

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

In the Matter of)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	
)	

COMMENTS OF SPRINT CORPORATION

Sprint Corporation ("Sprint"), on behalf of its local and long distance divisions, submits its Comments to the Further Notice of Proposed Rulemaking ("FNPRM") on the Recommended Decision of the Federal-State Joint Board on Universal Service, regarding rural universal service support, released on December 22, 2000, in FCC 00J-4.

The Recommended Decision incorporates the recommendation of the Rural Task Force ("RTF") on this issue. In recommending its plan to the Federal-State Joint Board, the RTF recognized that the issue of rural universal service support needs continued evaluation. Accordingly, the RTF advised that its recommendation should remain in place for a five-year period, during which time plans should be made to "reevaluate appropriate universal service funding approaches for areas served by 'rural telephone companies.'"¹

Sprint does not object to the five-year period as a reasonable amount of time to reach a further solution. In the interim, the industry should live with a reasonable status quo. The core portion of the RTF Recommendation, adopted in the Recommended Decision, represents a reasonable status quo, such core portion consisting of re-basing the indexed cap

¹ *Federal-State Joint Board on Universal Service*, Rural Task Force Recommendation to the Federal-State Joint Board on Universal Service, CC Docket No. 96-45 (rel. Sept. 29, 2000) ("RTF Recommendation") at 3.

on high cost loop support and modifying the corporate operations expense limitation. This is reasonable because it simply updates limits that were imposed seven years ago.

However, other than re-basing the indexed cap on high cost loop support and modifying the corporate operations expense limitation, the additional RTF recommendations are not necessary to maintain a reasonable status quo during the five year interim period. Hence, Sprint opposes the non-core, or "wild card" recommendations, such as coverage for catastrophic events, support for advanced services prior to such services being defined as services supported by the federal universal service fund in accordance with 47 U.S.C. §254(c), and the safety net for 14% growth in plant in service.

At the outset, it is disappointing to note that the RTF settled on a cost model, the Modified Embedded Cost Mechanism ("MECM"), that relies on embedded cost rather than forward looking cost. Sprint has been a consistent proponent of forward-looking cost methodologies, and would have preferred that the RTF adopt such an approach. Nevertheless, Sprint acknowledges that the MECM is easier for all parties to administer. While using forward-looking costs is the economically correct approach, the MECM provides a practical way in which to proceed.

Sprint disagrees with the RTF recommendation to provide support for catastrophic losses. The RTF recommends that in study areas where a CLEC has been approved as an eligible telecommunications carrier, and the CLEC is providing service, the CLEC and ILEC may both obtain the same support per loop by freezing the ILEC's support amount.² An ILEC may adjust the frozen support amount in the event of a catastrophe that affects the ILEC's ability to provide universal service. While the fund exists to supplement the revenues of rural carriers serving high cost areas, the fund should not be used to pay for

² RTF Recommendation at 26.

catastrophic events. Each carrier should be responsible for maintaining adequate insurance in the event of emergency, as that is a standard component of business risk to be borne by any provider in any marketplace.

The RTF also recommended that the federal universal service fund be sized so that it "presents no barriers to investment in plant needed to provide access to advanced services."³ Further, the RTF added that supporting advanced services would also support access to information services in rural areas at a bit per second rate comparable to that provided in urban areas.⁴ Although Sprint is a proponent of the wide availability of advanced services, Sprint maintains that a service must be added to the list of services supported by the fund before the cost of providing that service is included in the fund. Section 254(b) of the Communications Act of 1934, as amended (the "Act"), establishes principles for the Joint Board and the Commission to follow in determining universal service policy. However, Section 254(c) sets forth the guidelines for the Joint Board and the Commission to follow in deciding which services are included in the definition of universal service. Although Sections 254(b)(2) and (3) include access to advanced services and information services among the universal service principles, the Commission must first address the issue of redefining supported services. Incorporating the costs of these services into the fund prior to their approval under Section 254(c) would constitute a short-cut around the section 254 process. Along this line, Sprint agrees with the RTF's statement that the indexed cap "should be resized whenever the definition of supported services is changed."⁵

Likewise, the "safety net" appears to be just that, a method by which other carriers support a rural carrier's business decision to add plant. The safety net additive is applied

³ Id. at 23

⁴ Id.

⁵ Id. At 27

where the growth in telecommunications plant in service per line is 14% higher than the previous year. This plant addition is not tied to any particular service and as such is truly a wild card. Further, if a carrier qualifies for the safety net additive in a given year, the additive also applies for the four succeeding years regardless of whether the 14% criterion is met in those years.⁶ Sprint does not believe that the safety net provides adequate assurance that support payments will be used only for the facilities and services covered by the fund, as required by Section 254(e) of the Act. Therefore, Sprint opposes the safety net proposal.

Finally, Sprint agrees with the concept that an adjustment could be made, within certain limits, to a rural carrier's funding following its acquisition of an exchange by sale or merger, known as the "safety valve."⁷ The effect of acquiring an exchange should not only have the potential effect of increasing universal service support, but should also be allowed to decrease such support based on the cost of providing the supported services in the acquired exchange.

Respectfully submitted,

SPRINT CORPORATION

By _____/s/_____

Jay C. Keithley
401 9th Street, NW, #400
Washington, DC 20004
(202) 585-1920

Rick Zucker
6360 Sprint Parkway, KSOPHE0302
Overland Park, KS 66251
(913) 762-1920

⁶ Id. at 27

⁷ Id. at 29-30

CERTIFICATE OF SERVICE

I, Joyce Walker, hereby certify that I have on this 26th day of February 2001, served via U.S. First Class Mail, postage prepaid, or Hand Delivery, a copy of the foregoing "Comments of Sprint Corporation" in the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45, filed this date with the Secretary, Federal Communications Commission, to the persons on the attached service list.

_____/s/_____
Joyce Walker

Michael Powell, Commissioner
Federal Communications Commission
Room 8-A204
45-12th Street SW
Washington, DC 20554

Harold Furchtgott-Roth,
Commissioner
Federal Communications
Commission
Room 8-A302
445-12th Street SW
Washington, DC 20554

Gloria Tristani, Commissioner
Federal Communications Commission
Room 8-C302
445-12th Street SW
Washington, DC 20554

Susan Ness, Commissioner
Federal Communications
Commission
Room 8-B115
445-12th Street SW
Washington, DC 20554

ITS
The Portals
445 12th Street SW Room CY-B400
Washington, D.C. 20036

Chairman Patrick H. Woods, III
Texas Public Utilities Commission
1701 North Congress Ave
PB Box 13326
Austin, TX 78711-3326

Commissioner Laska Schoenfelder
South Dakota Public Utilities
Commission
State Capitol
500 East Capitol Street
Pierre, SD 57501-5070

Commissioner Bob Rowe
Montana Public Service
Commission
1701 Prospect Ave
P.O. Box 202601
Helena, MT 59620-2601

Martha Hogerty
Missouri Office of Public Counsel
301 West High Street, Suite 250
Truman Bldg
PO Box 7800
Jefferson City, MO 65102

Comissioner Nanette Thompson
Regulatory Commissioner of
Alaska
1016 West Sixth Avenue, Suite
400
Anchorage, AK 99501-1693

Joel Ader
Telecordia Technologies
710 L'Enfant Plaza S.W.,
Promenade Level, East Building
Washington, D.C. 20024