

**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

**REPLY COMMENTS
OF
SPRINT NEXTEL CORPORATION**

Sprint Nextel Corporation (Sprint) submits the following Reply Comments in the above captioned matter. Corr Wireless Communications' (Corr's) request to re-distribute Verizon/Alltel's and Sprint's high-cost universal service support to other competitive eligible telecommunications carriers (CETCs) should be denied.¹ As demonstrated in Sprint's comments filed in the above-captioned proceedings, Corr's "transfer of wealth" demand is at odds with the policy justifications underlying the phase-out obligation and is otherwise without merit.

¹ The Commission conditioned approval of Verizon's acquisition of Alltel, and Sprint's transfer of assets to Clearwire Corp., upon commitments by Verizon/Alltel and by Sprint to phase-out their respective high-cost CETC USF support. *See Sprint Nextel Corporation and Clearwire Corporation, Applications for Consent to Transfer Control of Licenses, Leases, and Authorizations*, 23 FCC Rcd 17570 (2008) (*Sprint Order*); *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*, 23 FCC Rcd 17444 (2008) (*Verizon/Alltel Order*). To date, Verizon/Alltel and Sprint are the only ETCs, competitive or incumbent, to which a USF phase-down obligation applies; it remains to be seen whether the Commission will impose similar phase-down obligations in other pending or future transaction proceedings involving one or more ETCs.

The parties supporting Corr's petition are CETCs or CETC representatives that are not themselves subject to the kind of USF phase-out obligations to which Verizon/Alltel and Sprint are subject. Because those commenting parties all stand to benefit from a re-distribution of the tens of millions of dollars in high-cost USF support being given up by Verizon/Alltel and Sprint in each of the next several years, it is hardly surprising that they would support Corr's appeal.² While Sprint recognizes the hardship the CETC cap has placed on competitive (but not incumbent) ETCs, creating additional competitive disparities will not resolve these hardships. Moreover, such Commission action would contradict the stated objectives of the previous Orders and further undermine the Universal Service Fund.

As both Sprint (comments at p. 2, citing *Sprint Order* at para. 108) and Verizon Wireless (comments at p. 5) demonstrated, the only public policy rationale cited by the Commission for imposing the USF phase-out obligation was to control the growth in the high-cost CETC fund. Redistributing the USF support foregone by Sprint and Verizon/Alltel to other CETCs as requested by Corr and as urged by CETCs that filed in support of Corr would completely nullify the claimed public interest benefit of the phase-outs. For that reason alone, grant of Corr's transfer-of-wealth appeal is unwarranted and should be denied.

Various commenting parties express concern about how the phase-out obligations will impact the interim CETC cap calculations.³ These parties misunderstand the

² See, e.g., comments of Cellcom Companies, p. 1; Pine Belt Cellular, p. 1; Rural Cellular Association, p. 1; Rural Telecommunications Group, Inc. (RTG), p. 1; SouthernLINC Wireless, p. 1; USA Coalition, p. 1.

³ See, e.g., RCA, p. 9; RTG, p. 4; SouthernLINC, p. 4.

mechanics of Sprint's CETC USF phase-out implementation plan. Under Sprint's plan, USAC would remove both Sprint's USF support dollars *and* Sprint's line counts from the CETC cap calculations for the states to which Sprint's annual 20% phase-out is to be applied. Thus, in the targeted states, the remaining CETCs are no worse off than they would be absent the Sprint phase-out commitment, all other factors being equal – the only party worse off is Sprint itself. However, if the Corr appeal is granted, the remaining CETCs receive a windfall benefit in those states, at Sprint's expense. In fact, Sprint is doubly harmed – first by its loss of its USF support, and second by the redistribution of those dollars to its CETC competitors.

RCA noted (p. 5) that “the imposition of a condition [the USF phase-out obligation] that was unrelated to the standards for granting transfer of control applications...was more appropriately considered in a proceeding of general applicability.” Sprint supported comprehensive reform of the USF system and was optimistic that such action was imminent at the time it agreed to this condition. Certainly the optimal approach would have been for the Commission to consider USF reform (perhaps including phase-outs) for all carriers, competitive *and* incumbent, in a general rulemaking proceeding in which all parties had an opportunity to participate. Such an approach likely would have avoided a situation in which specific carriers – Sprint and Verizon/Alltel – were singled out. However, unless the Commission agrees to eliminate and reverse the USF phase-out obligations set forth in the *Sprint Order* and the *Verizon/Alltel Order*, the die has been cast, and equity demands that the Commission not exacerbate the hardship on Sprint and Verizon/Alltel by re-distributing their foregone USF support to other CETCs.

Corr's appeal is self serving and without merit. The Commission should deny Corr's appeal and explicitly affirm that the 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

/s/ Charles W. McKee

Charles W. McKee

Vice President, Government Affairs

Norina T. Moy

Director, Government Affairs

2001 Edmund Halley Drive

Reston, VA 20191

(703) 433-4503

May 26, 2009

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Reply Comments of Sprint Nextel Corp. was filed electronically or via US Mail on this 26th day of May, 2009 to the parties listed below.

/s/ Norina T. Moy _____

Norina T. Moy

Gary Seigel
Telecommunications Access Policy Division
Wireline Competition Bureau
Federal Communications Commission
Gary.Seigel@fcc.gov

Antoinette Stevens
Telecommunications Access Policy Division
Wireline Competition Bureau
Federal Communications Commission
Antoinette.Stevens@fcc.gov

Best Copy and Printing, Inc.
Portals II
445 12th St., SW, Room CY-B402
Washington, DC 20554
fcc@bcpiweb.com