

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In The Matter of Sprint Missouri, Inc.)
Application for Relief Under Section) Case No.
392.200(4) RSMo. in its Ferrelview, Platte)
City, Wellington, and Weston Exchanges.)
)

APPLICATION FOR GEOGRAPHIC PRICING

COMES NOW Sprint Missouri, Inc. ("Sprint") and requests the Commission provide relief to Sprint allowing geographic pricing flexibility pursuant to Section 392.200(4) RSMo. separately for its Ferrelview, Platte City, Wellington, and Weston exchanges. Accompanying Sprint's Application (Attachment A) is a proposed competitive response tariff for which Sprint seeks Commission approval for a service offering in each of the above named exchanges, as well as Sprint's Kearney exchange¹. The offering specifically meets the conditions of Section 392.200(4)(2)(a) and thus is presumed to be lawful. In support of its Application and Tariff, Sprint states as follows:

1. Sprint faces growing and intense competition in its Ferrelview, Platte City, Wellington, Weston and Kearney exchanges and has lost a significant number of access lines over the past twelve months. Sprint's primary competitors in these exchanges are cable operators that are also providing local phone service via their own facilities over the same cable which provides cable-TV/cable-broadband service. Certain other CLECs are also competitors in these exchanges, as described further, herein.

2. Time Warner Cable Information Services (Missouri) LLC ("Time Warner Cable") obtained a Certificate to Provide Basic Local, Local Exchange, and

¹ Sprint has previously been granted competitive status for all its services in the Kearney exchange, per the Order of December 4, 2003 in IO-2003-0281.

Interexchange Telecommunications Services within Missouri, including the exchanges of Sprint, on March 2, 2004 (Case No. LA-2004-0133). The CLEC ExOp of Missouri d/b/a Unite ("ExOp") was certificated by the Commission in Case No. TA-97-193 to provide basic local telecommunications service in portions of state of Missouri, including the exchanges of Sprint, and the Commission approved an interconnection agreement between ExOp and Sprint in Case No. TO-98-382.

3. Time Warner Cable offers local basic phone service in direct competition with Sprint and is heavily promoting its Digital Phone service throughout the Kansas City area. Time Warner Cable's Digital Phone service is \$39.95 a month when ordered with cable and high speed data, and offers its subscribers the following: (a) unlimited local service, (b) unlimited metro-calling, (c) unlimited intrastate long distance, (d) unlimited interstate long distance, (e) call waiting, (f) caller ID, (g) call waiting ID, and (h) call forwarding. Time Warner Cable is also heavily advertising its services throughout the Kansas City metropolitan area including television, radio, and direct mail. (See Attachment B for a copy of Time Warner advertisements.)

4. ExOp offers basic local service, including metro-calling, for \$21.99 in Kearney and Platte City which is \$11.92 lower than what Sprint can offer its Platte City customers. The Commission designated ExOp as an Eligible Telecommunications Carrier (ETC) on April 10, 2003, for the Platte City exchange. As such, ExOp has acknowledged that, through its own facilities, it offers all of the services supported by federal universal service support and advertises the availability of and charges for such services using media of general distribution within its service area. (See Attachment C for a copy of ExOp advertisements.)

5. The current state of regulation in these exchanges will not allow Sprint to offer its customers a competitively priced offering in response to the services and pricing offered by Time Warner and ExOp. Until the Commission grants regulatory relief, Sprint cannot effectively compete with its competitors based upon price. Under its current tariffs, for Sprint to offer its customers a similar, although not identical, offering to Time Warner Cable's \$39.95 Digital Phone service with the added features and unlimited long distance, the price to the end user would be approximately \$90 to \$110, depending upon the specific exchange. Sprint's current tariff rates for basic local service only almost equals the \$39.95 Time Warner offering, which includes unlimited long distance and multiple custom calling features. Sprint's stand-alone offering of basic Kansas City area calling is \$33.91 per month for its Platte City customers which excludes any features and offers no long distance².

6. Sprint desires to aggressively compete with its competitors by a combination of (1) reduced rates and (2) new service offerings, primarily in the form of new bundled packages. However, 392.200(4) RSMo. (2004) prohibits Sprint from effectively competing with its competitors by offering exchange-specific pricing (or geographic pricing) unless it first seeks relief with the Commission. Consequently, absent the relief requested, Sprint cannot respond to its competitor's offerings by lowering its current rates for the Ferrelview, Platte City, Wellington and Weston exchanges unless it also lowers its rates for all other exchanges in Missouri, except its Jefferson City exchange and the three exchanges which the Commission previously deemed competitive³. Thus, under the current regulation, Sprint would suffer significant

² Includes basic phone service, metro-calling and subscriber line charge.

³ The Commission deemed the Sprint exchanges of Kearney, Rolla, and Norborne as competitive in Case No. IO-2003-0281.

losses in revenue beyond its Ferrelview, Platte City, Wellington, Weston and Kearney exchanges in order to attempt to provide a competitive alternative to its customers in those exchanges. Section 392.200(4) RSMo. (2004) specifically allows a local exchange carrier to seek relief from the Commission to offer different telecommunication service based on geographic or exchange specific considerations. Further, Section 392.200(4)(2)(a) states that when an alternative local exchange company is certified and is providing basic local or exchange access service in an exchange, a tariff offering service on an exchange-wide basis, such as that proposed herein by Sprint, shall be presumed to be reasonably necessary to promote the public interest and the purpose and policies of this chapter.

7. Time Warner Cable represents Sprint's primary competitor in most of the exchanges for which it seeks relief. Time Warner Cable has its own facilities extensively deployed and virtually every household that Time Warner Cable passes is eligible to subscribe to Digital Phone Service as an alternative to Sprint service. Time Warner Cable is not relying upon unbundled network elements from Sprint but rather is using Voice over Internet Protocol (VoIP) technology. Time Warner Cable is able to service its Digital Phone Service subscribers with the same line that is currently in the premises to provide cable and broadband services. Also, as stated above, ExOp has acknowledged it offers all of the services supported by federal universal service support via its own facilities and advertises the availability using general media and is aggressively competing in certain Sprint exchanges.

8. Sprint's Application for Geographic Pricing is accompanied by a proposed tariff (Attachment A) that constitutes its planned competitive response in its Ferrelview, Platte City, Wellington, Weston and Kearney exchanges as contemplated by Section

392.200(4)(2)(a) RSMo. (2004). Sprint notes that its proposed competitive response tariff also includes its Kearney exchange whereas its Application for Geographic Pricing does not. This is because the Commission designated Sprint's Kearney exchange as competitive in Case No. IO-2003-0281 which authorizes Sprint to offer exchange-specific pricing. Sprint's Application for Geographic Pricing and its accompanying proposed competitive response tariff seeks authority to offer a special bundle offering statewide for \$43.00 for new and existing residential customers. Additionally, within each of Sprint's Ferrelview, Platte City, Wellington, Weston and Kearney exchanges, this bundle will be offered at a reduced rate, under certain terms and conditions, as discussed below. This special bundle provides subscribing customers the following: (a) local exchange service, (b) enhanced call waiting or Sprint Talking Call Waiting (Optional), (c) call forwarding basic, (d) caller ID with name, (e) anonymous call rejection, (f) call waiting ID, (g) Enhanced Call Forwarding, (h) return call, and (i) Metropolitan Calling Area service, where available. When customers also subscribe to Sprint Communications Company, L.P. Sprint Solutions Unlimited Long Distance Plan - Option 1 and either (a) Sprint DSL, (b) Sprint Video (DishNetwork) or (c) Sprint PCS under this bundle, the monthly recurring charge for the Special Plan Bundle will be \$21.00 instead of \$43.00. If the customer discontinues either of those services, the monthly recurring charge for the Special Plan Bundle will revert to \$43.00.

9. Section 392.200(4) RSMo. (2004) states as follows:

(1) No telecommunications company may define a telecommunications service as a different telecommunications service based on the geographic area or other market segmentation within which such telecommunications service is offered or provided, unless the telecommunications company makes application and files a tariff or tariffs which propose relief from this subsection. Any such tariff shall be subject to the provisions of sections 392.220 and 392.230 and in any hearing thereon the

burden shall be on the telecommunications company to show, by clear and convincing evidence, that the definition of such service based on the geographic area or other market within which such service is offered is reasonably necessary to promote the public interest and the purposes and policies of this chapter. (2) It is the intent of this act to bring the benefits of competition to all customers and to ensure that incumbent and alternative local exchange telecommunications companies have the opportunity to price and market telecommunications services to all prospective customers in any geographic area in which they compete. To promote the goals of the federal Telecommunications Act of 1996, for an incumbent local exchange telecommunications company in any exchange where an alternative local exchange telecommunications company has been certified and is providing basic local telecommunications services or switched exchange access services, or for an alternative local exchange telecommunications company, the commission shall review and approve or reject, within forty-five days of filing . . .

10. Sprint's Application and proposed tariff will provide Sprint the ability to respond to competition in its Ferrelview, Platte City, Wellington, Weston, and Kearney exchanges with no adverse consumer impacts. Sprint's request for exchange specific offering for its Ferrelview, Platte City, Wellington, and Weston exchanges is not a request for price deregulation or even competitive classification. Approval will have no adverse consumer impacts -- only competitive benefits -- for any Ferrelview, Platte City, Wellington, and Weston customers as the following conditions will remain in place for Sprint:

- a) Sprint will be required to file tariffs which will require Commission approval;
- b) Sprint's request for an exchange-specific offering for its Ferrelview, Platte City, Wellington, and Weston exchanges will not allow Sprint to raise rates for other services in other exchanges except as allowed per the price-cap statutes. In other words, Sprint cannot raise rates in its Jefferson City exchange to offset rate reductions in its Platte City exchange.

- c) Sprint will not be allowed to raise rates in its Ferrelview, Platte City, Wellington, and Weston exchanges except as allowed per price-cap statutes;
- d) Sprint will be required to notify its customers of any price increase; and,
- e) Sprint's pricing of any new offerings must remain above its long-run incremental cost, as defined in section 386.020, RSMo.

WHEREFORE Sprint respectfully requests the Commission grant Sprint relief pursuant to Section 392.200(4) RSMo. (2004), and specifically, Section 392.200(4)(2)(a) for its Ferrelview, Platte City, Wellington, and Weston exchanges and approve its competitive response tariff offerings for its Ferrelview, Platte City, Wellington, Weston and Kearney exchanges. In this filing Sprint has demonstrated that an alternative local exchange telecommunications company has been certified and is providing service in these exchanges. The proposed Sprint tariff meets the statutory requirements for geographic deaveraging and as such this filing is presumed to be reasonably necessary to promote the public interest and the purpose and policies of this chapter and should become effective in no more than 45 days.

Respectfully submitted,

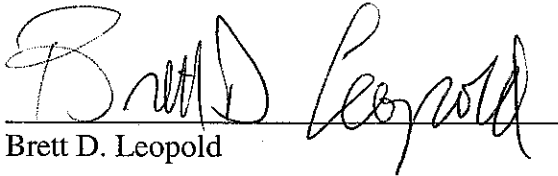
SPRINT

A handwritten signature in black ink, appearing to read "Brett D. Leopold", is written over a horizontal line.

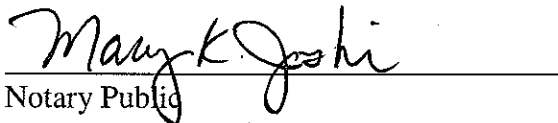
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VERIFICATION

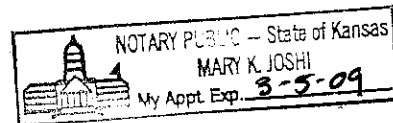
I, Brett D. Leopold, an attorney and duly authorized representative of Sprint Missouri, Inc. hereby verify and affirm that I have read the foregoing Application for Geographic Pricing and that the statements contained therein are true and correct to the best of my information and belief.


Brett D. Leopold

Subscribed and sworn to before me on this 28 day of February, 2005.


Notary Public

My Appointment Expires: March 5, 2009



CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 28th day of February, 2005, a copy of the above and foregoing document was served via electronic mail, facsimile or U.S.

Mail, postage prepaid to each of the following:

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