

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)	
)	
Federal-State Joint Board on Universal Service)	CC Docket No. 96-45
)	
High-Cost Universal Service Support)	WC Docket No. 05-337

OPPOSITION OF SPRINT NEXTEL CORPORATION

Sprint Nextel Corporation (Sprint), pursuant to the public notice released on April 9, 2009, (DA 09-805), hereby respectfully submits its opposition to the appeal filed by Corr Wireless Communications (Corr) on March 11, 2009, in the above-captioned proceedings. Corr has appealed what it considers “an erroneous interpretation of the Commission’s Interim Cap policy by the Universal Service Administration Corporation” (Appeal, p. 1), and has asked the Commission to re-distribute high-cost universal service support previously received by Verizon/Alltel and by Sprint to other competitive eligible telecommunications carriers (CETCs). For the reasons set forth below, Corr’s appeal should be denied.¹

In November, 2008, the Commission released orders authorizing the transfer of control of certain licenses, leases and authorizations from Sprint to Clearwire Corp.,² and

¹ For the reasons set forth below, Sprint also opposes the letter filed by the Universal Service For America Coalition (USA Coalition) on March 13, 2009, in the above-captioned dockets. Like Corr, USA Coalition has requested that USF funds foregone by Verizon/Alltel and Sprint be reallocated to other CETCs.

² *Sprint Nextel Corporation and Clearwire Corporation, Applications for Consent to Transfer Control of Licenses, Leases, and Authorizations*, WT Docket No. 08-94, *Memorandum Opinion and Order* released November 7, 2008 (FCC 08-259) (*Sprint Order*).

of licenses, authorizations and leasing arrangements from Atlantis Holdings Inc. (Alltel) to Cellco Partnership (Verizon Wireless).³ As part of their respective transaction conditions, Sprint and Verizon/Alltel are required to phase out their federal CETC high-cost universal service support in five equal increments.⁴ The Commission cited only one reason for adopting this phase-out condition: to help control the growth in the high-cost USF:

The issue concerns the growth of the high-cost fund. Based on our view that it would be beneficial to control the growth of the high-cost fund, we condition our approval of the transaction on Sprint Nextel's compliance with its voluntary commitment to phase out its pursuit of universal service high cost support over the next five years....

Sprint Order, para. 108.

In the *Verizon/Alltel Order*, the Commission similarly expressed its on-going concern about “the explosive growth in high-cost universal service support disbursements to competitive ETCs” (para. 192). Further, the Commission explicitly referenced Verizon Wireless’ statement that “the reduction in payments to Verizon Wireless will not result in an increase in high cost payments to other competitive ETCs...,” accepting this proviso when it conditioned its approval of the Verizon/Alltel merger “on Verizon Wireless’s commitment to phase down its competitive ETC high cost support over five years, as discussed herein” (*id.*, paras. 196-197). Although this latter sentence was not included in the *Sprint Order*, it was Sprint’s express understanding from discussions with

³ *Application of Cellco Partnership d/b/a Verizon Wireless and Atlantis Holdings, LLC for Consent to Transfer Control of Licenses, Authorizations, and Spectrum Manager and De Facto Transfer Leasing Arrangements*, WT Docket No. 08-95, *Memorandum Opinion and Order and Declaratory Ruling* released November 10, 2008 (FCC 08-258) (*Verizon/Alltel Order*).

⁴ *Sprint Order*, para. 108; *Verizon/Alltel Order*, para. 197.

Commission staff regarding adoption and implementation of the USF phase-out commitment, that the federal high-cost support which Sprint agreed to forego would be removed from all interim CETC cap calculations and would *not* be re-distributed to other CETCs.⁵

Corr has asserted (p. 4) that under the *Interim CETC Cap Order*,⁶ any high-cost support disclaimed by either Sprint or Verizon/Alltel must be re-distributed to other CETCs. However, grant of Corr's demand would obviate the sole public policy benefit cited by the Commission in requiring the phase-outs – controlling high-cost USF disbursements to CETCs. If Sprint's and Verizon/Alltel's foregone USF support is re-distributed to other CETCs, their phase-out requirements will do nothing to reduce the overall amount of USF support to CETCs. Instead, granting Corr's "transfer of wealth" demand would simply be punitive, with Sprint and Verizon/Alltel doubly harmed, first by the absolute dollar loss in their support, and second from a deterioration in their competitive position vis-à-vis other CETCs.

Imposition of the "interim" CETC cap has imposed a hardship on all competitive (but not incumbent) ETCs. Sprint sympathizes with the plight of CETCs who deployed facilities in high-cost areas in the expectation that they would continue to receive federal universal service support under the rules then in effect (*i.e.*, pursuant to the equal support rule), but now find themselves on the receiving end of significantly lower support levels.

⁵ These discussions pre-dated Corr's March 11 filing.

⁶ *High-Cost Universal Service Support, Federal-State Joint Board on Universal Service*, 23 FCC Rcd 8834 (2008).

Sprint itself is in this exact predicament. However, there is no basis for providing relief to certain CETCs at Sprint's expense.

CETCs other than Sprint and Verizon/Alltel are not harmed by removal from the interim CETC cap of the support disclaimed by Sprint and Verizon/Alltel – the remaining CETCs do not receive any less support than they would otherwise receive if the phase-out requirements had never been imposed (all other things being equal). Instead, the remaining CETCs seek a windfall gain from the transaction commitments made by Sprint and Verizon/Alltel. There is no merit to such an outcome and the Commission should avoid it by denying Corr's appeal and by explicitly affirming that high-cost support disclaimed by Sprint and Verizon/Alltel is removed from the CETC interim cap and may not be re-distributed to other CETCs.

Respectfully submitted,

SPRINT NEXTEL CORPORATION


Charles W. McKee
Director, Government Affairs

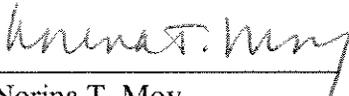
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May 11, 2009

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Opposition of Sprint Nextel Corp. was filed electronically or via US Mail on this 11th day of May, 2009 to the parties listed below.



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