

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. TO-2004-0565, Sprint Missouri, Inc.

FROM: Janis E. Fischer, Utility Regulatory Auditor IV-Auditing Department

/s/ Joan Wandel 06/08/04

Project Coordinator / Date

/s/ William K. Haas 06/08/04

General Counsel's Office / Date

SUBJECT: Staff recommendation to allow Sprint Missouri, Inc. to submit surveillance reports every six months.

DATE: June 8, 2004

Sprint Missouri, Inc. (Sprint), is a large incumbent local exchange telecommunications company. On April 27, 2004, Sprint filed a *Petition to Modify Requirement for the Submission of Surveillance Data Reports* (Petition). In its *Petition*, Sprint asked that it be allowed to submit its surveillance reports on a semi-annual, rather than monthly, basis. On May 19, 2004, the Commission issued its Order directing Staff to file a Recommendation Regarding Sprint's *Petition*, in which it asked Staff to give its recommendation concerning the application.

Sprint currently submits monthly surveillance data reports to the Commission's Auditing Department. A sample surveillance report form is included as Attachment A. The practice of Sprint and its predecessor, United Telephone Company of Missouri, providing surveillance data reports to the Commission Staff, dates prior to 1976. Staff is not aware of any specific language in a Commission Report and Order initially requesting the surveillance reporting from either Sprint or United Telephone Company of Missouri. The Auditing Department assumed the responsibility of the receipt and review of surveillance data reports to the Commission in 2003. Prior to that time, the Financial Analysis Department was responsible for the receipt and review of the surveillance data reports.

Sprint inquired about the possibility of modifying its surveillance reporting requirements after the Commission's Order in Case No. IO-2004-0360, approving semiannual surveillance reporting for CenturyTel of Missouri. Sprint held discussions with the Commission Staff expressing its desire to lessen the administrative burden and resource demands associated with monthly surveillance reporting submissions. Upon discussions with Sprint representatives, the Commission Staff agreed that its analysis of the data reported in the surveillance data reporting submissions would not be hampered by allowing Sprint to change its surveillance reporting requirement from monthly to a semiannual basis.

Sprint is willing to provide and maintain a point of contact to respond to Commission Staff questions related to information provided in the surveillance reports with responses being provided within five business days of requests. This is consistent with the agreement between

CenturyTel of Missouri and the Commission Staff, as approved in Case No. IO-2004-0360. This would allow the Commission Staff to gain additional detailed information otherwise provided in the monthly surveillance data reports.

The Commission Staff maintains the surveillance data reports of approximately twenty Missouri utilities as Ordered by the Commission. The surveillance data reports are received monthly, quarterly, semiannually or annually depending upon the frequency set by the Commission in Report and Orders. The surveillance data reports provide financial data used by the Auditing Department to monitor company earnings levels on a continuous basis. It is not critical to the Auditing Department's analysis of this data that it be received on a monthly basis from Sprint. The point of contact to be provided will allow the Auditing Department to continue to monitor Sprint's earnings in an acceptable manner.

Sprint is current in the submission of its PSC annual report and in the payments of its PSC assessment.

Therefore the Staff of the Commission recommends that Sprint's *Petition to Modify Requirement for the Submission of Surveillance Data Reports* be granted by the Commission. Sprint will provide surveillance data reports to the Commission Auditing Department on a semiannual basis and will provide a point of contact to answer questions related to the surveillance reports. Responses to questions will be provided within five working days of receipt.