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ORIGINAL

June 17, 1998

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

Re: Docket Nos. 870248-TL, 900030-TL, 910022-TL,
911185-TL, 921193-TL, and 930173-TL

Dear Ms. Bayo:


Enclosed for filing in the above docket are the original and fifteen (15) copies of Sprint-Florida, Inc.'s Post-Hearing Statement.

We are also submitting the Post-Hearing Statement on a 3.5" high-density diskette generated on a DOS computer in WordPerfect 5.1 format.

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,

for 
Jeffrey Wahlen

Enclosures

cc: All parties of record

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DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Resolution by Holmes County) Docket No. 870248-TL
Board of County Commissioners for)
Extended Area Service in Holmes)
County)

In re: Resolution by the Orange) Docket No. 900039-TL
County Board of County Commissioners)
for Extended Area Service Between)
the Mount Dora Exchange and the)
Apopka, Orlando, Winter Garden,)
Winter Park, East Orange, Reedy)
Creek Windemere, and Lake Buena)
Vista Exchanges)

In re: Resolution by Bradford County) Docket No. 910022-TL
Commission Requesting Extended Area)
Service Within Bradford County and)
Between Bradford County, Union)
County and Gainesville)

In re: Request for Extended Area) Docket No. 911185-TL
Service Between All Exchanges)
Within Volusia County by Volusia)
County Council)

In re: Resolution by the Palm Beach) Docket No. 921193-TL
County Board of County Commissioners)
for Extended Area Service Between)
All Exchanges in Palm Beach County)

In re: Petition by the Residents of) Docket No. 930173-TL
Polo Park Requesting Extended Area)
Service (EAS) Between the Haines)
City Exchange and the Orlando, West) Filed: June 17, 1998
Kissimmee, Lake Buena Vista,)
Windermere, Reedy Creek, Winter)
Park, Clermont, Winter Garden and)
St. Cloud Exchanges)

SPRINT-FLORIDA, INC.'S POST-HEARING STATEMENT

Pursuant to Order No. PSC-97-1462-PCO-TL, and Rule 25-22.056, Florida Administrative Code, SPRINT-FLORIDA, INC. ("Sprint" or the "Company") submits the following Post-Hearing Statement.

I.

Introduction

This proceeding involves nine extended area service ("EAS") dockets that address routes that cross a LATA boundary and originate/terminate in the territory of BellSouth Telecommunications, Inc. ("BellSouth"). These dockets have been open for years pending a determination regarding BellSouth's ability to lawfully transport traffic across a LATA boundary under the Modified Final Judgment. Following the passage of the Telecommunications Act of 1996 ("Act"), the issue changed to whether BellSouth could lawfully offer an alternative toll plan on interLATA routes in light of the restrictions in Sections 271 and 272 of the Act. By Order No. PSC-97-0622-FOF-TL, issued May 30, 1997, the Commission determined that BellSouth should not be required to offer an alternative toll plan on interLATA routes in light of the restrictions in the Act.

Sprint is a party to six (6) of the nine dockets consolidated for hearing in the proceeding. The routes at issue for Sprint and the related docket numbers are:

Graceville	Ponce De Leon	870248-TL
Graceville	Defuniak Springs	870248-TL
Mt. Dora	Orlando	900039-TL
Lawtey	Gainesville	910022-TL
Starke	Gainesville	910022-TL
Orange City	Daytona Beach	911185-TL
Orange City	New Smyrna Beach	911185-TL
Orange City	Oak Hill	911185-TL
Orange City	Pierson	911185-TL
Clewiston	Belle Glade	921193-TL

For each route, the Commission has determined that the routes do not qualify for EAS under the Commission's rules, but that other community of interest considerations may justify some form of alternative toll relief if it can be granted. Since BellSouth has been relieved of its obligation to offer an alternative toll plan on these routes, the remaining question is whether local exchange companies, like Sprint, should be required to provide some form of one-way alternative toll relief, such as Extended Call Service ("ECS") on these routes.

II.

Basic Position

One-way ECS is appropriate on the routes in question if the company is allowed to price the service to recover its costs. Sprint recommends that all customers pay ten cents for the first minute and six cents for each minute thereafter.

III.

Procedural History

The hearing in these dockets was scheduled for May 27, 1998. By agreement of the parties, the prefiled testimony and exhibits was inserted into the record without cross-examination or live testimony. See Order No. PSC-98-0708-PHO-TL, issued May 22, 1998. Sprint sponsored the prepared direct testimony of Sanja Powell, which was admitted into the record at Tr. 28. In accordance with the Prehearing Order, Sprint has included its cost of providing service with and without stimulation as Attachment One to this filing.

IV.

ISSUES AND POSITIONS

Sprint's position on the issues in this case, and its arguments in support of its positions, are set forth below. Sprints's position on the issues for publication in the staff recommendation are indicated with an asterisk (*).

Issue 1: Is one-way ECS appropriate on the routes in question?

Position: * One-way ECS is appropriate on the routes in question if the company is allowed to price the service to recover its costs.

* * *

Sprint's position on his issue is supported by the testimony of Sanja Powell at Tr. 30.

Issue 2: If one-way ECS is appropriate, what rate, if any, should BellSouth charge to terminate ECS interLATA traffic for all carriers?

Position: * BellSouth should charge IXCs and LECs the same interLATA terminating access rates.

* * *

As noted in the testimony of Sanja Powell, interLATA access charges should apply rather than intraLATA or local interconnection charges, because the routes involved in these dockets are interLATA routes and all carriers providing service over the route should be subject to the same charges. [Tr. 31] To do otherwise would be discriminatory. If the routes were two-way routes, an argument could be made that the traffic is local and local interconnection rates would apply. [Tr. 31] However, as long as the traffic in one direction is toll, local interconnection rates should not apply. [Tr. 31]

Issue 3: If one-way ECS is ordered on the routes in question, and a termination charge is deemed appropriate, what economic impact will this have on the originating LEC?

Position: * BellSouth's charge for terminating calls will have a negative impact on Sprint's revenue of approximately \$21,000.

* * *

Based on traffic study results conducted on each of the routes in question, using the \$.10 and \$.06 rates and BellSouth's terminating intrastate premium rates listed in the Commission's compiled October 20, 1997, Florida Access and Toll Report, implementing ECS on the proposed routes will have a negative financial impact on Sprint annually of approximately \$21,000. See Tr. 33.

Issue 4: If one-way ECS is appropriate, what rate structure and rate levels should the LEC charge the end user?

Position: * Sprint recommends a minute per use (usage sensitive) rate structure at levels that allow Sprint to cover the costs of providing the service.

* * *

In order to allow Sprint to recover the terminating access charges, expenses and the originating call set up and transport costs, and to provide some contribution to common costs, Sprint recommends a per minute of use rate structure. [Tr. 31] The current rate in place for business customers on ECS routes of \$.10 for the initial minute and \$.06 for the additional minutes is

appropriate for both business and residential customers on these interLATA routes, and that is Sprint's proposal. [Tr. 31-32]

A per minute rate versus a per message rate will mitigate inter-carrier arbitrage and be more competitively neutral. [Tr. 32] For example, if Sprint were required to provide ECS on a per message basis while its competitors charged by the minute, Sprint would win all the losers (callers with long call durations), while callers with short call durations would use a competitor. [Tr. 32] This could result in Sprint paying more in terminating access charges than it collects in revenues from the originating callers and would limit Sprint's ability to compete for customers with short duration holding times. [Tr. 32]


Clearly, a flat, per message rate is not appropriate for several reasons. First, it has been Sprint's experience that many customers' calls are of a short duration and the usage sensitive structure will benefit them. [tr. 32] Second, a usage-based rate will promote a competitive balance and a message rate will not. [Tr. 32] IXCs will be better able to compete in this market if LECs' prices reflect underlying costs. [Tr. 32] Third, a usage-based rate will help prevent inter-carrier arbitrage, while a message rate will not. [Tr. 32-33] For example, if the LECs' prices are message rate, customers with calls of long duration will use the LEC, and customers with calls of short duration will use a carrier with usage sensitive pricing structure. [Tr. 33] Additionally, some customers will place calls they expect to be of

long duration with the LEC, e.g., to their Internet provider, and use casual dialing to an IXC for shorter calls. [Tr. 33]

Equity and competitive neutrality require that a usage sensitive pricing structure be implemented. [Tr. 33] This is the only way to ensure cost recovery and to mitigate competitive barriers on the routes in question. [Tr. 33]

The cost support for Sprint's proposal is included with this filing as Attachment One.

DATED this 17th day of June, 1998.

for 

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ATTORNEYS FOR SPRINT

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U. S. Mail or hand delivery (*) this 17th day of June, 1998, to the following:

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Attorney

ATTACHMENT ONE TO SPRINT-FLORIDA POSTHEARING STATEMENT

To provision the One Way Extended Calling Service ("ECS") on the Sprint/BellSouth routes in this proceeding, the Company will incur three major direct costs. One, the cost of call termination to BellSouth, \$0.0283095 per minute; two, the cost associated with switching and transporting the calls from Sprint's end office to the access tandem; and three, the cost of transport between Sprint's access tandem(s) and the point of interface with BellSouth. Using the call termination costs filed in the MCI arbitration as a surrogate for the originating side of the call, the cost would be \$0.003671 for end office switching, \$0.002085 for tandem switching and \$0.000711 for transport. (Note: originating costs would actually be higher than the call termination cost because of call set-up and call attempts.) However, using call termination as a surrogate for call origination, the total for these direct costs is \$0.006467. The third direct cost element, transport from Sprint's access tandem to the point of interconnection with BellSouth, has not been developed. For this transport, Sprint will need to install or lease facilities from and IXC since these are intercompany, interLATA routes. Adding terminating access payment to BellSouth and the call termination rates (\$0.0283095 + \$0.006467) brings the direct cost for these two major elements to \$0.0347765. Other costs not included in this analysis would be the transport (tandem to point of interconnection with BellSouth); indirect costs, such as billing, collections, uncollectibles; and common costs.

An analysis of revenues at the proposed rates and current revenues suggests that implementing ECS on the proposed routes will have a negative financial impact on Sprint annually of approximately \$21,000 based on existing usage levels. In addition to the revenue shortfall, Sprint will be required to install or lease the facilities for transport between Sprint and BellSouth. These facilities are currently being provided by the IXCs carrying this traffic.

Thus, Sprint's proposed rates and rate structure of \$0.10 for the initial minute and \$0.06 for the additional minutes will maintain consistency with established rates for similar services, provide customers with a lower priced alternative to current toll rates, and will recover the preponderance, although not all, of the cost of implementing the service.