

**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)	
)	
1998 Biennial Regulatory Review - Streamlined)	CC Docket No. 98-171
Contributor Reporting Requirements Associated)	
With Administration of Telecommunications Relay)	
Service, North American Numbering Plan, Local)	
Number Portability, and Universal Service Support)	
Mechanisms)	
)	
Telecommunication Services for Individuals with)	CC Docket No. 90-571
Hearing and Speech Disabilities, and the)	
Americans with Disabilities Act of 1990)	
)	
Administration of the North American Numbering)	CC Docket No. 92-237
Plan and North American Numbering Plan Cost)	NSD File No. L-00-72
Recovery Contribution Factor and Fund Size)	
)	
Number Resource Optimization)	CC Docket No. 99-200
)	
Telephone Number Portability)	CC Docket No. 95-116

COMMENTS OF SPRINT CORPORATION

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SUMMARY

In these Comments, Sprint proposes a plan for universal service contribution and collection that addresses the problems raised by the Commission in the *NPRM*, and affords simplicity and certainty to all parties: consumers, carriers and USAC. In a nutshell, Sprint's plan contains the following:

- A "Collect and Remit" Process

Carriers remit to the fund the exact amount they collect, eliminating any risk of over or under collection of universal service payments.

- Interstate Factors Used to Derive Interstate Revenues from Total Revenues

These factors apply to revenues of all carriers, avoiding the inordinate amount of resources spent on segregating interstate revenues from other revenues.

- Universal Service Costs Recovered from Customers on a Per-Line Basis

This is the most equitable allocation method for customers, given the fact that universal service benefits accrue from network connections rather than revenues.

It is also competitively neutral and administratively suitable for carriers.

- LEC Collection from Wireline Customers on behalf of both LECs and IXC's

It is more convenient and efficient for customers to make one universal service payment per network connection, and it is impractical for IXC's to collect on a per-line basis. This method is equitable and nondiscriminatory among carriers, because their customers are making appropriate contributions.

- Maintains Current Balance in Contributions between Wireline and Wireless Carriers.

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COMMENTS OF SPRINT CORPORATION

Sprint Corporation (“Sprint”), on behalf of its local, long distance and wireless divisions, submits its Comments to the Notice of Proposed Rulemaking, released on May 8, 2001, as FCC 01-45, in the above referenced dockets (“*NPRM*”).

I. INTRODUCTION

In the *NPRM*, the Commission seeks comment on how to streamline and reform the manner in which carriers are assessed for federal universal service funding and the manner in

which these funds are recovered from customers.¹ The Commission seeks to determine the best method to use in assessing carriers for universal service, taking into account the universal service principles set forth in Section 254(b) of the Communications Act of 1934, as amended (the "Act"),² as well as burdens on contributors, consumers, the Commission and the Universal Service Administrative Company ("USAC").³ The Commission has also requested comment on its proposal to create a uniform mechanism by which carriers collect universal service payments from their customers.⁴

Sprint applauds the Commission for identifying and confronting problems with the universal service contribution and assessment system. Unfortunately, the size of the fund causes these problems to be pronounced.

In these Comments, Sprint first identifies problems with the current system, many of which are noted by the Commission in the *NPRM*. Sprint then proposes a plan for revising the contribution and assessment methodologies and discusses how its plan solves these problems. In summary, Sprint's plan for collecting and remitting federal universal service funds spreads the burden of paying for federal universal service equally across a wide base of consumers in a manner that minimizes cost and inconvenience to consumers, and simplifies reporting requirements and other administrative burdens on both carriers and USAC. The crux of Sprint's plan is a collect and remit process in which carriers contribute to the fund the exact amount they collect from customers. Further, Sprint proposes that such collection be done on a per line basis, so long as the wireline portion of the fund is collected by local exchange carriers on behalf of themselves and interexchange carriers. Finally, Sprint's plan

¹ *NPRM* at ¶1.

² 47 U.S.C. §254(b).

³ *NPRM* at ¶17.

⁴ *Id.* at 19

maintains the current, accurate contribution ratios between the wireline and wireless market segments.

II. PROBLEMS WITH THE CURRENT SYSTEM

Three main problems with the current system need to be addressed. First, carriers currently employ inconsistent methods in recovering universal service costs from customers. These variances can lead to customer confusion. Second, the administrative burden on carriers and USAC are too complex and consume an inordinate amount of resources. Finally, the system is not as fair and convenient for end users as it should be.

A. Current Cost Recovery Mechanisms Are Inconsistent and Cause Customer Confusion

In many cases, carriers recover their universal service contributions from customers by collecting a percentage on their customers' interstate and international billings. As the Commission noted in the NPRM, most carriers charge customers a percentage that differs from the carrier contribution percentage charged by the Commission.⁵ These percentages differ for various reasons, including the following: (i) because carriers contribute to the fund based on their gross billed end user telecommunications revenue, they must increase the collection rate charged to customers to allow for uncollectibles; (ii) because carriers' universal service cost recovery is included in end user billed revenue, carriers must increase or "gross up" collections simply in order to recover universal service contributions paid on universal service collections⁶; and (iii) the six month regulatory lag between the reporting of

⁵ NPRM at 4-5.

⁶ Assume \$100 in revenue and a 6% contribution factor. If the carrier assesses 6% to the customer, the carrier collects $\$100 + \$6 = \$106$. The fund then assesses the carrier 6% on \$106, or \$6.36. In order for the carrier to avoid a shortfall of \$.36 per \$100 (\$6.36 paid - \$6.00 collected), the carrier must assess the customer approximately 6.36% rather than 6%.

revenues and the contribution of funds requires IXCs to raise collection rates where necessary to account for declining long distance revenues.

The current system creates a constantly moving target, making it difficult for carriers to match amounts contributed to the fund with amounts collected from customers. Thus, at any time a carrier may be recovering more or less than it paid into the fund. This cost recovery imbalance can be confusing to customers, making them uncertain as to their proper share of the costs of universal service.

B. Administrative Requirements on Carriers are Complex and Burdensome

Under the current method of assessment and contribution, carriers spend an inordinate amount of resources to comply with the requirements of the federal universal service fund. This is partially caused by events beyond the Commission's control, such as the Fifth Circuit's ruling that the Commission may use only interstate revenues in determining carrier fund contributions.⁷ The resources used to administer the fund are a real cost to carriers and to society, and should be minimized to the extent possible without compromising the integrity of the fund.

1. Identifying Interstate Revenues is Complex

The most onerous aspect of USF administration is the effort needed to segregate interstate and intrastate revenues as required by law.⁸ IXCs are required to segregate interstate traffic from intrastate traffic and regulated services from non-regulated services. In the case of Sprint's long distance affiliate, its systems were not designed to distinguish interstate from intrastate revenues. Further, it is virtually impossible to identify interstate revenues under calling plans that contain a bucket of minutes or a bundle of different

⁷ Texas Office of Public Utility Counsel v. FCC, 183 F.3d 393 (5th Cir. 1999) ("TOPUC")

⁸ Unless otherwise stated, revenues are assumed to mean end user telecommunication revenues.

services. For example, a carrier cannot accurately determine the amount of interstate revenue collected where a customer uses 1300 minutes making multi-jurisdictional calls under a calling plan that provides 2000 minutes for \$100.

CMRS providers (referred to herein as "wireless carriers") have also asserted that they cannot, without substantial difficulty, identify their revenues as interstate or intrastate.⁹ In the *Wireless Safe Harbor Order*, the Commission agreed and provided wireless carriers a safe harbor option as an alternative to segregating interstate revenues.¹⁰

More than two years after the Commission recognized the benefits of this approach, Sprint PCS remains unable to allocate interstate and intrastate minutes of use without undertaking a significant, time-consuming and expensive effort. Moreover, as was the case in 1998, even if such an effort is undertaken, it is impossible to achieve an appropriate degree of accuracy.¹¹

By allowing all wireless carriers to utilize an allocator (*i.e.* the safe harbor) to approximate interstate traffic, the Commission effectively reduced the cost of universal service for wireless carriers and consumers. The allocator provides this benefit by allowing wireless carriers to minimize the administrative burdens associated with universal service funding. Moreover, the Commission recently employed the safe harbor approach again for universal service in the context of allocating between telecommunications revenues and non-

⁹ *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Memorandum Opinion and Order and Further Notice of Proposed Rulemaking, 13 FCC Rcd 21252, 21255, ¶6 (1998) ("*Wireless Safe Harbor Order*")

¹⁰ *Id.* at 21258-59, ¶13. The safe harbor percentages are 15% for cellular and broadband PCS, and 12% for paging providers.

¹¹ By way of example, in the earlier proceeding AirTouch claimed to have developed a jurisdiction tracking system that can distinguish state from interstate calls with a reasonable degree of accuracy. Even so, AirTouch acknowledged that its system may still yield "inaccurate information." See *Wireless Safe Harbor Order at 21273-75*, ¶38-39.

telecommunications revenues, such as CPE.¹² As discussed in more detail in Sections 3 and 4, *infra*, Sprint's plan builds on the Commission's success by extending the concept of an allocator to both wireline and wireless carriers.

2. Reporting Requirements are Burdensome

Currently, carriers must file five reports per year, consisting of four quarterly reports and an annual report. The quarterly reports are due within one month after the end of a quarter. Any errors made in these reports can only be corrected before filing the next report. There is no provision for correcting errors more than three months in arrears. Nevertheless, the annual report is used as a check against the four quarterly reports, and any discrepancy is charged against the carrier by applying an average of the two most disadvantageous contribution factors for the year. This reporting system is costly and inequitable.

C. The System Should be More Fair and Convenient for End Users

Currently end users are generally paying for universal service based on revenues, which is not the most equitable method. If we examine the current system, we find that it is based on a notion that 1) revenues might serve as some type of a proxy for usage, and 2) the idea that the benefits of universal service are greater for those end users who have higher levels of usage. This argument, while superficially appealing, is flawed economically on two levels. First, in many cases revenues serve as a poor proxy for usage. Two customers with different long-distance calling plans could exhibit exactly the same usage, in terms of minutes, yet produce significantly different revenues for an IXC and be assessed significantly different amounts for the USF fund. Second, and more importantly, the economic

¹² *Policy and Rules Concerning the Interstate, Interexchange Marketplace*, CC Docket No. 96-61, and *Implementation of Section 254(g) of the Communications Act of 1934, as amended*, CC Docket No. 98-183, Report and Order (rel. March 30, 2001).

justification for all end-users contributing **equitably** to the federal universal fund is the existence of *network externalities*: the fact that all participants in a network benefit when that network is extended, or an additional party becomes a part of the network. Widespread contributions to universal service have been justified because all network participants benefit from an additional user joining the network (or not dropping off the network). Universal service is, in its most pure form, a public good. The public switched telephone network (PSTN) exhibits the key characteristics associated with public goods, non-rival consumption and non-exclusion. A user of the PSTN does not deplete the benefits available to all other users, and exclusion costs are prohibitive.¹³ This combination of positive externalities and public welfare, and the fact that market forces alone would be unlikely to bring about universal service, dictate that universal service should be treated in a manner consistent with other instruments that enhance social well-being, such as public health and public defense. The costs of ensuring universal service should be spread across as wide a base as possible, and recovered in an equitable manner. The mechanism for recovering costs should not be arbitrarily attached to a measure (interstate end user revenues) that has no relationship to the benefits that universal service provides. Since universal service provides potential benefits to all customers, all customers should pay and pay equally. The most efficient method for achieving this is to have customers pay on a per line basis. This is the only method that ensures equal treatment among the end users who actually make up the public switched telephone network.

Further, the universal service system has too many collection agents. It is confusing and inconvenient for customers to be charged for federal universal service on both their local and long distance bills. There is no need for both LECs and IXC's to collect universal

¹³ See *Principles of Economics*, Ruffin and Gregory, 1993.

service funds from the same end user on the same line or connection to the network to achieve the same social welfare goal. For the sake of efficiency and ease of administration, end users should pay one federal universal service charge for each connection to the network. Basically, wireline users connect to a local exchange carrier for access to the network. Almost all of these same consumers are presubscribed to an interexchange carrier, and they access the long distance network through the local exchange carrier.

Some parties might argue that such an arrangement would disadvantage the collecting party competitively, but this fear is without foundation. If, for example, LECs serve as the collecting party there would be no benefit to a customer from switching LECs since the assessment would remain regardless of what LEC served the end-user. In summary, a per line charge equalizes the amount that end-users pay across all users, and a single charge per line eliminates inefficiencies.

III. SPRINT'S PLAN TO REFORM THE UNIVERSAL SERVICE SYSTEM

Sprint's plan divides carriers into distinct market segments and then uses an allocation method to determine interstate revenues for each segment, thus greatly simplifying the process. Carriers collect universal service assessments on a per-line basis (or, in the case of wireless carriers, on a per-number basis) and remit exactly what they collect to the fund. The formula for Sprint's plan is depicted in Attachment A.

To implement this plan, the Commission will first determine and prescribe three interstate allocators, one each for wireless carriers,¹⁴ interexchange carriers and local exchange carriers, based on the most recently available reported data. For each group, the

¹⁴ Wireless Carriers are defined in Section II.A.1 *supra*, as including all CMRS providers. Although wireless carriers today have three different safe harbor percentages, for ease of discussion all CMRS providers will be treated as one group with a 15% interstate allocator.

interstate allocator is a percentage that represents the proportion of that group's interstate revenue to its total revenue.

Using these prescribed interstate allocators, USAC will then determine total estimated interstate revenues for the three groups. Wireless estimated interstate revenue will be calculated by multiplying total wireless revenue times the wireless interstate allocator. Likewise, USAC will calculate LEC estimated interstate revenue by multiplying total LEC revenue times the LEC interstate allocator, and will calculate IXC estimated interstate revenue by multiplying total IXC revenue times the IXC interstate allocator. Next, USAC determines total wireline estimated interstate revenue by simply adding LEC estimated interstate revenue and IXC estimated interstate revenue.

Total carrier estimated interstate revenues would thus equal the sum of wireless estimated interstate revenue plus wireline estimated interstate revenue. USAC would then determine the wireless industry's portion of the fund's requirement by taking the ratio of total wireless estimated interstate revenue to total carrier estimated interstate revenue, and multiplying the fund requirement by that ratio. At the same time, USAC would determine the wireline carriers' portion of the fund requirements by taking the ratio of total wireline interstate revenue to total carrier interstate revenue, and multiplying the fund requirement by that ratio.

The portion of the fund requirement needed from each segment would then be collected by carriers through a per line assessment on customers. For wireless carriers, the assessment would be per telephone number rather than per line. Specifically, wireless carriers would report to USAC total wireless telephone numbers. USAC would then divide the wireless portion of the fund requirement by total wireless numbers to determine an amount per number. Each wireless carrier would then assess that rate on each number it

serves. Similarly, local exchange carriers would report to USAC total local exchange lines. USAC would then divide the wireline portion of the fund requirement by total local exchange lines to determine a rate per line. Each local exchange carrier would then assess that rate on each line it serves, similar to the subscriber line charge. All amounts collected by carriers from customers would be remitted to USAC.

IV. SPRINT'S PLAN SOLVES THE SYSTEM'S PROBLEMS

A. Carrier Contributions Will Match End User Payments

As described above, Sprint's plan operates on a "collect and remit" methodology. Sums collected by carriers should be remitted in full to USAC. Carriers should pay neither more nor less than they collect. This collect and remit methodology has been successfully implemented in several state universal service funds, including Nevada, Texas, Kansas, Nebraska, Wyoming and Oregon.

"Collect and remit" will help eliminate customer confusion and alleviate the Commission's concern over the difference between the Commission's contribution factor and the percentages applied by carriers. It will also save carrier resources by simplifying the calculation of the percentage to be charged to customers in order to recover the sum paid to the fund. All the carriers need do under this solution is to track the universal service funds they collect. Collect and remit is the only method in which customers can be assured that their payments meet the exact needs of the fund.

B. Sprint's Plan Simplifies the Method of Identifying Interstate Revenues

Sprint's plan calls for the Commission to develop interstate allocators, based on carriers' experience and reasonable projections, that can be applied to total end-user telecommunications revenues to approximate interstate revenues. Using these allocators would eliminate the constant effort to segregate and report interstate revenues, while

maintaining a system that is accurate and in compliance with the TOPUC decision's mandate to base contributions only on interstate revenue. These interstate allocators would be similar in nature to the wireless safe harbor percentage, except that rather than operate as a safe harbor option, the allocators would be mandated. Mandated allocators provide administrative efficiency and competitive neutrality, because carriers would be relieved of performing the machinations necessary to derive interstate revenues, and would be assured that all carriers in their segment applied the same allocator to their revenues.

Because of the differences among market segments, three interstate allocators are needed, one each for wireless, long distance and local carriers. However, because of the similarity among carriers within a market segment, one allocator can be applied to an entire segment, such as IXCs, while maintaining sufficient accuracy among carriers. Based on a review of recent Form 499s, IXCs' interstate end user revenues tend to be approximately 74% of their total end user telecommunication revenues. Therefore, Sprint believes that 74% would be an appropriate interstate allocator for IXCs. LECs have modest end user interstate revenues, consisting primarily of the federal subscriber line charge. Sprint asserts that a 15% allocator would be appropriate.

With regard to the wireless segment, in the *NPRM*, the Commission seeks comment on the appropriateness of the current wireless interstate allocator of 15%.¹⁵ The Commission originally chose 15% as a proxy by using the nationwide average percentage of interstate wireline traffic reported for purposes of the Dial Equipment Minutes ("DEM") weighting program.¹⁶ In 1999, some wireless carriers questioned the Commission's reliance upon LEC interstate traffic levels as a proxy for the wireless allocator. Given the fact that

¹⁵ *NPRM* at ¶24.

¹⁶ *Wireless Safe Harbor Order* at 21259, ¶13.

the wireless and landline sectors had very different pricing structures and since consumers utilize landline and mobile telephones differently, Sprint PCS urged the Commission to establish a national wireless interstate allocator based on the mean, or average, of the data received by the Commission on the Form 457 (now Form 499).¹⁷ Sprint submits that such an approach remains the best way to determine wireless interstate traffic. The FCC should therefore examine data submitted by wireless carriers on the Form 499 and establish an appropriate percentage on that basis. In the alternative, although the LEC surrogate may not be the best proxy, it is reasonable and administratively simple to use. In any event, should the Commission desire to use a proxy for the wireless allocator other than the two discussed herein, the Commission must provide a rational basis for doing so.

C. The Plan Reduces Reporting Requirements for Carriers and USAC

Sprint's plan will greatly reduce reporting necessary to administer the fund. Carriers would simply need to periodically report total telecommunications revenue so USAC can apply the allocators necessary to identify interstate revenues. This can be done on an annual basis.

Once in place, Sprint sees no need to reevaluate the allocators for the near future. Instead, Sprint recommends that the initial allocators remain in effect for some specified interim period of time, such as three or five years. Stabilizing the allocators will bring simplicity and certainty to the funding system. Similar to the approach taken with the interim freeze of the Part 36 category relationships and jurisdictional cost allocation factors,¹⁸ maintaining the interstate allocation factors for an interim period will stabilize and simplify

¹⁷ *Wireless Safe Harbor Order*, Sprint PCS Comments to the *FNPRM* (filed January 11, 1999) at 5.

¹⁸ *Jurisdictional Separations and Referral to the Federal-State Joint Board*, CC Docket No. 80-286, Report and Order, FCC 01-162 (rel. May 22, 2001).

the universal service contribution and collection process.

Sprint's plan also alleviates the problems caused by the six-month regulatory lag currently contained in the funding methodology. Because a "collect and remit" methodology eliminates the need for carriers to make adjustments in order to stay "whole," the problems cited above (carrier over or under-recovery) no longer exist.

Any overcollection by the fund could be adjusted by USAC through a lower assessment in future periods. Alternatively, such overcollection could be fully or partially held to create a reserve¹⁹. Any undercollection by the fund could be solved by either a higher future assessment, a draw on funds held in reserve, or a commercial loan arranged by USAC.²⁰

D. The Plan Spreads the Costs of Universal Service to Customers on a Per-Line Basis

As identified in Section II.C above, the fairest method of collecting universal service is to treat each connection to the network equally. Thus, wireline customers would each be charged the same amount per line, and wireless customers would each be charged the same amount per telephone number. The true benefit of universal service is the opportunity to have all citizens connected to the network. The benefits from universal service are not based on the amount of usage or the size of the bill. Therefore, a uniform charge on every line or number is an equitable and competitively neutral method of paying for universal service.

An equal per-line charge is also desirable, because it encourages each customer to select a carrier based solely on rates and quality of service. Carriers should differentiate

¹⁹ Such a reserve was suggested by the commission in the NPRM at ¶34.

themselves based on the quality of their offerings and not on the amount of their universal service charge.

One issue that persists in the per-line method is how to count dedicated circuits that contain multiple channels and other multi-line business services. A mechanism could be implemented that allows this segment of the market to contribute an amount in the same proportion that is contributed today. Obviously, some type of proxy could solve this issue, such as the type of proxy used in connection with recovery of local number portability costs.²¹

E. The Plan Streamlines Wireline Administration So That Each Customer Makes One Payment per Wireline Connection

It is inefficient to have both the LEC and the IXC act as universal service collection agents on the same customer line. Thanks to universal service, nearly all citizens are connected to the local network. Therefore, the LEC is in the best position to collect universal service payments. It is a natural fit for the LEC to handle universal service collection, since it is the LEC's infrastructure that requires subsidization.

LEC collection satisfies the requirement that all providers of telecommunications service make an equitable and nondiscriminatory contribution to the preservation and advancement of universal service.²² Because carriers are permitted to recover contributions from customers, the carriers are in effect merely a conduit through which to pass universal service funds to USAC for distribution. The Commission has effectively interpreted §254(d) to require the *customers* of all providers to make an equitable and nondiscriminatory contribution to the fund. Therefore, a carrier pays its fair share so long as its customer is

²⁰ See 47 C.F.R. §54.709(c).

²¹ See 47 C.F.R. §52.33(a)(1)

²² See 47 U.S.C. §254(b)(4) and 254(d).

making an appropriate contribution. By paying on a per-line basis each wireline customer will contribute fairly, based on total interstate wireline revenue. In effect, the LECs would simply be making universal service collections on behalf of themselves and the IXC on an equitable and nondiscriminatory basis.

LEC collection on behalf of IXCs also addresses the "zero-biller" problem. Zero-billers are IXC customers who have the right to access the interstate network, but did not do so in a given month. It would be very difficult for the IXCs to collect on a per-line basis from customers who otherwise have no toll charges. Forcing the IXCs to continue to issue bills, track and collect delinquencies, and deal with irritated customers is a waste of resources, the cost of which is likely to be ultimately borne by other consumers. Collection by the LECs solves this problem; the zero-biller receives the benefits of universal service and pays the appropriate amount without suffering the frustration of receiving a separate IXC bill with nothing on it but the per-line universal service charge. Furthermore, if IXCs were required to assess per-line charges, customers who tended to bill low amounts would be incented to cancel their PICs in order to avoid the charge. This could result in a temporary shortfall in the fund, or would inequitably increase the universal service burden on customers who retained their presubscription. Because the IXCs serve a significant number of zero-billers, if IXCs are required to make universal service collections, then a per-line method is not practical. As evidence, one need only look to the presubscribed interexchange carrier charge, which was discontinued due to similar problems.²³

²³ *Access Charge Reform*, CC Docket No. 96-262, Sixth Report and Order, *Price Cap Performance Review for Local Exchange Carriers*, CC Docket No. 94-1, Sixth Report and Order, *Low-Volume Long Distance Users*, CC Docket No. 99-249, Report and Order, *Federal-State Joint Board on (cont.) Universal Service*, CC Docket No. 96-45, Eleventh Report and Order, 15 FCC Rcd 12962 (2000)

LEC collection on behalf of IXCs also would save IXCs from having to make potentially expensive billing adjustments. LECs already collect per-line charges as part of the normal course of their business, but IXCs generally do not. Therefore, it is likely that IXCs would have to revise their billing systems to apply per-line charges.

Finally, combining the IXC and LEC universal service charges on the LEC bill will not cause local bills to exceed affordable levels. First, these charges will not be assessed on lifeline customers. Second, as a per-line charge, this is not a rate increase at all, but simply a shift to the local bill of a charge that was already on the long distance bill. Since the local customer is the same entity as the long distance customer, this shift simply consolidates a per-line federal universal service charge in one location for wireline customers. Sprint is not aware of any wireline long distance customer that does not have local service.

F. To the Extent Possible, The Plan Maintains the Status Quo on Amounts Paid by the Wireline and Wireless Market Segments

Currently, there is an accurate division of contributions among market segments. Sprint's goal is to maintain this accuracy while transitioning to a per line assessment. By segregating wireless from wireline, and using a separate per line assessment for each, both segments can continue to maintain the accurate contribution ratios that the fund currently reflects.

V. CONCLUSION

These Comments have outlined Sprint's plan for collecting and remitting federal universal service funds that addresses the major issues raised by the Commission in the *NPRM*. The plan eliminates any mismatch between contribution and collection of universal service funds. It eases USAC and carrier burdens by providing a simple method of identifying interstate revenues and reduces reporting requirements. It spreads the cost of

universal service to consumers equitably and streamlines wireline collection methods so that consumers only pay one charge for each connection to the network. Finally, the plan maintains the current payment proportion between wireline and wireless carriers. The Commission should promptly implement this plan.

Respectfully submitted,

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ATTACHMENT A

$$[\text{Total Wireless End-User Revenue}] * [\text{Wireless Interstate Allocator (e.g. 15\%)}] = \text{Wireless interstate revenue (A)}$$

$$[\text{Total LEC End-User Revenue}] * [\text{LEC Interstate Allocator (e.g. 15\%)}] = \text{LEC interstate revenue (B)}$$

$$[\text{Total IXC End-User Revenue}] * [\text{IXC Interstate Allocator (e.g. 74\%)}] = \text{IXC interstate revenue (C)}$$

Universal service fund requirement \Rightarrow Example: \$5.5B

$$\left[\frac{A}{A+B+C} \right] * \$5.5B = \text{wireless industry obligation}$$

$$\left[\frac{B+C}{A+B+C} \right] * \$5.5B = \text{wireline industry obligation}$$

$$\frac{\text{Wireless industry obligation}}{\text{Total wireless "lines" (numbers)}} = \text{wireless per "line" assessment}$$

$$\frac{\text{Wireline industry obligation}}{\text{Total LEC lines}} = \text{wireline per line assessment}$$