally, notice must be provided with the fulfillment package or contract to customers entering into Eligible Contracts within the Fresh Look Window. If a LEC has agreed to provide a longer or more frequent notice period than provided for in this Rule or has agreed in an Interconnection Agreement to notify a CLEC regarding Eligible Contracts, then the provisions of the Interconnection Agreement shall control.

(5) Fresh Look Window.

(a) The Fresh Look Window shall be effective for the entire LEC territory commencing 60 days after either: (1) the date the FCC authorizes BellSouth to provide interLATA services pursuant to 47 U.S.C. § 271(d)(3) or (2) a court of competent jurisdiction authorizes such provision of interLATA services, and ending 180 days later. In the event that authorization to provide interLATA services is granted prior to the adoption of this rule, the Fresh Look window shall commence 60 days after the FPSC adopts the rule and shall end 180 days after commencement.

(b) Only customers seeking early termination of Eligible Contracts with LECs in order to acquire services from or enter into a new contract with an ALEC or LEC will be eligible for the limitation of termination liability provisions set forth in Section (7) of this Rule.

(6) Procedure for Early Termination of Eligible contracts within the Fresh Look Window.

(a) Customers may terminate an Eligible Contract with a LEC prior to the expiration of the contract term by providing a Notice of Termination during the Fresh Look Window.

(b) Upon request of the customer during the 180 day Fresh Look Window, except as provided in (6)(c) the LEC shall provide in writing, within fifteen (15) business days after receiving a Notice of Termination or request for an STL from the customer, a statement (STL) detailing such customer's liability, if any, for early termination of the contract. If such request is received by the LEC between the 165^{th} and 180^{th} day of the Fresh Look Window, the Fresh Look Window shall be extended only for the subject contract(s) for 20 days; provided, however, that no such extension shall occur if a Notice of Termination pursuant to 6(a) is received prior to the 180^{th} day.

(c) Upon request of the customer during the 180 day Fresh Look Window, and where the customer has multiple services and/or multiple locations and/or the subject services are provided by more than one LEC, the LEC(s) shall provide in writing, within thirty (30) days after receiving a Notice of Termination or request for an STL from the customer, a statement (STL) detailing such customer's liability, if any, for early termination of the contract. If such a request is received by the LEC(s) between the 145^{th} and 180^{th} days of the Fresh Look Window, the Fresh Look window shall be extended only for the subject contract(s) for 35 days; provided, however, that no such extension shall occur if a Notice of Termination pursuant to 6(a) is received prior to the 180^{th} day.

(d) If during the Fresh Look Window the customer makes a determination to terminate service(s), from the date the customer provides the Notice of Termination to the LEC, the customer shall have up to 90 days to implement the new services and terminate the subject service(s). If for good reason shown, additional time is needed by the customer to transition to the new provider, the LEC shall reasonably grant such extension(s).

(7) Determination of Liability.

(a) The LEC shall determine the liability, if any, of the customer seeking early termination of an Eligible Contract during the Fresh Look Window. Termination liability shall be limited to the lesser of: (1) the termination liability required under the contract or (2) (as applicable) the non-recurring costs or capital investments that are actually incurred by the LEC which will not be recovered as a direct result of early termination of the contract and reduction or elimination of discounts due to failure to subscribe to service for the length of time necessary to qualify for such discount.

(b) In any dispute with the customer, the LEC shall bear the burden of going forward with evidence demonstrating the actual costs of any non-recoverable non-recurring costs and/or capital investments incurred and demonstrating its inability to recover such costs.

(8) Dispute Resolution.

(a) All disputes concerning Eligible Contracts, termination liability, or other matters within the scope of this Rule, shall be resolved by the PSC through its complaint process pursuant to Rule 25-22.036, F.A.C.

Authority: 364.19, F.S.

CERTIFICATE OF SERVICE
DOCKET NO. 980253-TX

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by U.S. Mail this 15th day of May, 1998 to the following:

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