Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Comprehensive Review of Universal Service Fund Management, Administration, and Oversight	)	WC Docket No. 05-195
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Schools and Libraries Universal Service Support Mechanism	)	CC Docket No. 02-6
	)	
Rural Health Care Support Mechanism	)	WC Docket No. 02-60
	)	
Lifeline and Link-Up	)	WC Docket No. 03-109
	)	
Changes to the Board of Directors for the National Exchange Carrier Association, Inc.	)	CC Docket No. 97-21

REPLY COMMENTS OF
SPRINT NEXTEL CORPORATION

Sprint Nextel Corporation hereby respectfully submits its reply to comments filed on October 18, 2005, in the above-captioned proceedings regarding steps to simplify and safeguard the various federal universal service programs. Sprint Nextel believes that commenting parties have proposed a number of sound procedural changes which can be made immediately or in the very near term to improve the management and administration of the various Universal Service Funds (USF), without compromising program integrity. The Commission and interested parties also should continue to work out the details of more complex, structural changes to the USF programs for implementation in the longer term.

1. Near-Term Administrative and Procedural Changes

There is widespread agreement among commenting parties that the various federal USF programs are so complex and confusing that they discourage participation by eligible entities, require participating entities to comply with inefficient and sometimes irrational procedures, and penalize participants for inadvertent and often minor rule violations.[1] Many commenting parties offered valuable suggestions which would significantly improve USF program administration, and could be implemented in the very near term at relatively low cost, without compromising program integrity. Sprint Nextel urges the Commission to implement the following changes expeditiously:

Publish the USF contribution factor at least one month before the start of the new quarter.[2] Carriers that assess a USF cost recovery charge need adequate time to notify their subscribers of any change in this surcharge, file the necessary revisions to their tariffs or on-line schedules, and revise their billing systems to reflect the new USF contribution factor. Because carriers may charge no more than the published USF contribution factor, any delay in implementing a higher factor caused by late Commission publication of this factor imposes an unwarranted financial burden on carriers. It is not clear why the contribution factor cannot be published on this proposed timeline; however, if the Commission requires additional time to evaluate the revenue and demand forecasts provided by USAC, it should require that USAC provide the input information to it (the Commission) 6 weeks prior to the start of the new quarter, to allow for sufficient processing time by the Commission.

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[1] *See, e.g.,* comments of Sprint Nextel, p. 8; Alabama E-rate Coordinator, p. 6; AASA, p. 5; American Library Association (ALA), p. 6; Chicago Public Schools, p. 13; NEILSA, p. 5; SECA, p. 5.

Adopt a "yellow light" alert. Many commenting parties note that they have been "red lighted" in error by the Commission and/or USAC, or for debts of only a few cents, which disrupts USF payments and requires significant resources to correct.[3] To prevent erroneous and frivolous red lights, Sprint Nextel endorses the concept of a "yellow light" alert, in which entities are given a specified grace period to resolve purported unpaid debts before USF payments are halted, numbering resources are denied, etc. Sprint Nextel is willing to volunteer to participate in an industry/FCC/USAC task force to develop a more accurate, consistent, and fair red light system.

Re-align E-rate resources to improve "up-front" processing. As many parties point out, late funding decisions from USAC wreak havoc with school budget planning and installation efforts.[4] To address this situation, USAC should allocate more resources to "front end" processing – assign more, better trained, employees to process funding requests and perform PIA reviews, in order to issue the vast bulk of FCDLs (funding commitment decision letters) by June 1.

The benefits to applicants and service providers of knowing funding status before the start of the new funding year are obvious – greater certainty about how much USF money they have, for which projects, and the opportunity to install and test new equipment and services in the summer months. USAC should benefit from the emphasis on timely up-front processing as well; by devoting sufficient resources to process funding requests quickly and thoroughly, it should experience less COMAD activity, simpler and

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[2] *See, e.g.,* Verizon, p. 26; Dobson Cellular, p. 8.
[3] *See, e.g.,* Sprint Nextel, p. 5; CenturyTel, p. 3; NECA, p. 21; Qwest, p. 11.
[4] *See, e.g.,* Alabama E-rate Coordinator, p. 7; AASA, p. 9; Arkansas E-rate Work Group, p. 7; California Dept. of Education, p. 5; Chicago Public Schools, p. 10; Great City Schools, p. 7; SECA, p. 33; Greg Weisiger, p. 12; ALA, p. 15.

more accurate invoicing, cleaner audits, and fewer calls to the client service bureau asking for status updates, eligibility clarifications, etc.

Like late funding decisions, long delays in addressing outstanding appeals and petitions for waiver, clarification, reconsideration, etc. on all USF matters pending before USAC and the Commission also cause a level of uncertainty, and sometimes service interruption, which seriously impedes the effectiveness of the E-rate and other USF programs. The huge backlog of pending requests leaves applicants and service providers in painful limbo, and the lack of guidance on "gray areas" increases the likelihood that applicants or service providers will guess wrongly and commit an error through misunderstanding or ignorance. Sprint Nextel accordingly urges USAC and the Commission to adopt deadlines for resolving issues put before it by program participants, and to devote sufficient resources to enable it to meet such deadlines.[5]

Publish all E-rate program regulations in a comprehensive document that is readily available to the public.[6] Many of the policies and procedures governing the administration of the E-rate program (including FCC-USAC policy guidance) are unpublished and unknown to applicants and service providers. Policies, rules and regulations which have been made public (through FCC orders and USAC advisories) are scattered rather than resident in a comprehensive repository. Even highly experienced

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[5] *See, e.g.,* Sprint Nextel, p. 13; AASA, p. 10; California, p. 11; Qwest, p. 12; General Communication, Inc., p. 25; SECA, p. 8.

[6] *See, e.g.,* Sprint Nextel, p. 4; AASA, p. 15; AR, p. 5; Chicago Public Schools, p. 14; ESPF, p. 2; SECA, p. 12; Verizon, p. 19; Dobson Cellular, p. 7; Qwest, p. 26. Sprint Nextel would emphasize that publication of rules, regulations, and policies does not automatically render them valid. Indeed, under the Administrative Procedures Act, public notice and comment is required before new rules may go into effect.

and completely well meaning program participants may be found to be in violation of an E-rate rule, regulation, policy or procedure because of the confusing welter of documents or lack thereof, conflicting oral advice, and inconsistent treatment of seemingly identical cases. There can be no dispute that aggregating relevant information into a single spot would increase program compliance; if nothing else, such action would help applicants to create a checklist of basic filing requirements that would prevent many of the purely ministerial errors that plague the process. The comprehensive "rule book" should note the effective date of each rule, to ensure that auditors do not hold beneficiaries and service providers accountable for rules not in effect during the period under review.

Remit E-rate BEAR payments directly to the applicant.[7] Under current E-rate rules, BEAR (Form 472) payments flow from USAC to the service provider to the school or library. The Commission should relieve the service provider of its unnecessary middleman role; this requirement delays the applicants' receipt of USF monies, imposes processing costs on service providers, and increases the opportunity for fraud and the likelihood of error. Because there is no policy reason or public interest benefit to be gained from continuation of this practice, the Commission should authorize USAC to remit BEAR payments directly to the applicant.

2. Long-Term Structural Changes

Many parties offered suggestions on structural changes to improve the administration of the federal USF programs, including selection of program administrators through a competitive bid process; transferring oversight of the various

[7] *See, e.g.,* Verizon, p. 6; ALA, p. 25; ESPF, p. 9; SECA, p. 36; West Virginia Dept. of Education, p. 8.

USF programs to other federal or state regulatory bodies; more stringent limits on distribution of funds (or adoption of a cap on the funds) to slow the growth in the funds (particularly the high cost fund); distribution of E-rate funds through a more formulaic process; and adoption of specific performance measures. There is a lack of consensus about the merits of most if not all of these proposals on a conceptual basis, and the proposals themselves -- both as referenced in the NPRM and in the comments filed -- lacked the degree of specificity necessary to make a reasoned decision at this time. Other proposals (*e.g.,* proposals relating to distribution of high cost funds to eligible telecommunications carriers) are currently before the Commission in other USF proceedings. Sprint Nextel therefore suggests that the Commission issue a further notice of proposed rulemaking requesting comment on detailed proposals for structural program revisions. A FNPRM would give parties an opportunity to examine and refine these structural changes to the level where implementation can reasonably be considered.

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December 19, 2005

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **REPLY COMMENTS OF SPRINT NEXTEL CORPORATION** was filed by electronic mail and copies sent by electronic mail or by United States first-class mail, postage prepaid, on this the 19th day of December 2005, to the parties listed on the attached page.

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