Sprint

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December 4, 2002

Ms. Marlene Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Re: ***Ex Parte* Presentation**
WC Docket Nos. 02-202, 02-304, 02-317 and 02-319.

Dear Ms. Dortch:

On behalf of Sprint Corporation, Richard Juhnke, Michael Fingerhut and I met today with Sam Feder, Legal Advisor to Commissioner Martin, to discuss the above-referenced matters.

During the meeting, Sprint reiterated its positions expressed in its previous submissions in these dockets. We argued that it is improper for the Commission to modify or rescind rate prescriptions, such as the security deposit/advance payment provisions prescribed by the Commission in its *1984 Access Tariff Decision*,[1] simply by declaration issued under Section 1.4 of the Commission's Rules. The Commission may not engage in ratemaking without full notice and comment. Further, the local exchange carriers that seek to modify their security deposit and advance payment requirements have not demonstrated the need to change their currently effective tariff provisions and have failed to show that such provisions would not have substantially mitigated any uncollectible issue – to the extent there is one – had such provisions been exercised in a timely manner. Their argument that price cap rates do not adequately reflect their uncollectible risk fails in light of their consistently low percentage of uncollectibles and high rates of return.

Sprint also provided Mr. Feder with the attached material which contains information relating to default rates. Specifically, Sprint pointed out that the default rates typically follow the trends of economic cycles and that the default rate should improve as the economy improves. Also, Sprint noted that the default rates are very low for most investment grades, except for those companies rated Caa-C by Moody's Investor Services and CCC-C by Fitch. Indeed, Fitch's overall non-investment grade default rate for corporate finance debt for 1990 to 2001 was only 3.01 %.

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[1] *Investigation of Access and Divestiture Related Tariffs*, CC Docket No. 83-1145 (Phase I), 97 FCC 2d 1082 (1984).

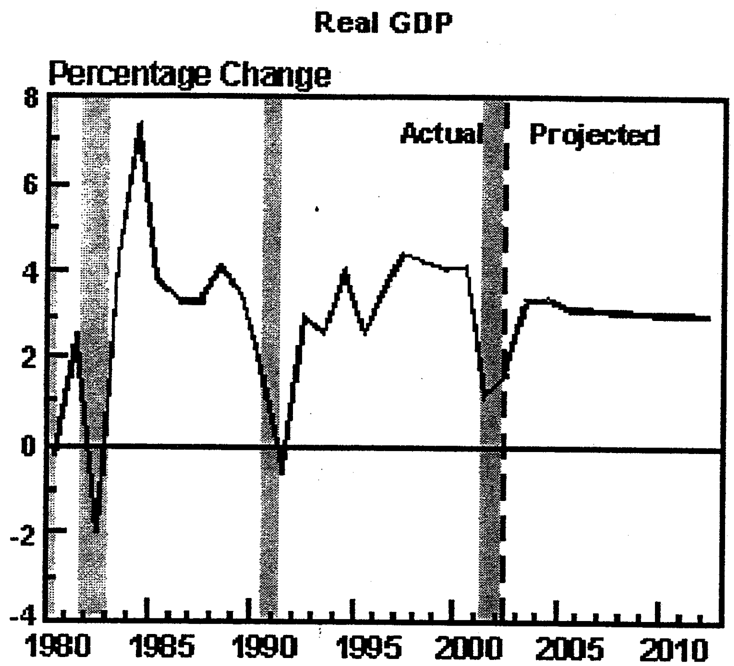
In accordance with FCC rules, this letter is being filed electronically in the dockets identified above.

Sincerely,

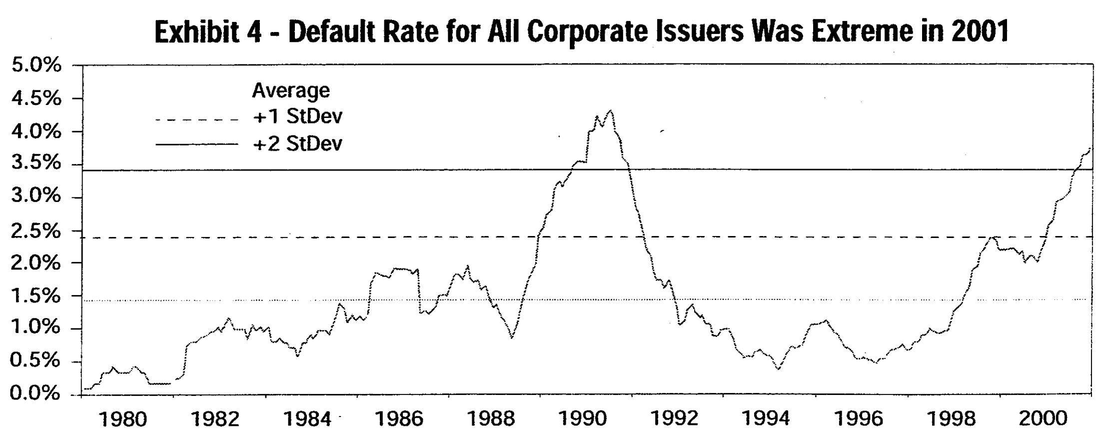
Marybeth Banks

Attachment

cc: Sam Feder



Source: Simon Wilkie, FCC, "Macroeconomic Perspective" Presentation at the FCC's en banc hearing on October 7, 2002.



Source: Moody's Investor Services, "Default & Recovery Rates of Corporate Bond Issuers," February 2002.

Fitch Average Annual Default Rates

	Corporate Finance* 1990-2001	Structured Finance** 1991-2001
AAA	0.00%	0.00%
AA	0.00%	0.01%
A	0.04%	0.01%
BBB	0.27%	0.11%
BB	1.55%	0.31%
B	1.68%	1.24%
CCC-C	21.97%	20.88%
Investment Grade	0.09%	0.02%
Non-Investment Grade	3.01%	1.27%

*Based on Fitch-rated global corporate debt issuers.
**Based on Fitch-rated U.S. structured finance bonds.

Source: Letter from Stephen W. Joynt, President and Chief Executive Officer, Fitch Ratings, to Jonathan G. Katz, Secretary, U.S. Securities and Exchange Commission, dated November 12, 2002

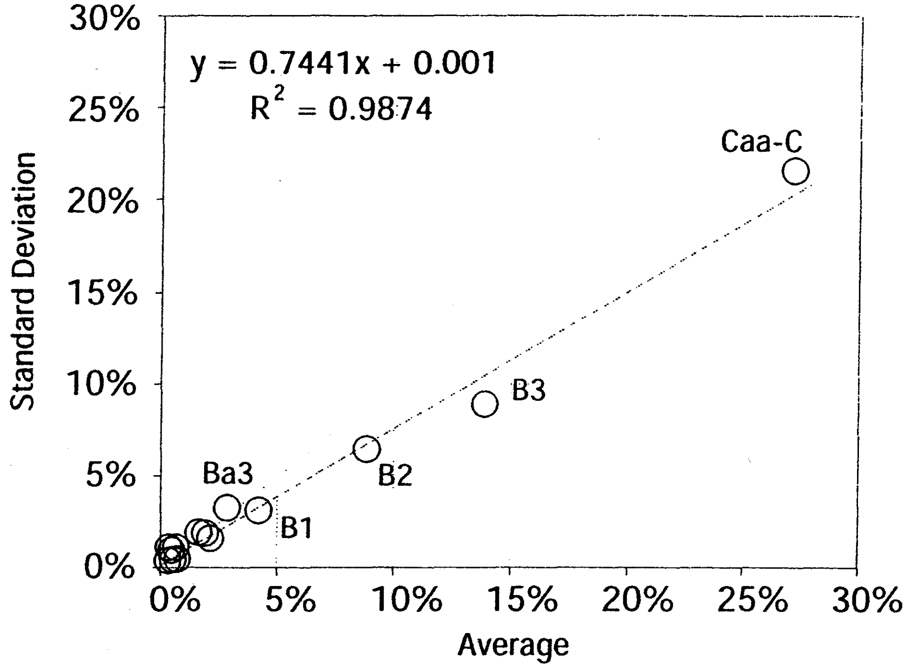
Standard and Poors' Rating Stratification

% of Companies Rated Investment Grade	
AAA	1%
AA+/AA/AA-	5%
A+/A/A-	20%
BBB+/BBB/BBB-	30%

% of Companies Rated Non-Investment Grade	
BB+/BB/BB-	20%
B+/B/B-	18%
CCC+/CCC/CCC-	3%
CC/C	1%
D (default)	2%

Source: Standard and Poors' statistics.

Exhibit 11 - One-Year Default Rates by Rating Notch, 1983-2001



Source: Moody's Investor Services, "Default & Recovery Rates of Corporate Bond Issuers," February 2000.

Attachment
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Holding Company Interstate Rates of Return (In Historical Corporate Structures)

(Data reported in percent)

Region/Company	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
BellSouth Corporation	19.41	20.69	18.34	17.93	16.48	14.43	14.46	16.01	13.88	13.12	13.18	13.18
Qwest Corporation (US West)	22.13	20.18	19.41	16.22	15.09	13.96	12.11	12.91	14.16	12.80	13.09	13.68
SBC Communications, Inc.	22.36	20.98	18.88	15.53	13.47	15.71	15.26	13.91	13.81	12.73	12.28	12.84
Ameritech	25.52	30.59	29.11	22.76	18.60	20.60	18.91	13.59	15.22	12.94	13.44	14.54
Southwestern Bell	18.36	14.29	10.02	9.96	10.26	11.34	13.59	13.54	13.17	12.20	11.39	11.22
Pacific Telesis	23.26	19.30	20.53	15.60	12.01	16.54	13.58	14.86	12.79	12.75	12.18	12.68
Southern New England Telephone	23.19	18.49	12.99	11.74	14.32	13.99	13.23	13.47	14.38	14.57	11.49	13.95
Verizon Communications	17.18	17.31	17.28	15.53	16.45	14.50	12.59	12.73	12.93	13.15	11.25	12.37
Verizon Comm. - formerly Bell Atlantic (includes NYNEX)	13.20	13.78	14.37	13.58	14.69	13.01	12.64	13.13	14.25	14.14	11.01	12.53
Verizon South (formerly Bell Atlantic South)	18.25	18.42	18.19	15.30	15.64	11.34	13.45	14.50	15.09	13.90	14.14	14.42
Verizon North (formerly Bell Atlantic North)	7.47	8.62	10.04	11.63	13.59	15.05	11.65	11.58	13.37	14.38	8.02	10.78
Verizon - formerly GTE	27.01	25.06	23.38	19.22	20.01	16.94	12.61	12.21	10.37	11.23	11.65	12.26
Puerto Rico Telephone	21.82	20.07	13.27	16.58	14.67	18.78	11.46	9.94	14.50	13.80	12.36	9.25

Source: ARMIS Report 43-01, Table I, Column (h), Rows 1915/Rows 1910

The rates of return reported here are for all interstate services and may not necessarily agree with rates of return reported by the carriers on other Commission forms. For example, price cap carriers also report rates of return on the Commission's Form 492A. The Form 492A, Rate of Return Monitoring Report, however, excludes revenues and costs for non-price cap services and includes adjustments, if any, for the previous year's sharing obligation or low end adjustment.

This report displays results that reflects the current mergers between (1) Bell Atlantic and GTE, now Verizon Communications. Verizon (formerly Bell Atlantic-South) represents the original Bell Atlantic operating companies. Verizon (formerly Bell Atlantic-North) represents the original NYNEX operating companies before these companies were merged into Bell Atlantic; (2) Ameritech, Southwestern Bell, Pacific Telesis, and Southern New England Telephone, now SBC Communications; and (3) U S West and Qwest, now Qwest.

Attachment
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LONG TERM BOND RATINGS

Moody's	S&P	Fitch	DCR	Definitions
Aaa	AAA	AAA	AAA	Prime. Maximum Safety
Aa1	AA+	AA+	AA+	High Grade High Quality
Aa2	AA	AA	AA	
Aa3	AA-	AA-	AA-	
A1	A+	A+	A+	Upper Medium Grade
A2	A	A	A	
A3	A-	A-	A-	
Baa1	BBB+	BBB+	BBB+	Lower Medium Grade
Baa2	BBB	BBB	BBB	
Baa3	BBB-	BBB-	BBB-	
Ba1	BB+	BB+	BB+	Non Investment Grade
Ba2	BB	BB	BB	Speculative
Ba3	BB-	BB-	BB-	
B1	B+	B+	B+	Highly Speculative
B2	B	B	B	
B3	B-	B-	B-	
Caa1	CCC+	CCC	CCC	Substantial Risk
Caa2	CCC	-	-	In Poor Standing
Caa3	CCC-	-	-	
Ca	-	-	-	Extremely Speculative
C	-	-	-	May be in Default

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How do I purchase a bond?
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-	-	DDD	-	Default
-	-	DD	DD	
-	D	D	-	
-	-	-	DP	

Moody's	Moody's Investor Service	1-212-553-1653
S&P	Standard & Poor's Corporation	1-212-438-7307
DCR	Duff & Phelps Credit Rating Co.	1-312-368-3100

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