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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)	
)	
1998 Biennial Regulatory Review – Review of Depreciation Requirements For Incumbent Local Exchange Companies)	CC Docket No. 98-137
)	
Ameritech Corporation Telephone Operating Companies’ Continuing Property Records Audit, <i>et. al.</i>)	CC Docket No. 99-117
)	
GTE Telephone Companies Release of Information Obtained During Joint Audit.)	AAD File No. 98-26

REPLY COMMENTS OF SPRINT CORPORATION

Sprint Corporation (“Sprint”) hereby respectfully submits its reply to the comments filed April 17, 2000 in this matter.

The Commission’s Further Notice of Proposed Rulemaking¹ (“FNPRM”) in the above-captioned proceedings grew out of a request by certain incumbent local exchange company (“ILEC”) participants² of the Coalition for Affordable Local and Long Distance Services (“CALLS”) proposal on access reform. These particular CALLS members have proposed to “... take contemporaneous steps over the life of the CALLS proposal to eliminate the disparity that exists between the regulatory and the financial accounting for

¹ 1998 Biennial Review – Review of Depreciation Requirements for Incumbent Local Exchange Carriers, *et. al.*, Further Notice of Proposed Rulemaking, CC Docket Nos. 98-137, 99-117 and AAD File NO. 98-26, FCC 00-119 (rel. April 3, 2000).

² Specifically Bell Atlantic, BellSouth Corporation, SBC Telecommunications, Inc., and GTE Service Corporation.

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depreciation expense and associated reserve balances.”³ In other words, the ILECs are requesting a waiver of the Commission’s depreciation rules to permit accelerated depreciation over a five-year period. Sprint, whose local division operates ILECs in eighteen states, is also a member of CALLS. While Sprint did not specifically join in the ILEC members’ depreciation proposal, neither did it oppose the ILECs’ plan.

In joint comments filed in response to the FNPRM, the National Rural Telecom Association (“NRTA”) and the Association for the Promotion and Advancement of Small Telecommunications Companies (“OPASTCO”) raise an issue that Sprint believes deserves the Commission’s attention. These commenters support the ILECs’ depreciation proposal but note that, though unintentional, adoption of the plan could negatively impact the universal service fund (“USF”) high cost support received by rural ILECs. More specifically, to the extent that there is an increase in the depreciation expense of the CALLS ILECs, and that increased expense is included in the depreciation expense component used to calculate the per line cost for USF, the national average cost per line – which is integral to calculating support amounts – will also increase. For small ILECs, this chain of events translates into likely reductions in high cost support – funds which, as NRTA/OPASTCO point out, are relied upon by the small and rural LECs to keep their local rates affordable (at page 4).

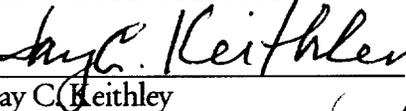
To defuse this potentially damaging situation, NRTA/OPASTCO propose that, to the extent the Commission agrees to grant the CALLS ILECs their desired waiver, a safeguard be built into the plan to protect USF high cost support. The goal of the safeguard is to ensure that amounts associated with the ILECs’ accelerated write-off are not included

³ See, March 3, 2000 *ex parte* letter to Mr. Lawrence Strickling, Chief Common Carrier Bureau from Frank J. Gumper, Bell Atlantic Network Services, Robert Blau, BellSouth Corporation, Donald E. Cain, SBC Telecommunications, Inc. and Alan F. Ciamporzero, GTE Service Corporation in CC Docket No. 96-262 – Access Charge Reform; CC Docket No. 94-1 – Price Cap Performance Review for Local exchange Carriers; CC Docket No. 99-249 – Low-Volume Long Distance Users; and CC Docket No. 96-45 – Federal-State Joint Board on Universal Service .

in any depreciation expense that is considered when determining average carrier cost per line for USF purposes. To achieve this goal, NRTA/OPASTCO suggests that the Commission require the ILECs to assign this expense to a separate account. At the same time, the Commission should require the National Exchange Carrier Association ("NECA") to exclude the depreciation amounts included in this new account when it calculates the national average cost per loop (at p. 5).

Sprint shares the concern expressed by NRTA/OPASTCO. Any regulatory action regarding RBOC depreciation should not be permitted to impact negatively rural ILEC high cost support. The CALLS proposal is, after all, crafted to bring stability to the universal service support mechanism not frustrate it. The suggestion proffered by NRTA/OPASTCO would work hand-in-hand with the CALLS plan to ensure that high cost support reaches those who require it. Consequently, should the Commission permit the CALLS ILECs to execute an accelerated depreciation plan in conjunction with the implementation of CALLS, Sprint believes it necessary for the Commission to adopt, as part of that plan, the safeguard outlined by NRTA/OPASTCO in its April 17, 2000 comments.

Respectfully submitted,
SPRINT CORPORATION

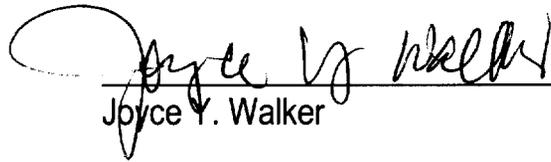
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April 28, 2000

CERTIFICATE OF SERVICE

I, Joyce Y. Walker, hereby certify that I have on this 28th day of April 2000, served via U.S. First Class Mail, postage prepaid, or Hand Delivery, a copy of the foregoing letter, "n the Matter of 1998 Biennial Regulatory Review – Review of Depreciation Requirements For Incumbent Local Exchange Companies, CC Docket No. 98-137; Ameritech Corporation Telephone Operating Companies' Continuing Property Records Audit, *et. al.*, CC Docket No. 99-117; GTE Telephone Companies Release of Information Obtained During Joint, Audit, AAD File No. 98-26," filed this date with the Secretary, Federal Communications Commission, to the persons listed below.



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