

MEMORANDUM

TO: Missouri Public Service Official Case File
Case No. TO-2005-0290

FROM: William Voight
Telecommunications Department

SUBJECT: Staff Recommendation to Approve Tariff Sheets Implementing Rate
Deaveraging in the Sprint Missouri, Inc. Ferrelview, Platte City, Weston,
and Kearney Telephone Exchange Areas

DATE: March 22, 2005

On February 29, 2005 Sprint Missouri, Inc. (Sprint) filed an application to geographically deaverage prices for local telephone service in the exchange areas of Ferrelview, Platte City, Wellington, and Weston. Additionally, Sprint's filing requested that its Kearney exchange be included as among those permitted to have deaveraged prices. Sprint is a non-competitively classified incumbent local exchange carrier and its telephone services offered in the Ferrelview, Platte City, Wellington and Weston exchange areas are classified as non-competitive services pursuant Missouri statute. Services in those exchange areas are subject to price cap regulation. Kearney was classified as a competitive exchange area in Case No. IO-2003-0281; thus prices for telephone service in the Kearney exchange may be adjusted upward or downward as Sprint determines appropriate in a competitive environment. Accompanying Sprint's application are two tariff sheets bearing an April 14, 2005 effective date; the tariff sheets would implement the changes sought by Sprint in its Application.

Sprint's filing is being made pursuant to 392.200(4)(2)(a) RSMo. This section of Missouri law contemplates that incumbent and competitive local exchange carriers should have an opportunity to price and market services to all prospective customers in any geographic area in which competition for local telephone service exists. Accordingly, this section provides that, with Commission approval and subject to Sections 392.200 and 392.230, local exchange telephone companies may charge different rates on an exchange-specific basis. Lastly, Section 392.200(4) provides that such tariff filing(s) are presumed reasonable and necessary to promote the purposes and policies of Chapter 392, RSMo.

On March 11th, Sprint submitted substitute tariff sheets and filed a Motion to Amend its February 29th Application. In its Motion, Sprint explains that its original February 29th Application listed the Wellington exchange in error. Sprint also asks the Commission to not change the original effective date of the tariff sheets from April 14th.

In support of its Application, Sprint has provided various newspaper advertisements of Time Warner Cable Telephone Company's (Time Warner) competitive service offerings. According to Sprint, it has lost significant quantities of access lines to its competitors in the named exchange areas. Sprint explains that Time Warner and another competitor, ExOp in the Kearney exchange, offer services and packages of services at lower prices than Sprint. The Staff has verified the existence of Time Warner and ExOp in these exchange areas and is able to confirm the general nature of competition in Sprint's statements. In response to the competition, Sprint's proposed tariff sheets offer a bundled service named Special Plan – Metro Bundle. This bundle of services offers basic local telephone service, certain custom calling services, and (where available) Metropolitan Calling Area service for \$21.00 monthly to those customers who also subscribe to Sprint Solutions long distance service plus either Sprint DSL, Sprint Video, or Sprint PSC. The Telecommunications Department Staff (Staff) wishes to note that the Special Plan bundle is being made as a permanent service offering and is not being filed as a promotion. Moreover, the Staff also wishes to note that the Special Plan bundle will be made available state-wide in all Sprint service areas with a price of \$43.00 - only the four named exchanges will receive the reduced price of \$21.00.

Staff has reviewed the relevant tariff sheets and Sprint's application to geographically deaverage its prices in the four named telephone exchange areas and Staff recommends approval of the filing, as amended. Staff recommends the Commission approve Sprint's filing, as amended, to permit exchange-specific pricing by offering the Special Plan bundle for the requested exchanges of Ferrelview, Kearney, Platte City and Weston. Staff recommends the Commission approve Sprint's filing, as amended, at its earliest convenience. The specific tariff sheets recommended for approval are:

Sprint Missouri P.S.C. Mo. No. 22, Section 39	Original Tariff Sheet 3.4
Sprint Missouri P.S.C. Mo. No. 22, Section 43	Fourth Revised Sheet 14.1

The Staff is unaware of any other filings that affect, or would be affected by, this filing.