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May 12, 2000

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

RE: CC Docket No. 99-333 In re Applications of Sprint Corporation, Transferor and MCI WorldCom, Inc., Transferee for Consent to Transfer Control of Corporations Holding Commission Licenses and Authorizations Pursuant to Sections 214 and 310(d) of the Communications Act and Part 1, 21, 24, 25, 63, 73, 78, 90, and 101

Dear Ms. Salas:

On May 11, 2000 Debbie Goldman, CWA Research Economist, Rocky Barnes, President of CWA Local 3680, and Jimmy Gurganus, CWA Representative, met with members of the WorldCom/Sprint merger review team from the Office of Plans and Policy to discuss the impact of the proposed merger on quality of service in Sprint's local telephone operations.

The discussion focused on the following issues: deteriorating service quality in Sprint's local telephone operations; Sprint's disinvestment in its local telecommunications division, despite \$50 million in federal universal service subsidies; the Applicants' failure to commit to reverse these trends and to hasten deployment of advanced services through increased post-merger investment in Sprint's local service areas; and more generally, the impact of the proposed merger on the digital divide in rural areas.

I attach 2 copies of all documents provided to Commission staff yesterday. They include: FCC Armis service quality data for Sprint's local telecommunications division, updated to include 1999 data; Sprint local operating companies' dividend payments to Sprint Corp., by local subsidiary, updated to include 1999 data; comparison of FCC Armis and GAAP financial reporting on Sprint subsidiary dividend payments to Sprint Corp.; federal high-cost universal service support to Sprint local operating companies; photos of poor service quality in Sprint outside plant in North Carolina, Texas, and Ohio; news clippings from Ohio and Texas reporting Sprint service quality problems; and other documents detailing poor service quality at Sprint.

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The attached hand-outs were used in the discussion. In accordance with the Commission's rules, I submit two copies of this notice and the hand-outs.

Sincerely,

A handwritten signature in cursive script that reads "Debbie Goldman".

Debbie Goldman, Research Economist
Development and Research Department

Attachments

cc: Claudia Fox
Christopher Libertelli
Daniel Shiman
Pamela Mezna
Jim Bird

Impact of Proposed Merger on Sprint's Local Telecommunications Division
CWA Ex Parte Presentation
May 11, 2000

I. Sprint Local Telecommunications Division

7.9 million lines in 18 states

CWA represents 5,000 employees in 12 states: NC is largest

Local telecommunications division is major profit center, cash source for Sprint

II. Sprint Has Allowed Service Quality to Deteriorate in its Local Telecommunications Division

FCC Service Quality Data

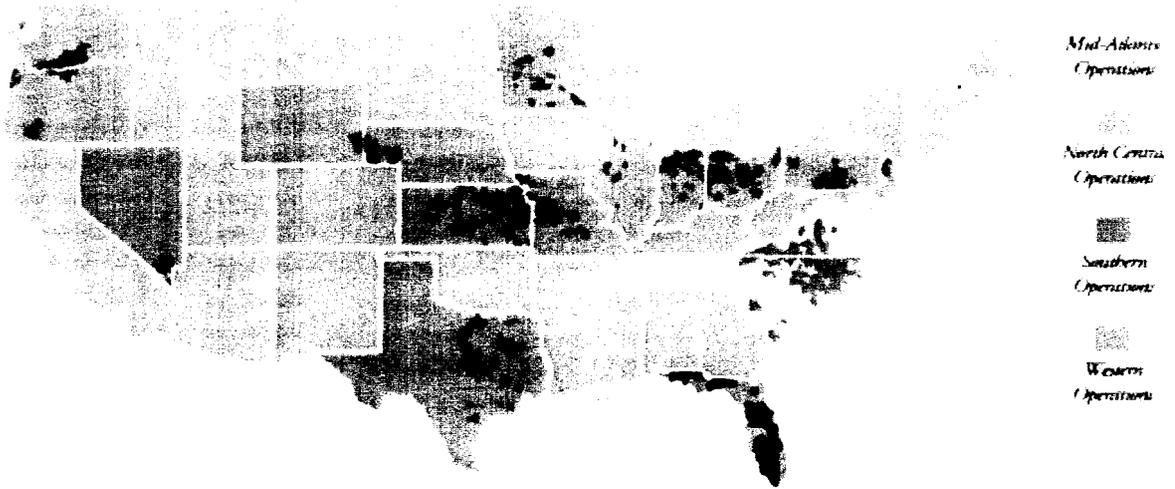
Sprint Human Resource and Inadequate Investment Policies

III. Sprint's Disinvestment in its Local Telecommunications Division, Despite \$50 Million in Federal Universal Service Subsidies

IV. WorldCom/Sprint Make No Commitments to Increase Investment in Local Telephone Companies Post-Merger to Address Service Quality Problems and to Speed Deployment of Advanced Services in Sprint's Local Service Areas

V. Conditions

Sprint's Local Service Areas



Importance of Sprint's Local Telecommunications Division

In 1999, the local telephone division provided 28 percent of sales and contributed as much as the long distance division to Sprint's operating income. Sprint's Local Telecommunications Division is Sprint's most profitable division and its best source for cash expansion.

The local telecommunications operations of a merged WorldCom/Sprint would provide 10 percent of total revenue and 25 percent of operating income (on a pro-forma basis).

| Sprint 1999 Revenue | | |
|---|-----------------------|--------------------|
| Long Distance | \$10.6 billion | 53 percent |
| Local | \$ 5.6 billion | 28 percent |
| Wireless | \$ 3.1 billion | 16 percent |
| Other | \$ 0.6 billion | 3 percent |
| Total | \$19.9 billion | 100 percent |
| Source: Sprint SEC Form 10-K, filed 3/24/2000 | | |

| Sprint 1999 Operating Income | | |
|---|------------------------|--|
| Long Distance | \$1.6 billion | |
| Local | \$1.5 billion | |
| Wireless | - \$3.2 billion | |
| Other | - \$0.6 billion | |
| Total | - \$0.7 billion | |
| Source: Sprint SEC Form 10-K, filed 3/24/2000 | | |

Sprint Service Quality Data

| | | 1996 | 1997 | 1998 | 1999 | % 96-99 |
|---|-------------------------------|-----------|-----------|-----------|-----------|---------|
| Sprint Local Telecom Division | Init. Trouble Reports | 1,511,619 | 1,476,953 | 1,810,595 | 1,858,177 | 22.9% |
| | Repeat Trouble Reports | 191,366 | 185,165 | 220,864 | 252,608 | 32.0% |
| | Init. Out-of-Service Reports | 1,002,973 | 971,099 | 1,272,282 | 1,346,215 | 34.2% |
| | Repeat Out-of-Service Reports | 120,304 | 115,301 | 152,040 | 252,608 | 110.0% |
| | Access Lines | 6,398,709 | 7,293,144 | 7,520,893 | 7,879,387 | 23.1% |
| United Tel & Central of Fla | Init. Trouble Reports | 346,129 | 293,722 | 440,694 | 511,833 | 47.9% |
| | Repeat Trouble Reports | 16,340 | 31,279 | 49,428 | 69,785 | 70.7% |
| | Init. Out-of-Service Reports | 408,724 | 221,087 | 343,227 | 393,573 | 46.2% |
| | Repeat Out-of-Service Reports | 36,530 | 21,133 | 38,066 | 51,554 | 84.5% |
| | Access Lines | 1,722 | 1,919 | 2,007 | 2,117 | 22.9% |
| Carolina Tel & Tel of North Carolina | Init. Trouble Reports | 173,685 | 225,880 | 261,986 | 306,472 | 76.5% |
| | Repeat Trouble Reports | 18,390 | 22,307 | 27,065 | 39,157 | 112.9% |
| | Init. Out-of-Service Reports | 121,841 | 157,322 | 202,018 | 238,959 | 96.1% |
| | Repeat Out-of-Service Reports | 12,730 | 15,322 | 20,703 | 30,185 | 137.1% |
| | Access Lines | 1,041 | 1,073 | 1,128 | 1,182.8 | 13.6% |
| Central Tel of Nevada Divn.-Nevada | Init. Trouble Reports | 151,172 | 136,313 | 195,665 | 190,812 | 26.2% |
| | Repeat Trouble Reports | 21,314 | 20,779 | 28,162 | 29,991 | 40.7% |
| | Init. Out-of-Service Reports | 62,468 | 60,778 | 97,742 | 115,303 | 84.6% |
| | Repeat Out-of-Service Reports | 8,473 | 8,568 | 14,725 | 18,344 | 116.5% |
| | Access Lines | 726 | 796 | 843 | 878 | 20.9% |
| Central of Texas | Init. Trouble Reports | 56,857 | 66,016 | 85,103 | 69,652 | 22.5% |
| | Repeat Trouble Reports | 7,797 | 9,880 | 13,793 | 9,692 | 24.3% |
| | Init. Out-of-Service Reports | 33,732 | 37,038 | 51,207 | 47,959 | 42.2% |
| | Repeat Out-of-Service Reports | 4,635 | 5,660 | 7,953 | 6,799 | 46.7% |
| | Access Lines | 188 | 201.51 | 209.99 | 223.69 | 19.0% |
| United Tel of Texas | Init. Trouble Reports | 46,435 | 47,123 | 73,748 | 66,490 | 43.2% |
| | Repeat Trouble Reports | 6,196 | 7,816 | 13,015 | 11,508 | 85.7% |
| | Init. Out-of-Service Reports | 33,566 | 34,282 | 49,994 | 45,793 | 36.4% |
| | Repeat Out-of-Service Reports | 4,676 | 6,053 | 8,863 | 8,355 | 78.7% |
| | Access Lines | 141 | 147.596 | 154.025 | 161 | 14.2% |

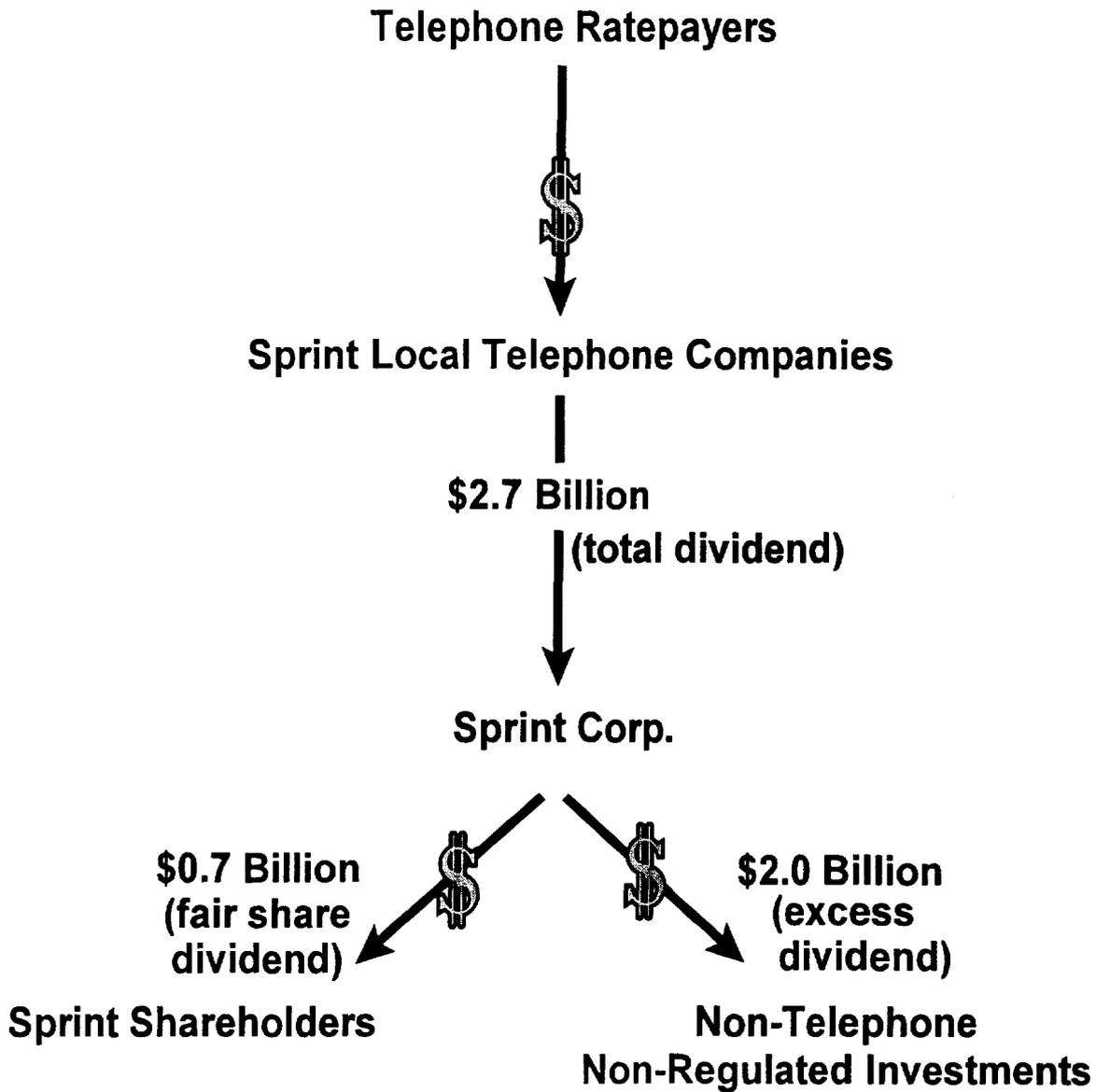
Source: FCC Armis Data, 43-05, Table IIa (available at gulfoss.fcc.gov:8080/cgi-bin/websql/prod/ccb/armis/forms/output.htm)
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Company Service Quality Comparison -- 1998

| | AMT | BA | BS | NYNEX | Pacific | SBC | US West | GTE | Sprint | Sprint Rank |
|-------------------------------------|------------|-----------|-----------|--------------|----------------|------------|----------------|------------|---------------|--------------------|
| Avg Installation Interval (days) | 2.3 | 2.4 | 0.6 | 1.2 | 2.4 | 0.7 | 1.6 | 3 | 4.1 | worst |
| Initial Trouble Rpts/Thousand Lines | 217 | 155 | 287 | 191 | 156 | 224 | 196 | 202 | 241 | 2nd worst |
| Troubles Found/Thousand Lines | 152 | 104 | 145 | 136 | 109 | 157 | 132 | 202 | 209 | worst |

Source: Jonathon M. Kraushaar, *Quality of Service of the Local Operating Companies Aggregated to the Holding Company Level, 1996-1998*, FCC, Industry Analysis Division of Common Carrier Bureau (available at <http://www.fcc.gov/ccb/stats>).

TRACING THE CASH FLOW - 1996-99



Wireless, long distance, data networks,
foreign, new telecom services

Sprint - 1998

| Item | CAROLINA TEL & TEL \$ 000 | CENTRAL TEL (NV, NC) \$ 000 | CENTRAL TEL OF TEXAS \$ 000 | CENTRAL TEL OF VA \$ 000 | SPRINT-FLA \$ 000 | SPRINT-MO \$ 000 | UNITED TEL OF INDIANA \$ 000 | UNITED TEL OF NJ \$ 000 | UNITED TEL OF NW \$ 000 | UNITED TEL OF OHIO \$ 000 | UNITED TEL OF PA \$ 000 | UNITED TEL OF S \$ 000 |
|--------------------------------|---------------------------------|-----------------------------------|-----------------------------------|--------------------------------|----------------------|---------------------|------------------------------------|-------------------------------|-------------------------------|---------------------------------|-------------------------------|------------------------------|
| Total Equity | 516,825 | 1,405,535 | 100,952 | 161,894 | 964,093 | 169,941 | 100,829 | 100,696 | 95,121 | 318,492 | 193,695 | |
| Total Net Income | 74,836 | 367,748 | 23,758 | 25,705 | 172,185 | 26,168 | 33,516 | 22,243 | 18,207 | 73,176 | 31,614 | |
| Dividends Paid | 92,476 | 264,063 | 13,250 | 17,950 | 134,225 | 13,653 | 25,684 | 17,950 | 12,694 | 42,032 | 27,042 | |
| Sprint Corp Stockholder Equity | 12,448,300 | 12,448,300 | 12,448,300 | 12,448,300 | 12,448,300 | 12,448,300 | 12,448,300 | 12,448,300 | 12,448,300 | 12,448,300 | 12,448,300 | 12,448,300 |
| Sprint Corp Net Income | 414,500 | 414,500 | 414,500 | 414,500 | 414,500 | 414,500 | 414,500 | 414,500 | 414,500 | 414,500 | 414,500 | 414,500 |
| Sprint Corp Dividends Paid | 430,300 | 430,300 | 430,300 | 430,300 | 430,300 | 430,300 | 430,300 | 430,300 | 430,300 | 430,300 | 430,300 | 430,300 |
| Fair Share (based on equity) | 4.15% | 11.29% | 0.81% | 1.30% | 7.74% | 1.37% | 0.81% | 0.81% | 0.76% | 2.56% | 1.56% | |
| Actual Share | 21.49% | 61.37% | 3.08% | 4.17% | 31.19% | 3.17% | 5.97% | 4.17% | 2.95% | 9.77% | 6.28% | |
| Fair Share Dividend | 17,865 | 48,585 | 3,490 | 5,596 | 33,326 | 5,874 | 3,485 | 3,481 | 3,288 | 11,009 | 6,695 | |
| Excess Dividend | \$74,611 | \$215,478 | \$9,760 | \$12,354 | \$100,899 | \$7,779 | \$22,199 | \$14,469 | \$9,406 | \$31,023 | \$20,347 | |
| Access Lines | 1,127,799 | 1,112,565 | 290,057 | 209,990 | 2,006,784 | 255,448 | 252,180 | 231,049 | 166,399 | 691,515 | 426,992 | |
| % Access Lines | 15.3% | 15.1% | 3.9% | 2.9% | 27.3% | 3.5% | 3.4% | 3.1% | 2.3% | 9.4% | 5.8% | |

Source: FCC, Statistics of Communications Common Carriers, Table 2.9 (for 1996, 1997, 1999); FCC, Armis Report 43-02, Tables B1a, I1a (for 1998)
 o:\shared\mci-sprint\service quality\dividend data

Sprint - 1997

| Item | CAROLINA TEL & TEL \$ 000 | CENTRAL TEL (NV, NC) \$ 000 | CENTRAL TEL OF TEXAS \$ 000 | CENTRAL TEL OF VA \$ 000 | SPRINT-FLA \$ 000 | SPRINT-MO \$ 000 | UNITED TEL OF INDIANA \$ 000 | UNITED TEL OF NJ \$ 000 | UNITED TEL OF NW \$ 000 | UNITED TEL OF OHIO \$ 000 | UNITED TEL OF PA \$ 000 | UNITED TEL SOUTHEA \$ 000 |
|--------------------------------|---------------------------------|-----------------------------------|-----------------------------------|--------------------------------|----------------------|---------------------|------------------------------------|-------------------------------|-------------------------------|---------------------------------|-------------------------------|---------------------------------|
| Total Equity | 534,465 | 1,304,890 | | 154,139 | 926,133 | 157,426 | 92,997 | 96,403 | 89,608 | 287,349 | 189,122 | 163, |
| Total Net Income | 101,021 | 297,436 | | 29,980 | 169,334 | 29,419 | 30,599 | 21,599 | 21,421 | 71,226 | 36,650 | 33, |
| Dividends Paid | 94,108 | 275,669 | | 16,000 | 169,000 | 27,631 | 38,774 | 22,618 | 11,345 | 65,468 | 34,259 | 25, |
| Sprint Corp Stockholder Equity | 9,025,200 | 9,025,200 | | 9,025,200 | 9,025,200 | 9,025,200 | 9,025,200 | 9,025,200 | 9,025,200 | 9,025,200 | 9,025,200 | 9,025, |
| Sprint Corp Net Income | 952,500 | 952,500 | | 952,500 | 952,500 | 952,500 | 952,500 | 952,500 | 952,500 | 952,500 | 952,500 | 952, |
| Sprint Corp Dividends Paid | 430,000 | 430,000 | | 430,000 | 430,000 | 430,000 | 430,000 | 430,000 | 430,000 | 430,000 | 430,000 | 430, |
| Fair Share (based on equity) | 5.92% | 14.46% | | 1.71% | 10.26% | 1.74% | 1.03% | 1.07% | 0.99% | 3.18% | 2.10% | 1.8 |
| Actual Share | 21.89% | 64.11% | | 3.72% | 39.30% | 6.43% | 9.02% | 5.26% | 2.64% | 15.23% | 7.97% | 5.9 |
| Fair Share Dividend | 25,464 | 62,171 | | 7,344 | 44,125 | 7,500 | 4,431 | 4,593 | 4,269 | 13,691 | 9,011 | 7, |
| Excess Dividend | \$68,644 | \$213,498 | | \$8,656 | \$124,875 | \$20,131 | \$34,343 | \$18,025 | \$7,076 | \$51,777 | \$25,248 | \$17,6 |
| Access Lines | 1,197,711 | 1,349,668 | | 317,180 | 2,177,987 | 292,020 | 242,539 | 242,649 | 162,477 | 674,399 | 403,009 | 345,9 |
| % Access Lines | 15.8% | 17.9% | | 4.2% | 28.8% | 3.9% | 3.2% | 3.2% | 2.1% | 8.9% | 5.3% | 4 |

Source: FCC, Statistics of Communications Common Carriers, Table 2.9 (for 1996, 1997, 1999); FCC, Armis Report 43-02, Tables B1a, I1a (for 1999)
o:\shared\mci-sprint\service quality\dividend data

Sprint - 1996

| Item | CAROLINA TEL & TEL \$ 000 | CENTRAL TEL (NV, NC) \$ 000 | CENTRAL TEL OF TEXAS \$ 000 | CENTRAL TEL OF VA \$ 000 | SPRINT-FLA \$ 000 | SPRINT-MO \$ 000 | UNITED TEL OF INDIANA \$ 000 | UNITED TEL OF NJ \$ 000 | UNITED TEL OF NW \$ 000 | UNITED TEL OF OHIO \$ 000 | UNITED TEL OF PA \$ 000 | UNITED SOUTHE \$ 000 |
|--------------------------------|---------------------------------|-----------------------------------|-----------------------------------|--------------------------------|----------------------|---------------------|------------------------------------|-------------------------------|-------------------------------|---------------------------------|-------------------------------|----------------------------|
| Total Equity | 527,552 | 1,283,403 | | 140,755 | 925,800 | | 101,172 | 97,421 | 79,532 | 281,590 | 186,731 | 155 |
| Total Net Income | 91,144 | 29,048 | | 25,050 | 163,566 | | 27,342 | 21,572 | 21,053 | 69,197 | 35,343 | 32 |
| Dividends Paid | 90,373 | 25,741 | | 32,000 | 114,500 | | 21,828 | 15,602 | 14,738 | 58,845 | 24,114 | 32 |
| Sprint Corp Stockholder Equity | 8,519,900 | 8,519,900 | | 8,519,900 | 8,519,900 | | 8,519,900 | 8,519,900 | 8,519,900 | 8,519,900 | 8,519,900 | 8,519 |
| Sprint Corp Net Income | 1,183,800 | 1,183,800 | | 1,183,800 | 1,183,800 | | 1,183,800 | 1,183,800 | 1,183,800 | 1,183,800 | 1,183,800 | 1,183 |
| Sprint Corp Dividends Paid | 419,600 | 419,600 | | 419,600 | 419,600 | | 419,600 | 419,600 | 419,600 | 419,600 | 419,600 | 419 |
| Fair Share (based on equity) | 6.19% | 15.06% | | 1.65% | 10.87% | | 1.19% | 1.14% | 0.93% | 3.31% | 2.19% | 1. |
| Actual Share | 21.54% | 6.13% | | 7.63% | 27.29% | | 5.20% | 3.72% | 3.51% | 14.02% | 5.75% | 7. |
| Fair Share Dividend | 25,982 | 63,207 | | 6,932 | 45,595 | | 4,983 | 4,798 | 3,917 | 13,868 | 9,196 | 7 |
| Excess Dividend | \$64,391 | (\$37,466) | | \$25,068 | \$68,905 | | \$16,845 | \$10,804 | \$10,821 | \$44,977 | \$14,918 | \$25, |
| Access Lines | 1,058,408 | 1,129,234 | | 272,125 | 1,845,093 | | 257,537 | 193,657 | 144,225 | 625,838 | 377,320 | 349, |
| % Access Lines | 16.5% | 17.6% | | 4.3% | 28.8% | | 4.0% | 3.0% | 2.3% | 9.8% | 5.9% | ! |

Source: FCC, Statistics of Communications Common Carriers, Table 2.9 (for 1996, 1997, 1999); FCC, Armis Report 43-02, Tables B1a, I1a (for 1999).
o:\shared\mci-sprint\service quality\dividend data

Sprint Local Operating Companies' Dividend Payments to Sprint Corp., 1996-1999

| Item | CAROLINA TEL & TEL \$ 000 | CENTRAL TEL (INV. NC) \$ 000 | CENTRAL TEL OF TEXAS \$ 000 | CENTRAL TEL OF VA \$ 000 | SPRINT-FLA \$ 000 | SPRINT-MO \$ 000 | UNITED TEL OF INDIANA \$ 000 | UNITED TEL OF NJ \$ 000 | UNITED TEL OF NW \$ 000 | UNITED TEL OF OHIO \$ 000 | UNITED TEL OF PA \$ 000 |
|-------------------------------------|---------------------------------|------------------------------------|-----------------------------------|--------------------------------|----------------------|---------------------|------------------------------------|-------------------------------|-------------------------------|---------------------------------|-------------------------------|
| Dividends Paid | 389,923 | 772,215 | 35,150 | 97,450 | 559,100 | 71,786 | 127,423 | 83,672 | 48,811 | 252,473 | 133,09 |
| Fair Share Dividend | 85,208 | 222,367 | 6,849 | 25,023 | 155,761 | 18,477 | 15,832 | 16,025 | 14,911 | 48,634 | 30,85 |
| Excess Dividend | \$304,715 | \$549,848 | \$28,301 | \$72,427 | \$403,339 | \$53,309 | \$111,591 | \$67,647 | \$33,900 | \$203,839 | \$102,233 |
| Net Income | 351,956 | 982,425 | 48,016 | 108,709 | 688,306 | 73,044 | 121,959 | 89,190 | 81,272 | 290,744 | 140,671 |
| Dividends as % of Net Income | 111% | 79% | 73% | 90% | 81% | 98% | 104% | 94% | 60% | 87% | 95% |
| Share of Corporate Equity (1999) | 3.60% | 10.98% | 0.76% | 1.17% | 7.42% | 1.16% | 0.67% | 0.72% | 0.78% | 2.28% | 1.35% |
| Share of Corporate Dividends (1999) | 25.62% | 46.88% | 4.97% | 7.14% | 32.06% | 6.92% | 9.33% | 6.24% | 2.28% | 19.53% | 10.81% |

Total Corporate Dividends (1999): 441,000

Source: FCC, Statistics of Communications Common Carriers, Table 2.9 (for 1996, 1997, 1999); FCC, Armis Report 43-02, Tables B1a, B1b, B1c, B1d, B1e, B1f, B1g, B1h, B1i, B1j, B1k, B1l, B1m, B1n, B1o, B1p, B1q, B1r, B1s, B1t, B1u, B1v, B1w, B1x, B1y, B1z, B1aa, B1ab, B1ac, B1ad, B1ae, B1af, B1ag, B1ah, B1ai, B1aj, B1ak, B1al, B1am, B1an, B1ao, B1ap, B1aq, B1ar, B1as, B1at, B1au, B1av, B1av, B1aw, B1ax, B1ay, B1az, B1ba, B1bb, B1bc, B1bd, B1be, B1bf, B1bg, B1bh, B1bi, B1bj, B1bk, B1bl, B1bm, B1bn, B1bo, B1bp, B1bq, B1br, B1bs, B1bt, B1bu, B1bv, B1bv, B1bw, B1bx, B1by, B1bz, B1ca, B1cb, B1cc, B1cd, B1ce, B1cf, B1cg, B1ch, B1ci, B1cj, B1ck, B1cl, B1cm, B1cn, B1co, B1cp, B1cq, B1cr, B1cs, B1ct, B1cu, B1cv, B1cv, B1cw, B1cx, B1cy, B1cz, B1da, B1db, B1dc, B1dd, B1de, B1df, B1dg, B1dh, B1di, B1dj, B1dk, B1dl, B1dm, B1dn, B1do, B1dp, B1dq, B1dr, B1ds, B1dt, B1du, B1dv, B1dv, B1dw, B1dx, B1dy, B1dz, B1ea, B1eb, B1ec, B1ed, B1ee, B1ef, B1eg, B1eh, B1ei, B1ej, B1ek, B1el, B1em, B1en, B1eo, B1ep, B1eq, B1er, B1es, B1et, B1eu, B1ev, B1ev, B1ew, B1ex, B1ey, B1ez, B1fa, B1fb, B1fc, B1fd, B1fe, B1ff, B1fg, B1fh, B1fi, B1fj, B1fk, B1fl, B1fm, B1fn, B1fo, B1fp, B1fq, B1fr, B1fs, B1ft, B1fu, B1fv, B1fv, B1fw, B1fx, B1fy, B1fz, B1ga, B1gb, B1gc, B1gd, B1ge, B1gf, B1gg, B1gh, B1gi, B1gj, B1gk, B1gl, B1gm, B1gn, B1go, B1gp, B1gq, B1gr, B1gs, B1gt, B1gu, B1gv, B1gv, B1gw, B1gx, B1gy, B1gz, B1ha, B1hb, B1hc, B1hd, B1he, B1hf, B1hg, B1hh, B1hi, B1hj, B1hk, B1hl, B1hm, B1hn, B1ho, B1hp, B1hq, B1hr, B1hs, B1ht, B1hu, B1hv, B1hv, B1hw, B1hx, B1hy, B1hz, B1ia, B1ib, B1ic, B1id, B1ie, B1if, B1ig, B1ih, B1ii, B1ij, B1ik, B1il, B1im, B1in, B1io, B1ip, B1iq, B1ir, B1is, B1it, B1iu, B1iv, B1iv, B1iw, B1ix, B1iy, B1iz, B1ja, B1jb, B1jc, B1jd, B1je, B1jf, B1jg, B1jh, B1ji, B1jj, B1jk, B1jl, B1jm, B1jn, B1jo, B1jp, B1jq, B1jr, B1js, B1jt, B1ju, B1jv, B1jv, B1jw, B1jx, B1jy, B1jz, B1ka, B1kb, B1kc, B1kd, B1ke, B1kf, B1kg, B1kh, B1ki, B1kj, B1kk, B1kl, B1km, B1kn, B1ko, B1kp, B1kq, B1kr, B1ks, B1kt, B1ku, B1kv, B1kv, B1kw, B1kx, B1ky, B1kz, B1la, B1lb, B1lc, B1ld, B1le, B1lf, B1lg, B1lh, B1li, B1lj, B1lk, B1ll, B1lm, B1ln, B1lo, B1lp, B1lq, B1lr, B1ls, B1lt, B1lu, B1lv, B1lv, B1lw, B1lx, B1ly, B1lz, B1ma, B1mb, B1mc, B1md, B1me, B1mf, B1mg, B1mh, B1mi, B1mj, B1mk, B1ml, B1mm, B1mn, B1mo, B1mp, B1mq, B1mr, B1ms, B1mt, B1mu, B1mv, B1mv, B1mw, B1mx, B1my, B1mz, B1na, B1nb, B1nc, B1nd, B1ne, B1nf, B1ng, B1nh, B1ni, B1nj, B1nk, B1nl, B1nm, B1nn, B1no, B1np, B1nq, B1nr, B1ns, B1nt, B1nu, B1nv, B1nv, B1nw, B1nx, B1ny, B1nz, B1oa, B1ob, B1oc, B1od, B1oe, B1of, B1og, B1oh, B1oi, B1oj, B1ok, B1ol, B1om, B1on, B1oo, B1op, B1oq, B1or, B1os, B1ot, B1ou, B1ov, B1ov, B1ow, B1ox, B1oy, B1oz, B1pa, B1pb, B1pc, B1pd, B1pe, B1pf, B1pg, B1ph, B1pi, B1pj, B1pk, B1pl, B1pm, B1pn, B1po, B1pp, B1pq, B1pr, B1ps, B1pt, B1pu, B1pv, B1pv, B1pw, B1px, B1py, B1pz, B1qa, B1qb, B1qc, B1qd, B1qe, B1qf, B1qg, B1qh, B1qi, B1qj, B1qk, B1ql, B1qm, B1qn, B1qo, B1qp, B1qq, B1qr, B1qs, B1qt, B1qu, B1qv, B1qv, B1qw, B1qx, B1qy, B1qz, B1ra, B1rb, B1rc, B1rd, B1re, B1rf, B1rg, B1rh, B1ri, B1rj, B1rk, B1rl, B1rm, B1rn, B1ro, B1rp, B1rq, B1rr, B1rs, B1rt, B1ru, B1rv, B1rv, B1rw, B1rx, B1ry, B1rz, B1sa, B1sb, B1sc, B1sd, B1se, B1sf, B1sg, B1sh, B1si, B1sj, B1sk, B1sl, B1sm, B1sn, B1so, B1sp, B1sq, B1sr, B1ss, B1st, B1su, B1sv, B1sv, B1sw, B1sx, B1sy, B1sz, B1ta, B1tb, B1tc, B1td, B1te, B1tf, B1tg, B1th, B1ti, B1tj, B1tk, B1tl, B1tm, B1tn, B1to, B1tp, B1tq, B1tr, B1ts, B1tt, B1tu, B1tv, B1tv, B1tw, B1tx, B1ty, B1tz, B1ua, B1ub, B1uc, B1ud, B1ue, B1uf, B1ug, B1uh, B1ui, B1uj, B1uk, B1ul, B1um, B1un, B1uo, B1up, B1uq, B1ur, B1us, B1ut, B1uu, B1uv, B1uv, B1uw, B1ux, B1uy, B1uz, B1va, B1vb, B1vc, B1vd, B1ve, B1vf, B1vg, B1vh, B1vi, B1vj, B1vk, B1vl, B1vm, B1vn, B1vo, B1vp, B1vq, B1vr, B1vs, B1vt, B1vu, B1vv, B1vv, B1vw, B1vx, B1vy, B1vz, B1wa, B1wb, B1wc, B1wd, B1we, B1wf, B1wg, B1wh, B1wi, B1wj, B1wk, B1wl, B1wm, B1wn, B1wo, B1wp, B1wq, B1wr, B1ws, B1wt, B1wu, B1wv, B1wv, B1ww, B1wx, B1wy, B1wz, B1xa, B1xb, B1xc, B1xd, B1xe, B1xf, B1xg, B1xh, B1xi, B1xj, B1xk, B1xl, B1xm, B1xn, B1xo, B1xp, B1xq, B1xr, B1xs, B1xt, B1xu, B1xv, B1xv, B1xw, B1xx, B1xy, B1xz, B1ya, B1yb, B1yc, B1yd, B1ye, B1yf, B1yg, B1yh, B1yi, B1yj, B1yk, B1yl, B1ym, B1yn, B1yo, B1yp, B1yq, B1yr, B1ys, B1yt, B1yu, B1yv, B1yv, B1yw, B1yx, B1yy, B1yz, B1za, B1zb, B1zc, B1zd, B1ze, B1zf, B1zg, B1zh, B1zi, B1zj, B1zk, B1zl, B1zm, B1zn, B1zo, B1zp, B1zq, B1zr, B1zs, B1zt, B1zu, B1zv, B1zv, B1zw, B1zx, B1zy, B1zz

Sprint - 1999

| Item | CAROLINA TEL & TEL | CENTRAL TEL (NV, NC) | CENTRAL TEL OF TEXAS | CENTRAL TEL OF VA | SPRINT-FL | SPRINT-MO | UNITED TEL OF INDIANA | UNITED TEL OF NJ | UNITED TEL OF NW | UNITED TEL OF OHIO | UNITED TEL OF PA | UNITED TEL SOUTHEAST |
|--------------------------------|-----------------------|-------------------------|-------------------------|----------------------|------------|------------|--------------------------|---------------------|---------------------|-----------------------|---------------------|-------------------------|
| | \$ 000 | \$ 000 | \$ 000 | \$ 000 | \$ 000 | \$ 000 | \$ 000 | \$ 000 | \$ 000 | \$ 000 | \$ 000 | \$ 000 |
| Total Equity | 488,814 | 1,488,353 | 103,310 | 158,368 | 1,005,938 | 156,896 | 90,193 | 96,970 | 105,678 | 309,510 | 183,089 | 160,9 |
| Total Net Income | 84,955 | 288,193 | 24,258 | 27,974 | 183,221 | 17,457 | 30,502 | 23,776 | 20,591 | 77,145 | 37,069 | 35, |
| Dividends Paid | 112,966 | 206,742 | 21,900 | 31,500 | 141,375 | 30,502 | 41,137 | 27,502 | 10,034 | 86,128 | 47,675 | 47, |
| Sprint Corp Stockholder Equity | 13,560,000 | 13,560,000 | 13,560,000 | 13,560,000 | 13,560,000 | 13,560,000 | 13,560,000 | 13,560,000 | 13,560,000 | 13,560,000 | 13,560,000 | 13,560, |
| Sprint Corp Net Income | -745,000 | -745,000 | -745,000 | -745,000 | -745,000 | -745,000 | -745,000 | -745,000 | -745,000 | -745,000 | -745,000 | -745, |
| Sprint Corp Dividends Paid | 441,000 | 441,000 | 441,000 | 441,000 | 441,000 | 441,000 | 441,000 | 441,000 | 441,000 | 441,000 | 441,000 | 441, |
| Fair Share (based on equity) | 3.60% | 10.98% | 0.76% | 1.17% | 7.42% | 1.16% | 0.67% | 0.72% | 0.78% | 2.28% | 1.35% | 1.1 |
| Actual Share | 25.62% | 46.88% | 4.97% | 7.14% | 32.06% | 6.92% | 9.33% | 6.24% | 2.28% | 19.53% | 10.81% | 10.8 |
| Fair Share Dividend | 15,897 | 48,404 | 3,360 | 5,150 | 32,715 | 5,103 | 2,933 | 3,154 | 3,437 | 10,066 | 5,954 | 5,2 |
| Excess Dividend | \$97,069 | \$158,338 | \$18,540 | \$26,350 | \$108,660 | \$25,399 | \$38,204 | \$24,348 | \$6,597 | \$76,062 | \$41,721 | \$42,6 |

Source: FCC, Statistics of Communications Common Carriers, Table 2.9 (for 1996, 1997, 1999); FCC, Armis Report 43-02, Tables B1a, I1
o:\shared\mci-sprint\service quality\dividend data

Sprint Earnings Data: FCC's ARMIS and GAAP Comparison

| | | | | | | | | |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
| Total Equity | 527,552 | 514,740 | 534,465 | 546,366 | 925,800 | 801,038 | 926,133 | 810,821 |
| Total Net Income | 91,144 | 114,093 | 101,021 | 125,734 | 163,566 | 177,223 | 169,334 | 178,783 |
| Dividends Paid | 90,373 | 90,373 | 94,108 | 94,108 | 114,500 | 114,499 | 169,000 | 169,000 |
| Sprint Corp Stockholder Equity | 8,519,900 | 8,519,900 | 9,025,200 | 9,025,200 | 8,519,900 | 8,519,900 | 9,025,200 | 9,025,200 |
| Sprint Corp Net Income | 1,183,800 | 1,183,800 | 952,500 | 952,500 | 1,183,800 | 1,183,800 | 952,500 | 952,500 |
| Sprint Corp Dividends Paid | 419,600 | 419,600 | 430,000 | 430,000 | 419,600 | 419,600 | 430,000 | 430,000 |
| Fair Share (based on equity) | 6.19% | 6.04% | 5.92% | 6.05% | 10.87% | 9.40% | 10.26% | 8.98% |
| Actual Share | 21.54% | 21.54% | 21.89% | 21.89% | 27.29% | 27.29% | 39.30% | 39.30% |
| Fair Share Dividend | 25,982 | 25,351 | 25,464 | 26,031 | 45,595 | 39,451 | 44,125 | 38,631 |
| Excess Dividend | \$64,391 | \$65,022 | \$68,644 | \$68,077 | \$68,905 | \$75,048 | \$124,875 | \$130,369 |

Sources: FCC, Statistics of Communications Common Carriers, Table 2.9, various years; Sprint Corp: 10-K, filed 3/5/99;

Moody's Public Utility Manual, 1999 (most recent data is for 1996 and 1997)

**High Cost Loop Universal Service Fund Payments
to Sprint Local Telephone Companies**

\$ thousands

| Company | 1996 | 1997 | 1998 | 1999 | 2000 |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| United of E Kansas | 9,220 | 10,244 | 10,680 | 10,444 | 8,771 |
| United of Kansas | 5,072 | 5,017 | 6,883 | 7,856 | 5,393 |
| United of Minnesota | 3,949 | 3,069 | 3,285 | 3,018 | 1,893 |
| United of Missouri | 1,478 | 1,479 | 1,696 | 1,796 | 1,502 |
| United of Nebraska | | | | | 461 |
| United of Texas | 19,464 | 21,476 | 21,067 | 18,791 | 17,983 |
| Centel of Texas | 1,791 | 1,059 | 1,878 | 4,770 | 566 |
| Centel of Virginia | 1,632 | 1,139 | 1,346 | 1,179 | 951 |
| United of NW (Wa/Ore) | 1,236 | 1,382 | 1,157 | 1,171 | 279 |
| United of West (Wy) | 447 | 489 | 659 | 639 | 1,020 |
| Total | 44,289 | 45,354 | 48,651 | 49,664 | 38,819 |

Source: FCC, Federal-State Joint Board Monitoring Report, Dec. 1999, Table 3.24
(available at http://www.fcc.gov/Bureaus/Common_Carrier/Reports/FCC-State_Link/monitor.html)

DOCUMENTS
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Sprint bulletin

Local Telecommunications Division

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February 4, 1999

Temporary hiring and employee transfer restrictions

The changing nature of the business is causing the LTD's leadership to evaluate several aspects of the LTD's operations to determine how to improve profitability. During this evaluation, the LTD must maintain the levels of profitability expected by shareowners. Several actions have been taken to control expenses during this period. One of those actions is to freeze hiring of employees in most cases. The freeze will not effect the hiring of :

1. associates who are selling our products and services
2. associates whose jobs are directly driven by the service requirements of our external and internal customers, and
3. associates who apply for positions in Broadband Local Network (BLN).

Since, for the most part, jobs of departing LTD employees will not be backfilled, it is reasonable that LTD employees will not be released for other jobs that are laterals or downgrades in LTD, LDD, Corporate Center, PCS or other Sprint organizations. Employees will be released for promotions and, in most instances, those vacancies will be backfilled. Therefore, effective immediately, LTD employees may not submit JIRs for jobs that are laterals or downgrades. JIRs that had been received as of Feb. 2 will be honored.

Due to the critical need to staff our new BLN organization, employees who wish to transfer into this group on a lateral or downgrade will not be affected by this policy. When appropriate, jobs of employees who transfer into BLN may be backfilled.

Any exceptions to this policy must be approved by a vice president. This policy will be in effect through Friday, April 30, 1999. At that time the LTD's profitability will be evaluated to determine whether or not these restrictions will be lifted.

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NOC - EAST

OVERTIME REDUCTION GUIDELINES

1. The following are guidelines to be used by the Network Operations Center (NOC) during the period of expense reduction. They are not intended to be taken as future policy changes or meant to be all inclusive. GOOD JUDGMENT MUST BE USED IN EACH SITUATION.
2. If a central office technician is currently working on a trouble, i.e. switch, special service circuit, etc., he/she will continue until the problem is resolved, unless excessive overtime will be required to complete the trouble. The C.O. technician will notify his/her supervisor. (Unless this is an emergency service such as FAA, FEMA, law enforcement impacting service, E911, critical HiCap, etc., in which case the trouble will be corrected before the technician leaves).
3. If a central office technician is currently working to complete a due date on a special service circuit order, he/she will continue until the order is completed, unless excessive overtime will be required to complete the order. The C.O. technician will notify his/her supervisor.
4. Alarms that are received by the NOC that indicate service is not affected, but there is a loss of redundancy, a technician will be called out if there are 100 or more lines involved. If less than 100 customers are involved, a call to the supervisor will be made to insure no special or major customers are involved, if not this would wait until the start of the next work day, with the following exceptions.
 - a) If more than 100 customers are at risk by working on a unit during normal working hours then an immediate call out will be made.
 - b) If the equipment involves E911, FAA, or any other major or critical customer then an immediate call out will be made.
 - c) If the NOC has reason to believe this would be in the best interest of Sprint to respond to this trouble, then an immediate call out will be made.
5. Alarms that indicate a loss of service to 90 or more customers, this is 95% of a full SLC 96 concentrator, would be called out on immediately. A call would still be made to the supervisor if less than 90 customers to insure no critical or major customers are affected. The exceptions in # 4 would still apply.
6. Environmental alarms such as AC power, generator, high temperature, fire alarm trouble, etc., that are at sites that affect 100 or more lines will be called out immediately.
 - a) FIRE alarms will be handled as normal.
7. All out of hours maintenance and processor updates will be scheduled in advance. The weekly work schedule will be adjusted so the work can occur during a normal work shift.

NOC - EAST

OVERTIME REDUCTION GUIDELINES

8. Where we have 24 hour central office coverage, the NOC will try to utilize this workforce for after hour troubles, if this site is within a 2 hour commute.

NOTE: The NOC will need all managers to provide a list of sites that are covered 24 hours and what sites these technicians will have access to.

9. Special Service call outs will only be made on an emergency basis. This will be determined by the Special Services group and will include services such as FAA, FEMA, law enforcement impacting service, 911, wireless services impacting many customers, critical HiCap, etc.
10. If working on a MOPRES and it may be service affecting, the decision to utilize overtime will be made by the NOC and central office supervisor/manager.
11. The NOC will continue to call out as normal on all fiber optic terminal and SONET critical and major alarms.
12. The NOC will continue to call out as normal on all air dryer and low pressure critical and major alarms.

Please forward this bulletin via e-mail to all employees within the CSO organization. Managers are encouraged to provide a copy of this bulletin to employees who do not have access to a PC. Thank you.

**A Message from
Bill McDonald, Senior Vice President, CSO, LTD**

A few weeks ago, I had the opportunity to meet with the CSO Management Teams on a nationwide basis to discuss the critical need to reduce costs within our organization. During those meetings, we discussed a new effort known as the FORGE (Focus Our Resources on Greater Efficiencies) initiative, which is currently under way.

FORGE consists of six teams made up of representatives from a variety of levels and different segments within CSO. Their goal is to reduce operating costs by 10 percent across the board for 2001. As a team, they are examining the major functional areas of CSO -- I&R, CO, WFM, Remote Entry and Assignment, Engineering and Non-payroll activities. They are also trying to pinpoint areas that could be more cost-effective through process improvement. There is no doubt that the FORGE initiative is a must for CSO and there is also an underlying need for success from a business unit perspective, which will ultimately benefit us as a division.

Keep in mind that we cannot wait until we begin reaping the benefits from the FORGE initiative. From an industry perspective our operating costs are much higher in comparison to the competition. As a result we are planning to focus on five key areas: reducing overtime, improving productivity, reducing work volume, reducing contractor expense and spending no dime before it's time. It is quite clear that those are the standards by which we will measure our success and you can expect that many changes will occur between now and the end of the year.

I would like to encourage all of you to take an active role as we work to develop new approaches to manage our business more efficiently. Don't hesitate to contact your manager/supervisor or a member of the FORGE team to submit your ideas/suggestions. (A list of the FORGE team members is located at the bottom of this bulletin.)

In conclusion, I realize that a lot has taken place over the last several weeks in terms of the Sprint/WorldCom merger announcement. As you are all well aware, this is the largest acquisition ever, totaling \$129 billion. All of us should be very proud to be a part of this historic event, which offers Sprint many advantages competing nationally, even globally.

Remember that the time is now to make a difference in CSO. As individuals, I encourage each of you to submit your ideas to your managers/supervisors or FORGE team members as soon as possible. With your help I feel very confident that we will achieve success in the months to come.

Bill McDonald Meeting Talking Points

- > The buyout from WorldCom is not final. Could take up to 15 months.
- > Must keep the stock up prior to finalizing the buyout.
- > Must reduce expenses for the next 15 months.
- > What are our primary drivers for expense?
 - ◆ Labor equals 74% of our expense dollars
 - ◆ Overtime equals 26% of our labor expense dollars
- > How do we compare with the other top (6) LTD's relative to cost per access line in service?
 - ◆ Other LTD's average \$44 compared to Sprint at \$51 (reduced from \$54 three years ago)
- > SSO and SMAT are the two problem regions overrunning the expense budget.
- > We overran the budget in September by \$2,000,000.
- > Net operating income must increase by 10% each year. Therefore, we must reduce our expenditures each year because revenues are not increasing 10%.
- > We must meet our budget through November or each manager will:
 - ◆ Meet with McDonald, Longley and Director the first week of December.
 - ◆ 30 minutes will be allocated to explain where you are and why you overran.
 - ◆ 60 minutes will be allocated to explain your plan to make up the over expenditure and how you will get back in line.
 - ◆ Effective for the 2000 LINK, if year-end budget is not met your LINK rating will reflect a 4 rating for that portion of your LINK and someone who can do a better job may replace you.
 - ◆ The monthly process will continue through year 2000.
- > What are your target budget items?
 - ◆ Employee Production
 - Increase 10% based on TPP (in the interim use tickets per 8 hours)
 - Must show that you have taken action on employees not meeting production levels.
 - Must terminate employees not meeting production over consecutive months.
 - If your technicians that participate in home garaging are not your highest producers you will terminate home garaging.
 - ◆ Overtime
 - Must reduce overtime to less than 10%. Each supervisor is responsible for his/her work group (cost center).
 - Know where you (as a supervisor) are, at all times, on your percent overtime expended.

• Labor (including contractor) and material charged to expense:

- Minimize contract labor to meet budget.
- Minimize material requisitions for material charged to expense (TONES).
- Maximize company labor charged to capital.
- Minimize call outs, holiday and weekend coverage.
- Do not perform any non-essential labor.
- Do not perform any maintenance work unless you have the demand work under control without having to expend overtime.
- Turn back all slow baud rate tickets.

□ Some examples used:

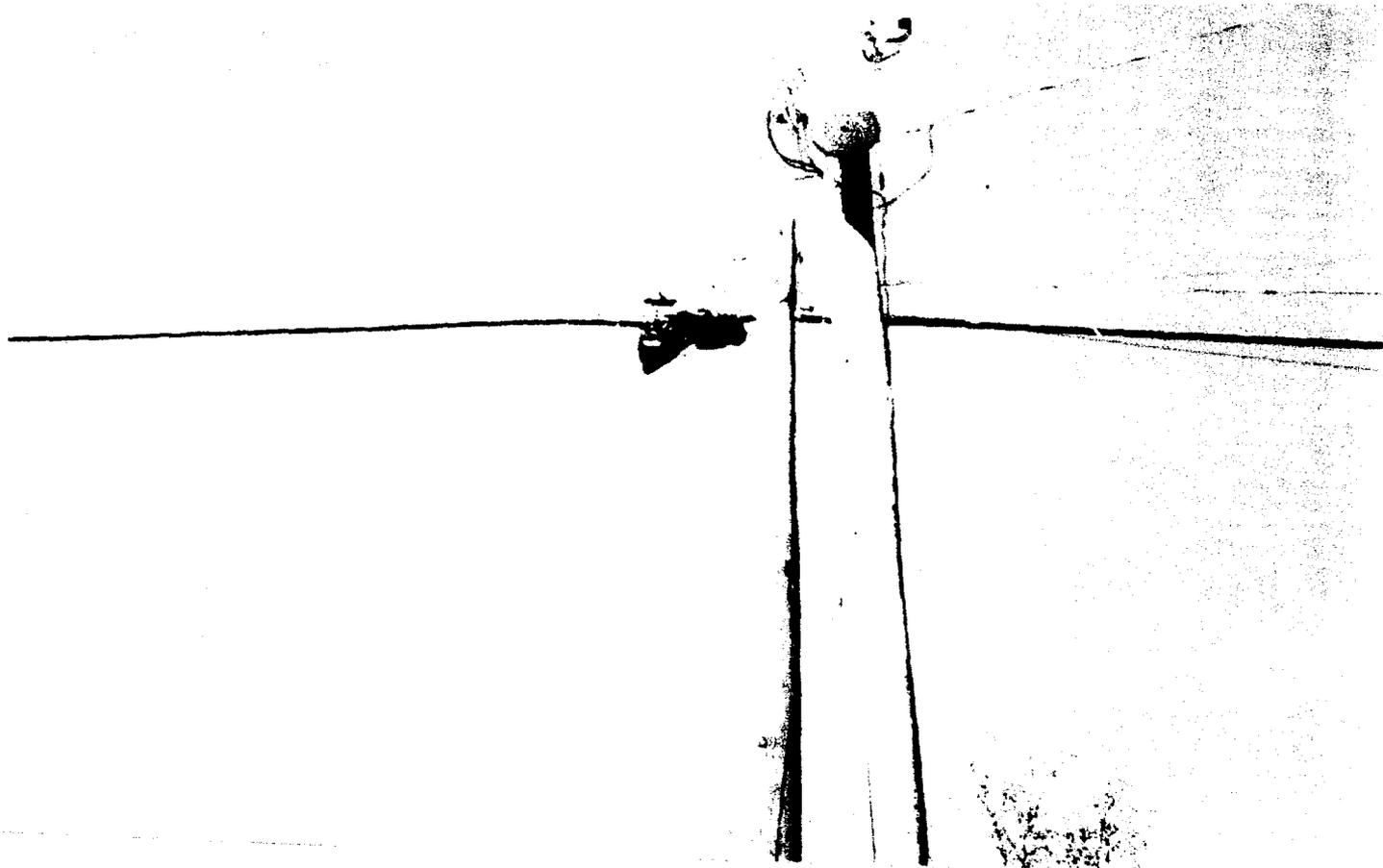
- ◆ McDonald asked if your washer broke at 8 PM would you call for repair and pay overtime. Can you imagine your response if you took your car in for service and they told you they couldn't get it until later but would get it done if you were willing to pay overtime rates?
- ◆ Take risks such as the fiber that was cut on a ring last week. The ring switched and did not cause an out of service condition. The technicians worked into the night on overtime to restore the damage. Could we have taken the risk and repaired the fiber the next day and saved the overtime?
- ◆ Callout- We need to change the mindset that every trouble has to be fixed NOW. Based on the circumstances we need to start responding that we will fix it the next day. Critical circuits such as FAA, 911, hospital, etc. would not apply. The director and VP level stated they would support a next day repair on a circuit or minor alarm if our decision were to do so.
- ◆ Eliminate all non-service affecting Quality functions performed on the plant at the time of our site visit.
- ◆ If your at 99% on OOS inst why not miss some, eliminate the overtime and get your results as close as you can to the objective. Is 99% better than 95% if you overspent the budget in OT? Clue-The answer is NO.
- ◆ Reduce no-access visits by running the trouble so the NID and leave a message note that a return visit will be at hourly rate.
- ◆ Respond to FPSC complaints but don't jump through hoops if it means our costs go up to do it immediately.
- ◆ Reduce repeats by properly testing the line the first time you clear the ticket.



This oil cloth has been on this cable for months. If you look closely, there are exposed conductors hanging out the bottom.



Although you can't see it very well, the closure on the left is being held up with
1.



The wind has blown the oil cloth off of this terminal leaving the cable and pairs exposed to the elements.