

**BEFORE THE TENNESSEE REGULATORY AUTHORITY AT**

**NASHVILLE, TENNESSEE**

**IN RE:** **JULY 2, 1999** )  
 ) **DOCKET NO.**  
**SPRINT COMMUNICATIONS COMPANY, L.P.** ) **99-00329**  
**TARIFF TO FLOW THROUGH ACCESS RATE** )  
**REDUCTION** )

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**ORDER APPROVING TARIFF AS FILED AND DIRECTING SPRINT COMMUNICATIONS COMPANY, L.P. TO FLOW THROUGH AN ADDITIONAL \$463,000 IN DDD RATE REDUCTIONS BY JULY 1, 1999**

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This matter came before the Tennessee Regulatory Authority (“Authority”) at the regularly scheduled Authority Conference held June 22, 1999, for consideration of Tariff 99-00329 (the “Tariff”) filed by Petitioner, Sprint Communications Company, L.P. (“Sprint”). Sprint filed the Tariff with the Authority on May 3, 1999, with a proposed effective date of May 1, 1999, to adjust long distance rates in response to certain access rate adjustments made by local exchange companies (the “LECs”). These access charge changes consist of (1) adjustments in switched access rates effective January 1, 1999, resulting from the annual Megacom tariff filings<sup>1</sup> and recovery of the interexchange carrier (“IXC”) portion of costs for operating the Tennessee Relay Center;<sup>2</sup> (2) BellSouth Telecommunications, Inc.’s April 1, 1999, reduction in switched access rates and the July 1, 1999, scheduled reduction in switched access rates; and (3) recapture of credit due to Sprint

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<sup>1</sup> Pursuant to the Megacom Order in Tennessee Public Service Commission Docket U-87-7492, LECs are required to make certain annual adjustments to the Carrier Common Line (CCL) rate, a component of access service.

<sup>2</sup> The IXCs’ portion of costs for operating the Tennessee Relay Center is recovered through a rate additive to the LECs’ terminating CCL rate. Effective January 1, 1999, the rate increased from \$.00179 per minute to \$.00275 per minute.

for a 1997 flow through of access charges.<sup>3</sup> As a duly certified IXC operating in Tennessee, Sprint is required to flow through a portion of the changes in switched access charges through adjustments to its long distance rates for direct distance dialing (“DDD”) services. Authority Rule 1220-4-2-.55(2) (the “IXC Rule”) provides in part that “[t]he DDD prices and price cap shall be adjusted to reflect any changes in access charges to IXCs.”<sup>4</sup>

Pursuant to the IXC Rule, the aforementioned access rate adjustments require Sprint to reduce DDD service rates by a net of \$651,000 per annum. Sprint proposes to flow through access cost savings to DDD customers by (1) reducing DDD service rates by \$188,000; (2) reducing non-DDD service rates by \$64,000; and (3) “repackaging” services for the remainder of the reduction. Sprint’s repackaging strategy migrates customers with existing optional calling plans to other existing optional calling services that have lower rates.

The Authority is not opposed to, and even encourages, strategies for repackaging services in an effort to provide consumers with calling plans and rates that best suit consumers’ calling patterns. The Authority finds that Sprint’s repackaging of services, however, does not satisfy the requirements of the IXC Rule because DDD prices and price cap are not being lowered to reflect the net reduction in access charges. Accordingly, the Authority cannot accept or approve Sprint’s repackaging proposal.

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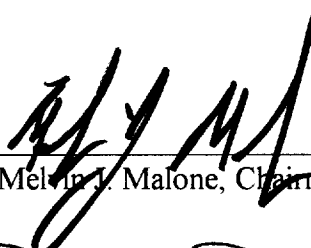
<sup>3</sup> In 1997 Sprint did not flow through an access reduction within thirty (30) days as required by the IXC Rule. In order to flow through the required amount of access savings to customers, Sprint temporarily reduced long distance rates below the prescribed cap for the remainder of 1997. Although Sprint was entitled to increase long distance rates back to the prescribed cap level effective January 1, 1998, it failed to do so. In this filing Sprint seeks to recapture amounts previously charged below the prescribed cap.

<sup>4</sup> See *Rule 1220-4-2-.55(2)(d)(3)*.

After considering the record in this matter and comments from Sprint's representatives, the Directors unanimously voted to approve the Tariff, finding that the proposed \$188,000 in DDD service rate reductions partially satisfies Sprint's obligation under the IXC Rule to flow through a total of \$651,000 in access cost savings to its DDD customers. Further, the Directors unanimously voted to direct Sprint to fully comply with the IXC Rule by filing a tariff to flow through an additional \$463,000 in DDD service rate reductions by July 1, 1999.

**IT IS THEREFORE ORDERED THAT:**


1. Tariff 99-00329 as filed by Sprint Communications Company, L.P. on May 3, 1999, is approved.
2. Sprint Communications Company, L.P. shall file a tariff to flow through an additional \$463,000 in DDD rate reductions effective July 1, 1999.



Melvin I. Malone, Chairman




H. Lynn Greer, Jr., Director



Sara Kyle, Director

ATTEST:



K. David Waddell,  
Executive Secretary