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

In the Matter of	)	
Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers	)	CC Docket No. 00-256
Federal –State Joint Board on Universal Service	)	CC Docket No. 96-45

COMMENTS OF SPRINT CORPORATION

Sprint Corporation hereby respectfully submits its comments in response to the *Second Further Notice of Proposed Rulemaking* (FCC 04-31) released on February 26, 2004 in the above captioned proceedings. In this FNPRM, the Commission seeks comment on incentive regulation and the all-or-nothing rule and, specifically, on the Century Tel (Appendix C) and the Rate-Of-Return (ROR) Carrier Tariff Option (Appendix D) alternative regulation proposals and whether ROR carriers should be allowed to select alternative regulation for some, but not all, of their study areas. As stated below, Sprint supports the Commission's efforts to move the interstate access rates of ROR carriers toward cost-based economically efficient levels. Sprint believes the current price cap model, implemented in 1990 for large ILECs, is also the most appropriate model for smaller ILECs.

A. Alternative Regulation

Sprint supports price cap regulation for ILECs and believes it to be superior to ROR regulation in several ways. Price cap regulation promotes efficiency. Price cap regulation rewards consumers and investors for cost reductions. ROR regulation, however, provides incentives for excessive levels of investment and expense which are ultimately funded by access and end-user customers. Unlike price cap regulation, the ROR regulatory regime fails to link consumer and investor interests. Accordingly, ROR regulation should be permitted only for the smallest of ILECs, if any.

B. The Century Tel and ROR Carrier Tariff Option Proposals

Sprint believes the current price cap regime is a sufficient option for ILECs, and therefore the Century Tel and ROR Carrier Tariff Option proposals are superfluous. Additional regulatory regimes for selected sets of carriers can increase the likelihood of regulatory arbitrage, whereby some carriers are able to utilize one of the new regulatory options to its advantage, to the detriment of other carriers who are ineligible to opt-in to the regime.

Further, these proposals are dependent upon the intercarrier compensation rules. Because the intercarrier compensation rules are under consideration at the Commission, Sprint recommends that the Commission delay consideration of these proposals until its Intercarrier Compensation docket[1] is concluded and its impacts can be factored into them.

C. All-or-Nothing Rule

[1] *Developing a Unified Intercarrier Compensation Regime*, CC Docket 01-92.

Consistent with Sprint's support of price cap regulation, Sprint encourages the Commission to modify its all-or-nothing rules to allow ROR carriers to select price cap regulation for individual study areas. Sprint believes this modification will result in more study areas operating under a price cap regime, thereby aligning interests for more investors and consumers.

CONCLUSION

The Commission should modify the all-or-nothing rules to allow ROR carriers to select currently available price regulation options at the study area level. The Century Tel and ROR Carrier Tariff Option proposals should not be adopted.

Respectfully submitted,

Sprint Corporation

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April 23, 2004

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing COMMENTS OF SPRINT CORPORATION was sent by electronic mail or by United States first-class mail, postage prepaid on this the 23rd day of April, 2004 to the following parties.

/s/
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