

GTE Corporation, 94 FCC 2d 235, 263 (1983).

It is worth emphasizing that the most important condition imposed on Sprint's predecessor in interest was the integration of service to Hawaii into a rate structure which also served the U.S. Mainland. Nowhere did the Commission urge or require GTE Sprint to ignore distance in establishing rates between the U.S. Mainland and Hawaii. Nor did the Commission continue to assume that service between these points would be provided by non-distance sensitive satellite technology. Both of these factors were, by comparison, prominent in the 1976 Rate Integration Order.

By 1984, the Commission explicitly recognized the tension between maintaining rate integration through regulatory fiat and the rise of competition in the interstate interexchange market. In reopening the question of rate integration with respect to Alaska, the Commission acknowledged that

Questions of competitive equity did not arise before carriers with their own facilities entered these [offshore] markets. Moreover, as long as the competitive entrants' share of the market in the contiguous states was very small, the settlement procedures accommodated rate integration without significantly distorting competition. The increased levels of competition in the contiguous states and entry of competitors owning facilities in the noncontiguous points raises questions of the viability of competition under the existing rate integration procedures ... The focus of

our discussion is on the potential long run implications of maintaining our policies favoring both competition and rate integration, and on adjustments which may be necessary to reconcile those policies.

Rate Integration Policies, 96 FCC 2d 567 at 573 (1984).

Given the very different state of technology and the very different state of competition that exists today compared to 1976, Sprint urges the Commission to move cautiously before issuing broad pronouncements on rate integration that could have unintended, unforeseen and adverse competitive consequences. As Sprint pointed out earlier, as a practical matter, cost and rate averaging can only be ordered and enforced in a monopoly environment such as that which existed with respect to the MTS and WATS services in 1976. With respect to interstate interexchange services, that situation no longer exists: the pre-divestiture AT&T, upon whom the largest burden of rate integration had previously fallen, is no more. The post-divestiture AT&T has been declared non-dominant for domestic, interexchange service as well. A broad rule simply echoing the language of the new legislation as proposed by the Commission is likely to lead to withdrawal or poor service and to inhibit, rather than promote, competition.

Sprint believes, in view of changed conditions, that forbearance is again the preferred alternative with respect to rate integration. However, if the Commission is unwilling to forbear from enforcement of the rate integration provisions of the new law, Sprint requests that the Commission clarify that the law's requirements will be satisfied so long as the "offshore" points are integrated into at least one unified rate structure for a particular service offering and its related offerings.

For example, Sprint provides switched voice interstate interexchange service through a basic offering denominated as Dial-1 as well as through a number of other variants. The Dial-1 rate structure, although not the others, is similar to the AT&T MTS rate structure which was the subject of the Commission's original rate integration proceeding. That is, both offerings had rates that were time and distance sensitive.

If the Commission is unwilling to forbear, it should confirm that the letter and spirit of the law will be satisfied if Sprint integrates all points which are entitled to rate integration into existing rate structures. For domestic switched voice interexchange service, Sprint envisions that this would be accomplished by the addition of one or more mileage bands to its existing Dial-1 rate structure. Similar adjustments would be

made to rate structures for other services assuming that demand exists for these other offerings.

Should the Commission accept Sprint's proposal, Sprint also requests that the Commission afford Sprint and other carriers ample time to make the substantial changes to billing and computer systems that will be required to implement rate structure changes. Sprint suggests that a one year phase in would be appropriate.

IV. CONCLUSION

Sprint urges the Commission to tread carefully before promulgating new rules and policies at a time when the competitive environment is changing quickly. No one can predict with certainty just how, where, or when competition will develop. The Commission should retain sufficient flexibility to accommodate its rules to this new environment rather than force competition into the mold of regulation.

Respectfully submitted,

SPRINT CORPORATION



Leon M. Kestenbaum
Jay C. Keithley
Kent Y. Nakamura
1850 M St., N.W., 11th Floor
Washington, D.C. 20036
(202) 857-1030
Its Attorneys

Marybeth M. Banks

Its Analyst

DOCUMENT OFF-LINE

This page has been substituted for one of the following:

o An oversize page or document (such as a map) which was too large to be scanned into the RIPS system.

o Microfilm, microform, certain photographs or videotape.

~~o Other materials which, for one reason or another, could not be scanned into the RIPS system.~~

DISC
The actual document, page(s) or materials may be reviewed by contacting an Information Technician. Please note the applicable docket or rulemaking number, document type and any other relevant information about the document in order to ensure speedy retrieval by the Information Technician.