



Sprint Nextel
2001 Edmund Halley Drive
Reston, VA 20191

January 11, 2007

BY ELECTRONIC MAIL

David Furth, Associate Chief
Homeland Security Bureau
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: Submission of 1.9 GHz Audit Report
WT Docket 02-55, ET Docket 00-258, ET Docket 95-18

Dear Mr. Furth:

Earlier last year, Sprint Nextel Corporation (“Sprint Nextel”) notified the Federal Communications Commission (“Commission”) that it intended to employ the national accounting and auditing firm, KPMG, as Sprint Nextel’s auditor of 1.9 GHz Broadcast Auxiliary Service (“BAS”) relocation costs for the calendar year 2005 and beyond. Pursuant to paragraphs 328 and 351 of the Report and Order (“*R&O*”) in the above-captioned proceeding, as modified by subsequent Commission errata and orders, the selection of an auditor “satisfactory” to the Commission was required.¹

In October 2006, the Commission staff indicated its approval of KPMG as Sprint Nextel’s auditor for 1.9 GHz. Accordingly, Sprint Nextel hereby provides the Commission KPMG’s annual audit of Sprint Nextel’s 1.9 GHz expenses for calendar year 2005.

¹ See Improving Public Safety Communications in the 800 MHz Band; Consolidating the 800 and 900 MHz Industrial/Land Transportation and Business Pool Channels, Report and Order, Fifth Report and Order, Fourth Memorandum Opinion and Order, and Order, 19 FCC Rcd 14969 (2004) (“*R&O*”), as amended by Erratum, WT Docket No. 02-55 (rel. Sep. 10, 2004); Second Erratum, 19 FCC Rcd 19651 (2004); Public Notice, “Commission Seeks Comment on Ex Parte Presentations and Extends Certain Deadlines Regarding the 800 MHz Public Safety Interference Proceeding,” 19 FCC Rcd 21492 (2004); Third Erratum, 19 FCC Rcd 21818 (2004); Supplemental Order and Order on Reconsideration, 19 FCC Rcd 24708 (2004) (“*Supplemental Order*”); Erratum, WT Docket No. 02-55 (rel. Jan. 19, 2005); and Memorandum Opinion and Order, 20 FCC Rcd 16015 (2005) (“*MO&O*”).

Should you have any further questions in this matter, please contact the undersigned.

Respectfully submitted,

[/s/ James B. Goldstein](#)

James B. Goldstein
Director – Spectrum
Government Affairs
Sprint Nextel Corporation



KPMG LLP
1660 International Drive
McLean, VA 22102

October 13, 2006

Sprint Nextel Corporation
Reston, Virginia 20191

Enclosed, please find 2 copies of our audit report on management's assertion related to the clearing of the 1.9GHz band as outlined in our engagement letter dated April 3, 2006. This report to you completes the services agreed to be provided by KPMG LLP as described in the engagement letter. The data included in the report was obtained from you and those Sprint personnel with 1.9GHz band project responsibilities on or before, April 17, 2006. We have no obligation to update our report or to advise the information contained therein to reflect events and transactions occurring subsequent to April 17, 2006. The report is solely for use as defined in the engagement letter and is not to be referred to in communications with or distributed for any other purpose to anyone who is not identified in the engagement letter.

Please let myself or Brian Saville know if you have any questions or concerns. Thank you very much for the continued opportunity to assist you. I look forward to our continuing relationship.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Matt Medlin', written in a cursive style.

Matthew G. Medlin

Partner

SPRINT NEXTEL CORPORATION

Schedule of Costs Expended in Connection
with Clearance of the 1.9GHz Band

December 31, 2005

(With Independent Accountants' Report Thereon)



Independent Accountants' Report

The Board of Directors of
Sprint Nextel Corporation:

We have examined management's assertion that costs summarized in the accompanying Schedule of Costs Expended in Connection With Clearance of the 1.9GHz Band for the period ended December 31, 2005, are related to the 1.9GHz Rebanding Project, as described in the Federal Communications Commission (the FCC) Report and Order, are accurate and will qualify as an offset to the Company's total obligation. Sprint Nextel Corporation's management is responsible for the assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting management's assertion and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, management's assertion referred to above is fairly stated, in all material respects, based on the criteria established in the FCC Report and Order.

This report is intended solely for the information and use of Sprint Nextel Corporation and the FCC and is not intended to be, and should not be, used by anyone other than these specified parties.

KPMG LLP

McLean, Virginia
October 11, 2006

SPRINT NEXTEL CORPORATION

Schedule of Costs Expended in Connection with Clearance of the 1.9GHz Band

December 31, 2005

(In millions)

Description		
Equipment and prepayments on equipment		\$ 61.0
External labor		5.9
Internal labor and other		<u>3.0</u>
Total		<u>\$ 69.9</u>

See accompanying notes to schedule of costs expended in connection with clearance of the 1.9GHz Band.

SPRINT NEXTEL CORPORATION

Notes to Schedule of Costs Expended in Connection with Clearance of the 1.9GHz Band

December 31, 2005

(1) **Project background**

The homeland security obligations of the Nation's public safety agencies make it imperative that the communications systems are robust and highly reliable. Accordingly, in the Federal Communications Commission (the FCC or Commission) Report and Order dated August 6, 2004, the Commission adopted technical and procedural measures designed to address the ongoing and growing problem of interference to public safety communications in the 800 MHz radio frequency band. The decisions reached therein were done so to fulfill the Commission's obligation to "promote safety of life and property through the use of wire and radio communication".

As part of the solution designed to address the problem of interference to public safety communications, Sprint Nextel Corporation (the Company) must meet the obligations imposed by the Report and Order. Such obligations consist of, but are not limited to, incurring costs to reconfigure the 800MHz band and clearing the 1.9GHz band. To the extent such costs do not exceed \$2.8 billion, Sprint Nextel will be obligated to remit shortfall to the U.S. Treasury. As such, the Company has prepared the accompanying schedule of costs expended in connection with clearance of the 1.9GHz band for the period ended December 31, 2005.

All costs are subject to review and ultimate approval for credit by the FCC or their designee.

(2) **Basis of presentation**

Equipment and prepayments on equipment represent amounts paid to vendors for equipment related to the clearing of the 1.9GHz band. As of December 31, 2005, in a significant amount of cases, this equipment had not yet been installed and accepted by the third party currently licensed to use the 1.9GHz band.

External Labor represents amounts paid to vendors for services performed related to the clearing of the 1.9GHz band.

Internal Labor primarily represents payroll costs, including benefits, for Company employees contributing to the clearing of the 1.9GHz band.