

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of)
)
Eligible Services List for Universal Service) CC Docket No. 02-6
Mechanism for Schools and Libraries)

COMMENTS OF SPRINT NEXTEL CORPORATION

Sprint Nextel Corporation, pursuant to the Public Notice released on August 15, 2005 (FCC 05-158), hereby respectfully submits its comments regarding the draft eligible services list proposed by USAC, the E-rate fund administrator. Sprint Nextel recommends the following changes to the draft eligible services list:

- modification of the requirement that separate funding applications be submitted for combined Telecommunications and Internet Access service offerings;
- clarification that both transmission services and encoding/decoding equipment necessary to enable distance learning are eligible;
- modification of the language regarding eligibility of wireless Internet access service for portable devices.

Each of these recommendations is discussed below.

1. Combined service offerings

The preface of the draft eligible services list now requires that combined telecommunications and Internet access offerings “must be featured in both the Telecommunications Services and Internet Access categories of service on the FCC Form 470,” and that applicants must “divide the price of the offering appropriately between a Telecommunications Services funding request and an Internet Access funding request on the FCC Form 471” (p. 1). Currently, bundled Priority 1 service offerings, if provided by

an eligible telecommunications provider, may be requested in the Telecommunications category of service, “for administrative convenience.”

Sprint Nextel does not object to giving applicants the option of allocating the cost of a bundled telecommunications/Internet access service offering, and requesting pro-rated E-rate funding as appropriate from both baskets. If done correctly, such a cost allocation process helps to protect against improper payments to non-common carriers that are illegally providing telecommunications services. However, as voice and data capabilities continue to converge, it will become increasingly difficult to distinguish between telecommunications and Internet access services. Foreclosing the existing option of filing a consolidated funding request in the telecommunications bucket -- particularly where the combined offering is used predominantly for telecommunications and the use of Internet access service is *de minimis* -- adds to the complexity of E-rate program rules and could discourage some schools and libraries from participating in the program.

In order to balance the need for precision in funding against the need to streamline the program, Sprint Nextel recommends that schools and libraries that obtain a bundled telecommunications/Internet access offering from a common carrier¹ should be allowed to file a single funding request from the telecommunications service bucket, without doing a cost allocation. This will enhance “administrative convenience” and simplify the

¹ Non-common carriers currently may not receive E-rate funding for the telecommunications portion of a bundled telecommunications/ Internet access service package.

application process, while still protecting against improper telecommunications funding to non-common carriers.

2. Distance learning circuits

The draft list (p. 7) limits eligibility for distance learning to “the telecommunications transmission services that enable distance learning.” However, a “circuit” alone (*e.g.*, a T-1 line) is insufficient to enable distance learning. Provision of a distance learning service requires certain equipment -- an encoder and decoder (CODEC equipment) -- to allow transmission of video and audio signals, in addition to the telecommunications circuit over which the signals travel. If a telecommunications service provider includes the cost to lease the CODEC equipment in the price of its distance learning package, the package price should be E-rate eligible as a Priority 1 telecommunications service.² To make clear that funding will be provided for both the telecommunications circuit and the related CODEC equipment, the eligible services list should state that “Eligibility is limited to the telecommunications transmission services, *including equipment required to convert analog signals to appropriate digital video and audio format*, that enable distance learning.” Sprint Nextel agrees that components such as “scheduling, content creation, and storage” are not E-rate eligible.

² If, on the other hand, the applicant chooses to purchase the CODEC equipment, such equipment presumably would have to be treated as an Internal Connections funding request.

3. Wireless Internet Access

The draft eligibility list states (pp. 23-24) that a wireless Internet access service “designed for portable devices easily transportable to ineligible locations will not be funded unless an auditable system is in place to allocate between eligible and ineligible uses.” Sprint Nextel agrees that, as is the case for all E-rate services and equipment, wireless Internet access services are E-rate eligible only if they are used for eligible purposes. However, the draft language at issue here pessimistically (and, in Sprint Nextel’s view, incorrectly) appears to presume that wireless Internet access services will be misused whenever the portable devices are transported off the school or library grounds. Sprint Nextel therefore recommends that USAC assume that wireless Internet access from portable devices will be used properly (and accordingly assume that such service is E-rate fundable), with the burden of proof on the applicant to so demonstrate in the event of an audit or request for additional documentation from USAC regarding the funding request.

Moreover, USAC and the Commission must recognize that, in the case of portable devices such as wireless handsets equipped with Internet access functionality, the line between eligible and ineligible locations will continue to become increasingly blurry. There is no dispute that wireless handsets can be easily transported to ineligible locations and may be put to improper personal use; to prevent ineligible use, certain users of these handsets may be required to leave their handsets at the school or library at the end of their workday. For other school or library employees, this may not be a workable option. A principal, for example, may take the handset with her off-campus so that she may participate in a work-related (eligible) conference call, check her office voice mail or e-

mail, etc., on her vacation day or while she is waiting in the doctor's office. USAC and the Commission should eschew rules and regulations which make it unreasonably cumbersome for applicants to use E-rate equipment and services for the legitimate business purposes for which they are intended.

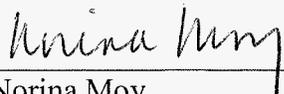
Given the concerns expressed above, Sprint Nextel recommends the following language:

A wireless Internet Access service designed for portable devices will be funded, provided that the applicant has in place auditable measures to allocate between eligible and ineligible uses.

* * * * *

The changes recommended above will simplify and clarify the eligible services list, and will not compromise efforts to prevent waste, fraud and abuse. Because these changes foster the public interest, Sprint Nextel recommends their inclusion in the eligible services list to be used in funding year 2006.

Respectfully submitted,
SPRINT NEXTEL CORPORATION

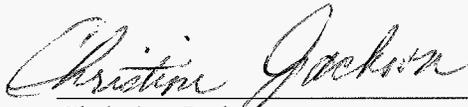


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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **COMMENTS OF SPRINT NEXTEL CORPORATION** was filed today by electronic mail and copies sent by e-mail to the below-listed parties on this the 25th day of August 2005.


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