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Together with NEXTEL

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Vice President
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October 1, 2008

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Chairman Kevin J. Martin
Commissioner Michael J. Copps
Commissioner Jonathan S. Adelstein
Commissioner Deborah Taylor Tate
Commissioner Robert M. McDowell
Federal Communications Commission
445 12th St., SW
Washington, D.C. 20554

Re: Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; IP-Enabled Services, WC Docket No. 04-36; High-Cost Universal Service Support, WC Docket No. 05-337; Federal-State Joint Board on Universal Service, CC Docket No. 96-45

Dear Chairman Martin and Commissioners Copps, Adelstein, Tate and McDowell:

The Commission has an historic opportunity to engage in meaningful reform of the intercarrier compensation regime and the federal high-cost Universal Service Fund. While numerous reform proposals have been made, both recently and in the past, any new regime should include the following three pro-consumer and pro-competitive elements:

First, the Commission should adopt a uniform $.0007 rate cap for all terminating traffic, for all carriers, as an interim step towards the eventual adoption of a bill-and-keep regime. Market and cost evidence demonstrates that $.0007 is fully compensatory (in fact, generous),[1] and adoption of this rate cap will eliminate many of the inefficiencies, uneconomic behaviors, and disputes that plague the industry under the current myriad of intercarrier compensation regimes. Because of the enormous benefits of a uniform $.0007 terminating rate cap, the Commission should require carriers to implement such cap immediately.

Second, the Commission should order that incumbent local exchange carrier transit and transport services for all traffic be provided subject to Section 251 and 252 interconnection, negotiation, and arbitration standards, rather than pursuant to interstate and intrastate access tariffs. The principles underlying Sections 251 and 252 are more economically rational and pro-competitive than the pricing standards associated with the access charge regime, and it is critically important to include these major intercarrier

[1] *See ex parte* letter dated September 26, 2008, from Sprint Nextel to Marlene Dortch, FCC, in CC Docket No. 01-92 and WC Docket No. 04-36.

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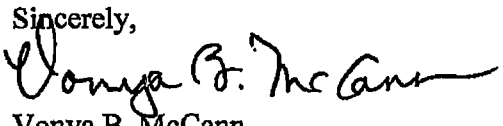
bottleneck facilities in the reform process. Because Section 251 and 252 rate proceedings can be time- and resource-intensive, the Commission should adopt, effective immediately, existing unbundled network element (UNE) rates for tandem switching and transport as default rate caps for transit and transport services.

Third, the Commission should explicitly commit to maintaining a Universal Service Fund (USF) that is both sustainable and competitively and technologically neutral. To meet these bedrock principles, the Commission should ensure that existing USF support is available on a non-discriminatory basis to all eligible telecommunications carriers. Specifically, the Commission should retain the identical support rule (47 C.F.R. §54.307(a)), and limit any new "access replacement" subsidies to rate-of-return carriers, subject to a reasonable benchmark and a three-year sunset date.[2] Such actions would provide transitional funding while maintaining competitive and technological neutrality.

Sprint Nextel understands the complexity of intercarrier compensation reform and greatly appreciates the Commission's efforts to modernize the outdated access charge system. Basing the comprehensive reforms on the pro-competitive principles outlined above will ensure that the Commission's reforms best serve the public interest.

I request that this letter, which is being filed electronically, be placed in the file for the above-captioned proceedings. If you have any questions, please contact me at (703) 592-5114.

Sincerely,



Vonya B. McCann

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Victoria Goldberg
Tim Stelzig

[2] *See ex parte letter* from Sprint Nextel dated October 1, 2008 to Marlene Dortch, FCC, in CC Docket No. 01-92, WC Docket No. 04-36, and CC Docket No. 96-45.