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Director
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July 2, 2007

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, SW
Room TWB-204
Washington, DC 20554

Re: Implementation of the Pay Telephone Reclassification and
Compensation Provisions of the Telecommunications Act of 1996,
CC Docket No. 96-128

**Systems Audit Report by Independent Accountants on Compliance with
Payphone Rules for 2007**

**State Identifying Persons Responsible for Handling Payphone
Compensation Issues**

Dear Ms. Dortch:

Pursuant to 47 C.F.R. §§ 64.1320(b) and (f), Sprint Nextel Corporation (“Sprint”) submits the attached 2007 Systems Audit Report of its independent accountants on its compliance with payphone compensation rules.

Pursuant to 47 C.F.R § 64.1320(e), Sprint also submits this statement listing contact information for persons responsible for handling payphone compensation and for resolving disputes with payphone service providers. Sprint’s contacts are unchanged from its most recent statement of June 30, 2006.

Initial Contact

Peggy Gaitan
Billing Concepts, Inc.
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San Antonio, TX 78229

Tel: 210-949-7109

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Escalation contact:

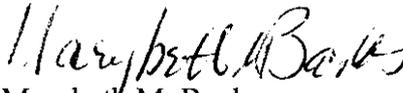
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Payphone Compensation
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This submission is being posted on Billing Concept's Inc. website in compliance with the notification requirements of 47 C.F.R. § 1320(b).

Sincerely,


Marybeth M. Banks

Attachment



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Independent Accountants' Report

The Board of Directors
Sprint Nextel Corporation:

We have examined management's assertion, included in the accompanying *Report of Management on Compliance with Applicable Requirements of 47 C.F.R. Sections 64.1310 and 64.1320 of the Federal Communications Commission's Rules and Regulations*, that Sprint Nextel Corporation (the Company) complied with 47 C.F.R. Sections 64.1310(a)(1), 64.1320(c), and 64.1320(d) of the Federal Communications Commission's (FCC's) Rules and Regulations and related requirements contained in CC Docket No. 96-128 as of June 29, 2007. Management is responsible for the Company's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Company's compliance 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 about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with specified requirements.

In our opinion, management's assertion that the Company complied with the aforementioned requirements as of June 29, 2007, is fairly stated in all material respects.

This report is intended solely for the information and use of the Company, the FCC, and applicable Facilities-Based Long Distance Carriers and Payphone Service Providers and is not intended to be, and should not be, used by anyone other than those specified parties.

KPMG LLP

Kansas City, Missouri
June 29, 2007

Report of Management on Compliance with Applicable Requirements
of 47 C.F.R. Sections 64.1310 and 64.1320 of the Federal Communications
Commission's Rules and Regulations

Management of Sprint Nextel Corporation ("Sprint" or the "Company") is responsible for establishing and maintaining the internal controls over its pay telephone call tracking system and for ensuring the Company's compliance with applicable requirements of 47 C.F.R. Section 64.1310(a)(1), 64.1320(c) and 64.1320(d) of the Federal Communications Commission's ("FCC") Rules and Regulations and related requirements contained in CC Docket No. 96-128, regarding *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*.

Management has performed an evaluation of the Company's compliance with the applicable requirements of 47 C.F.R. Section 64.1310(a)(1) using the criteria in Section 64.1320(c) of the FCC's Rules and Regulations as the framework for the evaluation. Based on this evaluation, we assert that as of June 29, 2007, the Company complies with all applicable requirements of 47 C.F.R Section 64.1310(a)(1) in all material respects. Further, there have been no material changes since July 1, 2006 concerning our call tracking system or Sprint's compliance with 47 C.F.R Sections 64.1310(a)(1) that must be disclosed in accordance with 47 C.F.R Section 64.1320(f) of the FCC's Rules and Regulations.

We have prepared the required assertion statements relating to Sprint's Pay Telephone Call Tracking Systems.

Sprint may be acknowledged as the "Completing Carrier" in the following call scenarios:

- Toll-Free
- Operator Services (0+ and 0-)
- Calling Card
- Inmate
- Government Emergency Telephone Service (GETS)

All assertions for Sprint are from the point Sprint has visibility to the call tracking data.

Sprint uses Billing Concepts, Inc. ("BCI") for payphone compensation settlement for interstate long distance calls. BCI performs the following specific functions on behalf of Sprint:

- Payphone ownership validation
- Calculation of Dial-Around Compensation ("DAC") obligations
- Payment of DAC obligations
- Management reporting and invoice processing
- Dispute resolution assistance

Sprint has obtained and relied upon third-party assurance from BCI to verify that controls and procedures relating to these assertions have been established and maintained by BCI. An independent assessment of the effectiveness of such controls has been performed by an independent accounting firm.

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Commission's Rules and Regulations

Sprint represents the following assertions per Section 64.1320(c) of the FCC's Rules and Regulations, where it is identified as the Completing Carrier:

FCC Compliance Factor (1) - Sprint's ("Completing Carrier") procedures accurately track calls to completion.

- Sprint's definition of the "per-call rate" is in compliance with FCC rules.
- Sprint's definition of a "Compensable Call" (payphone-originated call that completes over Sprint's network in which Sprint identifies itself as the Completing Carrier) is in compliance with the FCC rules.
- Sprint's definition of a "Completed Call" (call that is answered by the called party) is in compliance with the FCC rules.
- Sprint's systems are able to generate the following reports on a quarterly basis:
 - a) A list of the toll-free and access numbers dialed and completed from each Payphone Service Provider's (PSP's) payphones along with the ANI for each payphone.
 - b) The volume of payphone originating calls, for each toll-free and access number, that were completed by Sprint.
 - c) The name(s), address(es), and phone number(s) of the person(s) responsible for handling Sprint's payphone compensation.
 - d) The CIC code of all facilities-based LD carriers that routed payphone originating calls to Sprint categorized according to toll-free and access code numbers.
- Sprint's data storage requirement is in compliance with FCC rules.
- Sprint's procedures for identifying PSPs are complete and accurate.
- Sprint's procedures for validating payphone ANIs are complete and accurate.

FCC Compliance Factor (2) - Sprint ("Completing Carrier") has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls.

- Sprint has designated personnel responsible for drafting the business requirements associated with tracking, compensating, and resolving disputes concerning payphone-compensated calls.
- Sprint has designated personnel responsible for the development and maintenance of systems used in the collection and reporting of payphone call data.
- Sprint has designated personnel responsible for the implementation and maintenance of procedures that are utilized in creating final payphone compensation data sets.

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Commission's Rules and Regulations

- Sprint has designated personnel who are responsible for developing payphone compensation tracking reports.
- Sprint has designated personnel who are responsible for payphone compensation dispute resolution.
- Sprint Nextel has filed a statement that includes the names, addresses, and phone numbers for persons responsible for handling payments and resolving disputes. This statement will be updated within 60 days of any changes of such persons. The statement was filed with the FCC Secretary and forwarded to Billing Concepts, Inc. for posting on its website. BCI's website may be accessed by facilities-based LD carriers and PSPs.

FCC Compliance Factor (3) - Sprint ("Completing Carrier") has effective data monitoring procedures.

- Sprint has the ability to prepare quarterly reports on payphone call counts, PSP identifiers, and numbers dialed for completed payphone-originating calls.
- Sprint performs data monitoring procedures on call record volumes entering the payphone compensation systems.
- Sprint performs fraud-monitoring procedures to identify potentially illegitimate payphone calls.
- Sprint has the ability to investigate and resolve PSP disputes.

FCC Compliance Factor (4) – Sprint ("Completing Carrier") adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability.

- Sprint has security controls in place to control access to and monitor call-tracking data.
- Sprint has security controls in place to control access to and monitor the payment disbursement system.
- Sprint has a department that is responsible for making software changes that affect payphone compensation.
- Sprint has established protocols to implement and test software changes affecting payphone compensation.
- Sprint has application controls in place to ensure that network changes, external to payphone compensation, do not negatively impact payphone compensation.

FCC Compliance Factor (5) – Sprint ("Completing Carrier") creates a compensable payphone call file by matching call detail records against payphone identifiers.

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Commission's Rules and Regulations

- Sprint utilizes switch data and database look-ups to populate the date, originating ANI, dialed number, and aggregate data into a Compensable Call File.
- Sprint uses payphone specific identifiers - info digits or ANI lists - to identify a compensable payphone call.
- Sprint applies validation and control procedures to compile the Compensable Call File.

FCC Compliance Factor (6) – Sprint (“Completing Carrier”) has procedures to incorporate call data into required reports.

- Sprint's systems are able to generate the following reports on a quarterly basis:
 - a) A list of the toll-free and access numbers dialed and completed from each PSP's payphones along with the ANI for each payphone.
 - b) The volume of payphone originating calls, for each toll-free and access number, that were completed by Sprint.
 - c) The name(s), address(es), and phone number(s) of the person(s) responsible for handling Sprint's payphone compensation.
 - d) The CIC code of all facilities-based LD carriers that routed calls to Sprint, categorized according to toll-free and access code numbers.
- Sprint possesses valid lists of payphone owners identified by ANI.

FCC Compliance Factor (7) – Sprint (“Completing Carrier”) has implemented procedures and controls needed to resolve payphone compensation disputes.

- Sprint maintains required payphone call-tracking data for at least the minimum number of months required by the FCC.
- Sprint has the ability to investigate and resolve PSP disputes.
- Sprint has designated personnel who are responsible for payphone compensation dispute resolution.
- Sprint Nextel has filed a statement that includes the names, addresses, and phone numbers for persons responsible for handling payments and resolving disputes. This statement will be updated within 60 days of any changes of such persons. The statement was filed with the FCC Secretary and forwarded to Billing Concepts, Inc. for posting on its website. BCI's website may be accessed by facilities-based LD carriers and PSPs.

FCC Compliance Factor (8) - Critical controls and procedures have been implemented by Sprint (“Completing Carrier”) and can be tested by the independent third-party auditor to verify that errors are immaterial.

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of 47 C.F.R. Sections 64.1310 and 64.1320 of the Federal Communications
Commission's Rules and Regulations

- Sprint has procedures to identify payphone-originated calls.
- Sprint has procedures to capture dial-around calls originating from a payphone.
- Sprint has procedures to exclude incomplete calls originating from a payphone from the Compensable Call File.
- Sprint has procedures to accurately populate call record data in the Compensable Call File.
- Sprint has procedures to exclude commissioned calls from the Compensable Call File.

FCC Compliance Factor (9) – Sprint (“Completing Carrier”) has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to: (i) identify calls originated from payphones; (ii) identify compensable payphone calls; (iii) identify incomplete or otherwise non-compensable calls; and (iv) determine the identities of the payphone service providers to which Completing carrier owes compensation.

- Sprint has business rules that identify calls originated from payphones.
- Sprint has business rules that identify compensable payphone calls.
- Sprint has business rules that exclude incomplete calls originating from a payphone.
- Sprint has business rules to determine the identities of the payphone service providers to which Sprint owes compensation.

Sprint's Required Disclosures per Section 64.1320(d) of the FCC's Rules and Regulations

- Sprint's criteria for identifying calls originating from payphones include call record info-digit identification of 27, 29, or 70. In addition, originating ANI may also be used to identify payphone-originated calls.
- Sprint's criteria for identifying compensable payphone calls include all calls with info-digits 27, 29, or 70 (or with a payphone-identified originating ANI) and call duration greater than 0. Calls originating from payphones with a separate compensation agreement in place are excluded from the Compensable Call File.
- Sprint's criteria for identifying incomplete or otherwise noncompensable calls include: 1) calls that do not have info-digits 27, 29, or 70 (or that are not from a payphone-identified originating ANI); 2) calls with a duration of 0; or 3) calls that originate from payphones with a separate compensation agreement in place.
- Sprint's criteria used to determine the identities of the PSPs to which Sprint owes compensation is established by BCI, Sprint's clearinghouse for settlements for its long distance operations. BCI's criteria used to determine the identities of the PSPs are ANIs.

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- The type of information that Sprint needs from the PSPs in order to compensate them is determined by BCI. The type of information that BCI needs in order to compensate PSPs are ANIs.

Sprint Nextel Corporation

Dated: June 29, 2007