



Sprint Nextel
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January 5, 2009

Written *Ex Parte* Communication

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

Re: *Improving Public Safety Communications in the 800 MHz Band*, WT Docket No. 02-55,
ET Docket No. 00-258, ET Docket No. 95-18

Submission of 1.9 GHz Audit Report

Dear Ms. Dortch:

Sprint Nextel Corporation (Sprint Nextel) employed the national auditing firm of KPMG LLP to audit Sprint Nextel's costs in connection with clearing the 1.9 GHz band. Pursuant to paragraphs 328 and 351 of the Report and Order in the above-captioned proceeding, Sprint Nextel submits the annual audit of expenses for calendar year 2007.¹ Please feel free to contact me should you have any questions.

Sincerely,

Trey Hanbury, Esq.
Director, Sprint Nextel Corporation

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 Red 14969, ¶¶ 328, 351 (2004) ("Nextel shall keep accurate records of the labor and material reasonably expended or acquired in connection with clearance of the 1.9 GHz band. An annual audit of these expenses shall be made, at Nextel's expense, by an auditing firm satisfactory to the Commission.").



SPRINT NEXTEL CORPORATION

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

December 31, 2007

(With Independent Accountants' Report Thereon)



KPMG LLP
1660 International Drive
McLean, VA 22102

Independent Accountants' Report

The Board of Directors
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 1.9 GHz Band for the year ended December 31, 2007, are related to the 1.9 GHz Rebanding Project, as described in the Report and Order of the Federal Communications Commission (the "FCC"), are accurate and will qualify as an offset to Sprint Nextel Corporation's (the Company) total obligation. The Company'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 Report and Order of the FCC.

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

June 24, 2008

SPRINT NEXTEL CORPORATION
Schedule of Costs Expended in Connection
with Clearance of the 1.9 GHz Band
Year Ended December 31, 2007
(in 000's)

Description	
Equipment	\$ 132,423
Incumbent Costs and Other External Labor	36,461
Internal Labor and other	<u>7,920</u>
Total	<u><u>\$ 176,804</u></u>

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

SPRINT NEXTEL CORPORATION

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

Year Ended December 31, 2007

(1) Project background

The homeland security obligations of the United States' public safety agencies make it imperative that the communications systems are robust and highly reliable. Accordingly, in the Report and Order of the Federal Communications Commission (the "FCC") dated August 6, 2004, the FCC 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 FCC'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 of the FCC. Such obligations consist of, but are not limited to, incurring costs to reconfigure the 800 MHz band and clearing the 1.9 GHz band. To the extent such costs do not exceed \$2.8 billion, the Company will be obligated to remit the shortfall to the U.S Treasury. As such, the Company has prepared the accompanying schedule of costs expended in connection with clearance of the 1.9 GHz band for the year ended December 31, 2007.

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

(2) Basis of presentation

Equipment represents amounts paid to vendors for equipment related to the clearing of the 1.9GHz band. As of December 31, 2007, in a significant amount of cases, this equipment had not yet been installed and accepted by the third party currently licensed to use the 1.9 GHz band.

Incumbent Costs and Other External Labor represents amounts paid to vendors for services performed related to the clearing of the 1.9 GHz band. External labor also includes expenditures incurred by current license holders (incumbents) and other costs that could not be classified under any other category.

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