Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
1998 Biennial Regulatory Review – Streamlined Contributor Reporting Requirements Associated With Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms	)	CC Docket No. 98-171
	)	
Telecommunications Services for Individuals With Hearing and Speech Disabilities, and the Americans with Disabilities Act of 1990	)	CC Docket No. 90-571
	)	
Administration of the North American Numbering Plan and North American Numbering Plan Cost Recovery Contribution Factor and Fund Size	)	CC Docket No. 92-237 NSD File No. L-00-72
	)	
Number Resource Optimization	)	CC Docket No. 99-200
	)	
Telephone Number Portability	)	CC Docket No. 95-116
	)	
Truth-in-Billing and Billing Format	)	CC Docket No. 98-170
	)	

SPRINT COMMENTS ON PETITION FOR INTERIM WAIVER

Sprint Corporation, on behalf of its local, long distance and wireless operating subsidiaries, hereby comments on the Petition For Interim Waiver filed jointly by BellSouth, SBC and Verizon ("the RBOCs") regarding the rules adopted in the December 13, 2002 Report and Order in these dockets (FCC 02-329) for recovery of Universal Service contributions. The RBOCs ask to preserve the status quo with respect to Centrex

service pending action on recent requests for clarification, so as to allow them to average among multi-line business customers the reductions in the charges to Centrex permitted under the "equivalency ratio" referenced in Section 69.158 of the Commission's Rules. In addition, they request that the Commission allow USF assessments on charges (PIC change charges and PICCs are two that are mentioned) that are incurred by only some customers to be averaged within each class of customers pending action on petitions for reconsideration of the December 13 Order. The Centrex related change is predicated on the need to prevent disruption to Centrex service, while the averaging request is predicated on the need to avoid multiple billing system changes. Sprint supports both aspects of the waiver petition, provided that (a) the waiver applies to all local exchange carriers and (b) the second prong of the request – allowing averaging for each customer class – applies to recovery of USF contributions associated with all services that are incurred by only some members of the customer class, not just PIC change charges and PICCs.

All local exchange carriers face the same problem of making time-consuming and expensive adjustments to billing systems that are cited as the basis for the second prong of the RBOCs' request. Given the fact that petitions for reconsideration and clarification of the December 13, 2002 Order have been filed by a number of parties, which creates at least the potential for further changes in the rules adopted in that order, as well as the fact that the rule changes adopted in that order are intended only to be interim pending further consideration of other non-revenue based mechanisms, it is unsound policy – not to mention a waste of economic resources – to impose on the local exchange industry costly billing system changes that may in fact be temporary. Not only is the waiver appropriate

for the very large LECs that have requested it but, given the fact that billing systems are essentially a fixed cost, such a waiver is *a fortiori* justified for even smaller LECs for whom the billing system changes constitute a proportionally greater burden.

Furthermore, there is no reason to limit the scope of the customer class averaging request to just the two charges – PIC change charges and PICCs – mentioned by name in the petition. Rather, there are other USF-assessable revenues incurred by some, but not all, customers within a class that also entail billing system modifications and should be encompassed by any such waiver. One notable example is charges for retail Internet access services offered by LECs utilizing DSL technology. Although Sprint is unaware of any orders in this docket that have ever lawfully made such services subject to USF contributions, there are dicta in the *Broadband NPRM* that revenues from such services are part of the USF contribution base.[1] Out of an abundance of caution, the Sprint ILECs are including revenues from their DSL-based Internet access service as part of their USF contribution base. Sprint submits that it is utterly unjustifiable for the Commission to regard such services as subject to USF contributions while at the same time relieving identical services provided through cable modems from USF contributions. As Commissioner Abernathy pointed out in her separate statement to the December 13 Order, this "creates an obvious competitive distortion." If ILECs have to recover USF costs separately from subscribers that elect DSL-based Internet access services, they will have to add in the neighborhood of $3-4 to the monthly bills of such subscribers, giving

[1] *Appropriate Framework For Broadband Access To the Internet Over Wireline Facilities,* 17 FCC Rcd 3019, 3053 (2002). See, also, Sprint's April 22, 2002 Comments in CC Docket Nos. 96-45 et al., n.5 at 10-11, with respect to this issue.

the identical services offered by cable providers a decided price or (should the ILEC choose to "eat" such costs) cost advantage for no logical reason whatsoever.

The issue of the eligibility of revenues from either form of Internet access service is pending in the *Broadband NPRM*, and is currently slated for Commission decision sometime late in this quarter or in the second quarter of this year.[2] Sprint expects that whatever decision the Commission reaches in that proceeding will apply uniformly to all Internet access services, regardless of the technology used, and, one way or the other, will thereby eliminate this unjustifiable competitive disparity that is a creature of the Commission's own (and we submit unlawful) making. Extending the subject waiver to allow averaging of all USF expenses related to classes of customers, and thereby allow averaging of DSL-based Internet access USF expense with other USF costs of each customer class (i.e., business and residential) would impact the Sprint ILECs' monthly recovery charges by roughly only a dime, would avert a substantial and unjust competitive disparity that would otherwise exist, and would avoid the expensive and time-consuming billing system changes otherwise required. Given the reasonable expectation that the competitive disparity here at issue will be eliminated within a very few months, inclusion of the DSL service in the ILEC waiver sought by the RBOCs is entirely appropriate and justified.

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[2] See, COMPETITION/BROADBAND POLICY SCHEDULE appended to the written statement of Chairman Powell in his January 14, 2003 testimony before the Senate Commerce Committee.

Accordingly, Sprint supports of the waivers requested by the RBOCs so long as they apply to all local exchange carriers and so long as the customer class averaging applies to all services that are deemed eligible for USF contributions.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **SPRINT COMMENTS ON PETITION FOR INTERIM WAIVER** was sent by hand or by United States first-class mail, postage prepaid, on this the 19th day of February to the below-listed parties.

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