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Via Electronic Submission

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W., Room TW-A325
Washington, D.C. 20554

Re: *Written Ex Parte Communication: Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92; *IP-Enabled Services*, WC Docket No. 04-36; *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45

Dear Ms. Dortch:

On September 12, 2008, Verizon filed an intercarrier compensation proposal that “includes a uniform terminating rate for all carriers, provides opportunities for companies to recover a portion of lost revenues from their own end users, and ensures that other lost revenues may be recovered through a new recovery mechanism that would be part of the universal service fund.”¹ The *Verizon Letter* also includes proposals relating to Points of Interconnection (“POIs”) and the obligations of carriers to provide transit and termination services. Sprint Nextel Corporation (“Sprint”) submits the following assessment of the Verizon proposal.

I. Verizon’s Interconnection Proposal Contains Important Positive Attributes

Sprint continues to support bill-and-keep for the exchange of all traffic as the most economically rational and competitively neutral means of reforming intercarrier compensation.² If, however, the Commission chooses to retain the current Calling Party Network Pays regime, at least for the present time, it should do so in a competitively neutral manner and without disrupting the pro-competitive provisions of the Telecommunications Act of 1996.

¹ See letter from Susanne Guyer, Verizon, to Chairman Martin and Commissioners Copps, Adelstein, Tate, and McDowell (“*Verizon Letter*”), CC Docket Nos. 01-92 and 96-45, p. 2.

² See, e.g., Sprint filings submitted on August 21, 2001, November 5, 2001, and October 25, 2006 in CC Docket No. 01-92.

The Verizon proposal includes many positive aspects that would help achieve this goal. Sprint agrees, for example, that, as an initial step toward a bill-and-keep regime, a \$.0007 uniform terminating rate cap, which would apply to the transport and termination of all traffic, for all carriers, is appropriate and supported by the evidence within the record.³ Sprint also agrees that carriers seeking to replace access charge revenues should rely upon revenue generated from their own end users rather than shifting costs to other carriers.

Sprint also supports the use of a National Comparability Benchmark (in particular, a benchmark that takes into account the revenue reasonably available to an incumbent local exchange carrier from all of the services that typically are offered over the carrier's loop plant, including but not limited to local exchange service, subscriber line charges, vertical features, long distance and broadband services) to ensure that there is an equitable balance between end-user cost recovery and any revenue replacement mechanism.⁴ Stated in a different way, a National Comparability Benchmark provides a useful method of analyzing the contributions to the recovery of an ILEC's loop and other network costs that a carrier reasonably should be expected to recover from the range of services provided over that network.

Specifically, Sprint urges the Commission to include broadband revenues in any National Comparability Benchmark. Using a national benchmark that takes into account broadband service revenues will provide the appropriate incentives for carriers to develop and market those services. If a carrier is guaranteed to recover the costs of its local loop through a universal service subsidy, it has less need to market other services, such as broadband, that can be provided over that loop. Even if it does market those services, it will either do so at an unreasonable profit, because its costs are subsidized by the universal service support, or it will be able to improperly undercut the price that competing broadband providers offer. In either case, the market for broadband service will be distorted.⁵

³ See, e.g., *ex parte* letter from Sprint dated September 26, 2008, filed in CC Docket No. 01-92 and WC Docket No. 04-36.

⁴ To the extent that the revenue benchmark mechanism does not include revenues from certain services provided over a carrier's network, some reasonable portion of the network costs should be excluded from the computation of the total costs that should be recovered from the services that are included in the mechanism.

⁵ Excluding all possible sources of revenue would also be inconsistent with the Commission's impairment analysis in the *Triennial Review Order*, which included an examination of "all the revenue opportunities that a competitor can reasonably expect to gain over the facilities, from providing all possible services that an entrant could reasonably expect to sell." See *Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers; Implementation of the Local Competition Provisions of the Telecommunications Act of 1996; Deployment of Wireline Services Offering Advance Telecommunications Capability*, CC Docket Nos. 01-338, 96-98, 98-147, Report and Order and Order on Remand and Further Notice of Proposed Rulemaking 18 FCC Rcd 16978, 17047, ¶100 (2003) (*Triennial Review Order*)(emphasis in original), corrected by Errata, 18

Finally, the Verizon proposal explicitly acknowledges an originating carrier's right to choose either direct or indirect interconnection with the terminating ILEC, and would prohibit the ILEC practice of requiring 1+ dialing even when the called number is associated with rate centers that are local to the calling party. Sprint also supports these aspects of the Verizon proposal.

These elements are all positive developments that would move the industry toward a more rational and competitively neutral intercarrier compensation footing.

II. Aspects of the Verizon Plan Inappropriately Protect Incumbent Local Exchange Carriers from Competition and Discourages the Deployment of Packet Networks

Unfortunately, the Verizon proposal also includes several major elements which are unreasonably biased in favor of ILECs, are otherwise contrary to the public interest, or require clarification. Moreover, the proposal is based upon the preservation of the now largely outmoded circuit switched network. If these are the only rules the Commission enacts, it will lock into place an inefficient and antiquated technology and unnecessarily inflate costs for consumers.

The following are Sprint's specific concerns regarding the Verizon plan and Sprint's proposal for an alternative means of addressing transport and termination:

A. Universal Service "Replacement Mechanism" Fund

The Commission should reject Verizon's proposal to increase the federal universal service fund ("USF") to make ILECs whole for access revenues allegedly "lost" as a result of intercarrier compensation reform.

First, the viability of the federal USF is already under significant pressure, and adding new funding obligations could be disastrous. Before establishing any new "universal service" fund, the Commission must, at a minimum, reduce the size of the existing high-cost USF in the practical, pro-competitive, and equitable manner proposed in Sprint's High Cost Support plan.⁶

Second, Verizon's proposal would limit all new USF support to ILECs – a blatant violation of the competitive neutrality standard that has long been a universal service

FCC Rcd 19020. (2003) (*Triennial Review Order Errata*), vacated and remanded in part, affirmed in part, *United States Telecom Ass'n v. FCC*, 359 F.3d 554 (D.C. Cir. 2004) (*USTA II*) cert. denied, 125 S.Ct. 313, 316, 345 (2004)

⁶ See Sprint's Universal Service Reform, High Cost Support Four-Step Plan, filed May 12, 2008 in WC Docket No. 05-337 and CC Docket No. 96-45.

guiding principle.⁷ Specifically, the Verizon proposal would provide full access revenue replacement only to “federal rate of return and price cap carriers” (*Verizon Letter*, p. 5). Thus, while competitive local exchange carriers (“CLECs”), wireless carriers, interexchange carriers (“IXCs”), and other entities may also experience revenue reductions and will presumably all be forced to contribute to the proposed Replacement Mechanism Fund, none of these entities will be eligible for distributions from this fund. Such an outcome is blatantly anti-competitive and would be arbitrary and capricious rule making.

Third, there is no evidence to suggest that ILECs need a USF-based access recovery mechanism. Revenue neutrality (and, in particular, revenue neutrality for one class of carrier) is not a universal service principle, and implementing this type of access replacement mechanism for ILECs effectively insulates ILECs against current and potential competition. Indeed, the Verizon proposal provides even greater insulation against competition than ILECs enjoy under current intercarrier compensation rules.⁸ After taking into consideration revenues available from other services (regulated and unregulated) provided over their networks (the same networks that have been built and operated using USF funding and inflated access charges), additional revenues from higher end user charges, and cost savings from corporate affiliates that benefit from a lower uniform terminating rate, it is highly likely that most, if not all, ILECs will be able to earn a reasonable return overall without resorting to a new USF access replacement mechanism.

Fourth, the mechanics of computing the amount of “lost” access revenues are biased in such a way as to allow ILECs to over-state their claimed additional subsidies. Verizon’s proposal includes no provisions for audits of ILEC revenue recovery computations,⁹ or standards for identifying revenue shifts attributable to regulatory reform vs. normal economic fluctuations and competitive pressures.¹⁰ Moreover, the use of a year-old base period, as Verizon proposes, likely overstates “lost” access revenues; basing Revenue

⁷ See, e.g., *Federal-State Joint Board on Universal Service First Report and Order*, 12 FCC Rcd 8776, 8801-8802 (1997); *Silver Star Telephone Company, Inc. Petition for Preemption and Declaratory Ruling*, 12 FCC Rcd 15639, 15658 (para. 42) (1997); *Alenco Communications, Inc. v. FCC*, 201 F.3d 608, 622 (5th Cir. 2000).

⁸ As Verizon has pointed out (*Verizon Letter*, pp. 3-5), ILECs’ current access revenue streams are threatened by competitive access line losses (customers “flock[ing] to wireless and IP services”).

⁹ An ILEC could improperly include large volumes of traffic that should not be part of a “lost” access revenue calculation, such as VoIP calls (which should not be assessed access charges at all) and calls associated with illegal traffic pumping schemes.

¹⁰ Not all of an ILEC’s decrease in access revenues is attributable to intercarrier compensation reform. It may experience a decline in access revenues because of poor economic conditions generally (e.g., a recession), because a major customer relocates or closes a large facility, or because customers switch to an alternative service provider because that provider offers better rates, service quality, or features. There is no basis for using any putative Replacement Mechanism to make the LEC whole for declines attributable to any of these latter, non-intercarrier compensation reform-related, factors.

Replacement dollars for rate of return ILECs on such carriers' unexamined revenue requirements and an above-market 11.25% rate of return inflates their new subsidies; and allowing price cap LECs to continue to receive subsidies on lost access lines for a full three years makes no economic sense.

Finally, the open-ended nature of the proposed Replacement Mechanism¹¹ unreasonably prolongs the subsidy period and provides little incentive to ILECs to become more competitive and efficient. If, despite Sprint's objections, the Commission does adopt a replacement mechanism, it should limit the subsidy to rate-of-return carriers only and sunset the support after than three years, with no provision for renewal (automatic or otherwise).

B. Points of Interconnection ("POI")

Under Verizon's proposal, each terminating carrier must establish at least one POI per LATA (Attachment to *Verizon Letter*, p. 1), with the carrier's tandem designated as the POI for traffic terminating to its customers within the tandem serving area (*id.*, p. 2).

Sprint has serious reservations about defining POIs in terms of LATA boundaries and access tandems (elements that are quickly becoming irrelevant as the industry moves to an all-IP-based network). As discussed at greater length below, Sprint believes that the Commission must expressly confirm the right of carriers to exchange traffic in any technically feasible manner, including the exchange of traffic through the existing packet network. IP-based exchange of traffic is much more efficient than the current circuit switched network and conversion to all IP-based exchange of traffic would result in significant cost savings to consumers.

To the extent the Commission establishes additional rules governing traffic that continues to be exchanged through the circuit switched network, however, we agree that carriers should not be forced to interconnect with the terminating carrier at an excessive number of points (as this can drive up the interconnecting carrier's transport costs dramatically), and that interconnecting at the access tandem location rather than at each end office subtending the tandem is the more efficient network configuration.

Sprint does not agree, however, that the Commission should undermine the pro-competitive goals of the Act by permitting ILECs to determine how and where interconnection should occur. As noted by a recent NCTA, COMPTTEL and multi-carrier filing, the Act was designed to encourage competitive entry by granting new entrants the right to determine the most appropriate points of interconnection, whether to interconnect directly or indirectly, and what technology should be used.¹²

¹¹ Verizon has proposed (*id.*, p. 5) to allow full ILEC access replacement for 5 years, followed by a rulemaking proceeding to consider next steps.

¹² Letter to Chairman Martin, from NCTA/COMPTTEL, et al, CC Docket 01-92 (September 29, 2008).

To minimize inefficient network design and unreasonable transport burdens on interconnecting carriers, Sprint recommends that the Commission amend the Verizon proposal for circuit switched traffic as follows:

- The default number of POIs per LATA should be no more than one (rather than “at least” one POI per LATA, as proposed by Verizon). ILECs would continue to be bound by their obligation under Section 251(c)(2)(B) of the Act to offer interconnection at any technically feasible point within their network.
- ILECs may not force interconnection at an end office either because of alleged tandem exhaust or when the end office subtends another carrier’s tandem. If there is a legitimate technical reason to require interconnection at the subtending end office rather than the tandem, the terminating ILEC should be financially responsible for transporting the traffic from the tandem to the end office.¹³
- The Commission should amend the proposal to eliminate the provision which allows ILECs to shift the transport cost of their originating traffic to a terminating carrier. All carriers should be responsible for transporting traffic to the POI of the terminating carrier. It would be arbitrary and capricious to allow an originating carrier to shift their cost of transport onto a terminating carrier merely because they serve a different customer base.
- Tandem owners must permit carriers to establish direct cross-connects at their tandem locations to permit the exchange of traffic with other carriers without incurring a tandem switching charge. Permitting tandem owners to require the purchase of tandem services would unnecessarily inflate the cost of service for consumers.
- The Commission should further clarify that traffic need no longer be segregated by carrier or type and that traffic of all types can be combined on a single trunk group. The adoption of a uniform terminating rate eliminates many of the arcane regulatory mandates underlying such segregation, and should be the impetus to allow carriers to deploy multi-use, multi-jurisdictional facilities that reflect sound engineering and network management practices.

C. Rates Left at Existing Rate Levels

Although Verizon characterizes its proposal as “comprehensive” intercarrier compensation reform, it leaves major services untouched by reform. Specifically, Verizon proposes to allow LECs to cap the following elements at existing rate levels:

¹³ However, if the carrier delivering traffic to the ILEC voluntarily chooses the end office as the POI (assuming that the end office is a technically feasible POI), that delivering carrier would be financially responsible for transporting the traffic to the end office.

- tandem transit service subject to access tariffs (capped “at today’s interstate access rates” (*id.*, p. 4));
- dedicated transport service (capped “at the LEC’s current interstate dedicated transport rates” (*id.*, pp. 4-5), with price cap LECs retaining their pricing flexibility for these services (*id.*, p. 5));
- common transport service (capped “at the LEC’s current interstate access rates” (*id.*, p. 5));
- originating access service (capped at current rates or price caps until subsequent action by the Commission (Verizon has urged the Commission to address reform of originating access by December 31, 2009) (*id.*, p. 5)).

These four categories of service constitute a significant volume of traffic. Allowing ILECs to keep their rates for these services at current levels is clearly contrary to the public interest.

Current access rates for all of these categories are well above economic cost, and capping rates at these levels on an open-ended basis only perpetuates indefinitely many of the inefficiencies, disputes,¹⁴ and competitive inequities¹⁵ associated with the access charge regime. At a minimum, the Commission should affirm that these elements are not access, but rather are interconnection facilities subject to Section 251 and 252 negotiation, arbitration, and pricing standards for all traffic. Moreover, because Section 251 and 252 rate proceedings can be time and resource intensive, the Commission should adopt existing unbundled network element (“UNE”) rates for tandem switching and transport as default rate caps for transit and transport services, effective immediately.

Verizon also has proposed (*id.*, pp. 2-3) that a carrier providing interexchange service should be financially responsible for the transport to a terminating carrier’s POI and for the termination functions performed by that terminating carrier. This proposal, at least as it applies to wireless intraMTA traffic, is contrary to existing law. The 10th Circuit Court,¹⁶ the Nebraska and Missouri District Courts,¹⁷ and the Eighth Circuit Court¹⁸ have

¹⁴ For example, keeping originating access outside the reform process (at least for the next 15 months, but quite likely longer) leaves unresolved disputes over appropriate originating charges for ISP-bound, toll-free, and certain wireless calls.

¹⁵ This would include the subsidization of LECs by IXC and CMRS carriers forced to continue paying inflated access charges.

¹⁶ *Atlas Telephone Co. v. Oklahoma Corp. Commission*, 400 F. 3rd 1256, 1264 (10th Cir. 2005).

¹⁷ *WWC License, LLC v. Boyle et al.*, Case No. 4:03CV 3393, Mem.Op. (D. Neb. Jan 20, 2005), *appealed on other grounds and affirmed*, *WWC License, LLC v. Boyle*, 459 F. 3d 880 (8th Cir. 2006); *Alma Communications Company v. Missouri Public Service*

found that LECs are required to establish reciprocal compensation arrangements with CMRS providers for calls originating and terminating within the same MTA, regardless of whether the traffic is transported on an interexchange carrier (IXC) network. Thus, the Commission must specify that, for land-to-mobile calls, the originating carrier continues to be financially responsible for the cost of transport and termination of wireless intraMTA traffic.

D. Termination Charge

Verizon states that the carrier delivering traffic to a terminating carrier “is financially responsible...for the termination functions performed by the terminating carrier” (*id.*, p. 2). It also states that the proposed \$.0007 termination charge “covers the network functions used for termination...including dedicated transport, common transport, tandem switching, end office switching, and SS7 messaging” (*id.*, p. 1). The Commission should clarify that by paying the \$.0007 termination charge, the delivering carrier has met its financial obligation for terminating services provided by the terminating carrier and that no other charges related to call termination apply.

Verizon correctly proposes that “all terminating carriers, including CMRS providers, may assess a charge for termination” (*id.*, p. 3). The Commission should amend this element of Verizon’s proposal to clarify that the carrier delivering the traffic is obliged to pay the terminating charge assessed, regardless of the identity of the terminating carrier;¹⁹ that the obligation to pay the assessed charge applies during any transition period, and that the same transition rate steps apply to LECs and CMRS providers alike.²⁰

E. Transport to Meet Point

Verizon has proposed (*id.*, p. 3) that for local and intraMTA traffic not carried by an IXC, a terminating carrier that does not serve end users in an originating ILEC’s territory should be “financially responsible for transport from a meet point at the boundary of the incumbent LEC’s territory to the terminating carrier’s POI.” Verizon provides no justification for this cost shift, which would be entirely arbitrary and capricious. As in all

Commission, 2006 U.S. Dist. LEXIS 31339, Order Granting T-Mobile’s Mot. Summ. J. *14 (W.D. Mo. May 19, 2006) (“*Alma*”); *see also Iowa Network Services v. Qwest Corp.*, 466 F. 3d 1091 (8th Cir. 2006).

¹⁸ *Alma v. Missouri Public Service Commission*, 490 F. 3d 619, 624 (8th Cir. 2007).

¹⁹ CMRS carriers today are allowed to assess access charges, but IXCs are not obligated to pay such charges unless they have agreed to do so. *See Petitions of Sprint PCS and AT&T Corp. for Declaratory Ruling Regarding CMRS Access Charges*, 17 FCC Rcd 13192 (2002).

²⁰ Of course, if carriers exchange traffic pursuant to an existing bill-and-keep arrangement, that arrangement rather than any default intercarrier compensation plan governs.

other cases, the carrier that is originating the traffic should be financially responsible for transporting that traffic to the terminating carrier's POI.²¹

There is no rational economic justification for shifting the cost of transport onto other carriers and this proposal runs counter to the basic principle that subsidies should be made explicit. Shifting the responsibility for paying the cost of originating traffic to competitors is simply another form of implicit subsidy. In addition, this cost shift would violate existing FCC rules, state commission findings and Court decisions.²²

III. The Commission Should Adopt Forward Looking Interconnection Obligations and Should Not Establish Rules that Protect Antiquated Technology

To date, the interconnection proposals submitted to the Commission have been based upon the antiquated circuit switched architecture largely deployed in the 1960's. Specifically, these proposals recommend rates and rate structures to preserve transport, tandem switching and end office switching dedicated to voice only ("POTS") service. Moreover, these proposals assume that the interconnection architecture must continue to mirror the geographic service areas of the original incumbent LECs that made up the PSTN prior to the 1996 Act and the hub-and-spoke design created to provide telephone service in a monopoly environment.

These proposals fail to acknowledge that the majority of voice traffic exchanged through the PSTN today is carried, not by ILECs, but by new entrants such as wireless²³ and cable-based VoIP providers. These networks do not share the same architecture of the past, nor should they. Hub-and-spoke architecture was appropriate when the geography of the United States was divided into distinct monopolies, with large carriers serving metropolitan centers and small carriers providing service to surrounding smaller communities. Today's telecommunications networks are overlapping but not co-extensive territories, with internal structures appropriate for their various technologies.

Indeed, even within the ILEC networks, circuit switched traffic is rapidly disappearing. Driven in part by the competition to deploy broadband services, most carriers are moving to packet-based systems using soft switches and other IP-based networks. A large percentage of PSTN traffic is now transported entirely in Internet Protocol format. This change is the result of both the cost advantages of this technology and the new services it enables for consumers.

²¹ See, e.g., Sprint Corp.'s comments on the Missoula Plan, filed in CC Docket No. 01-92 on October 25, 2006, pp. 32-34.

²² 47 C.F.R. § 51.703(b); *In re Arbitration of Sprint Communications Co., L.P. Petitioning Party v. Ace Communications Group et al.*, Docket Nos. ARB-05-2, ARB-05-5, ARB-05-6 (March 24, 2006); *Mountain Communications v. FCC*, 355 F.3d 644 (D.C. Cir. 2004).

²³ Although it must be acknowledged that the two largest wireless carriers have been vertically integrated into the two largest incumbent local exchange carriers.

As noted by Verizon, IP service is not tied to geography:

IP services offer customers the ability to pick their own area code and number, which can bear no relationship to the location(s) from which they make or receive calls. ... Moreover, these new services offer integrated packages of features and capabilities that allow customers to access information and reach individuals located in numerous places simultaneously, undermining the historical understanding that a “call” has only two end points.²⁴

This transformation has not been limited to large carriers. Small carriers and rural carriers have also moved to IP-based networks. According to the *NTCA 2007 Broadband/Internet Availability Survey Report* (released Sept. 2007), 99% of the NTCA respondents offer broadband service to some part of their customer base. Likewise, Commission data show that the percentage of the lowest density zip codes with at least one high-speed subscriber was 90.5% as of June 2007.²⁵

This dramatic shift in network architecture has coincided with the deployment of broadband services. The provision of broadband services requires a carrier to install both the core aspects of an IP network and establish connectivity with other IP networks for the exchange of data packets. Once this infrastructure is in place, it is more efficient to leverage these facilities to enhance voice services. After all, voice services are only one application that can ride on IP pipes, and in fact demand significantly less bandwidth than other IP services, such as video.

Given the reality surrounding these new networks, it is inappropriate for the Commission to consider the adoption of network architecture rules that will require every carrier to maintain at least one POI per LATA or require carriers to purchase transport facilities from ILECs to allow them to retain their outdated systems. The new packet-based exchange of IP voice service breaks the traditional concept of point-to-point transmission. Because all carriers that operate broadband networks must maintain connectivity to the internet, it is now possible to move data across the country to almost any destination without having a dedicated pipe or direct connection. Sprint, for example, already operates a completely IP-based system for more than four million customers using only a broadband connection.

The exchange of voice over this IP infrastructure is vastly more efficient and far less costly than the traditional circuit switched technology. Moreover, almost every major carrier (and most small carriers) have already deployed IP-based infrastructures for the provision of broadband services and are recovering the cost of these IP-based networks through charges to their end users. ILECs, however, routinely refuse to permit Sprint to

²⁴ Verizon *Ex Parte* filing, CC Docket 01-92 (September 19, 2008), p. 2.

²⁵ See *High-Speed Services for Internet Access: Status as of June 30, 2007*, Industry Analysis and Technology Division, Wireline Competition Bureau, released March 2008, Table 18.

exchange traffic with them on an IP basis because it is economically more beneficial for them to continue to sell dedicated special access circuits and impose inflated access charges. If the Commission wishes to establish a true reform of the current system, it should confirm the obligation of carriers capable of exchanging traffic in this more efficient manner to do so. Consumers will be the greatest beneficiaries because this system would dramatically reduce the cost of providing voice services.

Accordingly, Sprint proposes that the Commission adopt the following interconnection obligations:

- Any carrier that provides broadband services to its customers or has established an IP connection between its network and the networks of other Internet Service Providers (“ISPs”) must permit the exchange of voice traffic in an IP format.
- IP Voice services (which are simply one type of data application) will be exchanged in the same manner, and under the same pricing structures, as data traffic is currently exchanged for the purposes of providing broadband services.
- Voice services exchanged over an IP connection shall not be subject to access obligations.

These rules will not only permit the more efficient exchange of traffic, they will enhance the products and services available to consumers, reduce costs for consumers and encourage the deployment of broadband services.

* * * * *

The Verizon proposal contains positive attributes (most notably, a \$.0007 uniform terminating rate cap for all traffic and all carriers; greater reliance by carriers to recover their costs from their end users rather than from other carriers; acknowledgement of an originating carrier’s right to choose direct or indirect interconnection; and the prohibition on 1+ dialing requirements where the called number is local), which Sprint endorses and urges the Commission to adopt.

Unfortunately, however, the Verizon proposal also seeks to insulate ILECs against competition through reliance upon a new “universal service” replacement mechanism fund; improperly defined point of interconnection rules; complete lack of reform of originating access, tandem transit, and dedicated and common transport services; and the shift in transport expense from originating to terminating carriers in certain circumstances. These elements are blatantly anti-competitive and should be rejected.

Respectfully submitted,

/s/ Anna M. Gomez
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