

Firm Advisory

March 27, 2007

**SPRINT NEXTEL PETITIONS NEW YORK COMMISSION
TO INVESTIGATE VERIZON'S
INTRASTATE SWITCHED ACCESS RATES**

*PETITION PROPOSES BROAD INVESTIGATION
AND SIGNIFICANT RATE REDUCTION*

Sprint Nextel filed a petition last week requesting that the New York Public Service Commission investigate Verizon New York's intrastate switched access rates and reduce such rates to levels that reflect the actual costs of the switching and transport inputs.¹ Verizon, the petitioner notes, currently charges the maximum intrastate access rates permitted by the Commission.

Upon Sprint Nextel's petition, the Commission is required to determine whether the Verizon rates in question meet the "just and reasonable" statutory standard. The petition notes that the Commission has not comprehensively reviewed intrastate access rates in eight years, and that Verizon has since become the largest long distance provider in the state. Sprint Nextel also describes the anti-competitive effects of

¹ Intrastate access charges are imposed by LECs for the origination and termination of intrastate long distance calls. The rates, which are approved by the Commission, are intended to compensate LECs for the operating costs associated with the switching and transportation of those calls.

excessive access charges, including the improper inflation of each competitor's costs and the diversion of funds from investment in alternative facilities and technologies.

According to the Petition, Verizon pushed Sprint to file with the Commission, in place of commercially negotiated arrangements. All of these factors, combined with Verizon's public position on the decreasing cost of the service inputs and its complaints regarding the level of other companies' access rates, leaves the Commission with little choice but to fully investigate the issue.

Given the importance of intrastate access rates on all competitors in New York, the PSC is likely to provide opportunity for participation by all interested parties. Further, this petition comes on the heels of competitive carriers' success at the Commission in preventing Verizon from obtaining business service pricing flexibility, and the Commission's recent suspension of Verizon tariff revisions that would increase rates for Frame Relay and Cell Relay Service.

Should you wish to intervene in or monitor this proceeding, or would like further information regarding these issues, please contact any of the following attorneys:

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