



December 3, 2009

Ex Parte

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: In the matter of a National Broadband Plan for Our Future, GN Docket Nos. 09-51; Special Access Rates for Price Cap Local Exchange Carriers, WC Docket No. 05-25

Dear Ms. Dortch:

On December 2, 2009, Charles McKee and Chris Frentrup of Sprint Nextel, and I met with Kevin King, Arnab Das, Rebekah Goodheart, Thomas Koutsky, B. J. Neal, Carol Matthey, and Nicholas Alexander, on the topic of special access. The group discussed topics covered in the attached presentation.

Pursuant to the Commission's rules, a copy of this notice is being filed electronically in the above-referenced docket. If you require any additional information please contact the undersigned.

Sincerely yours,

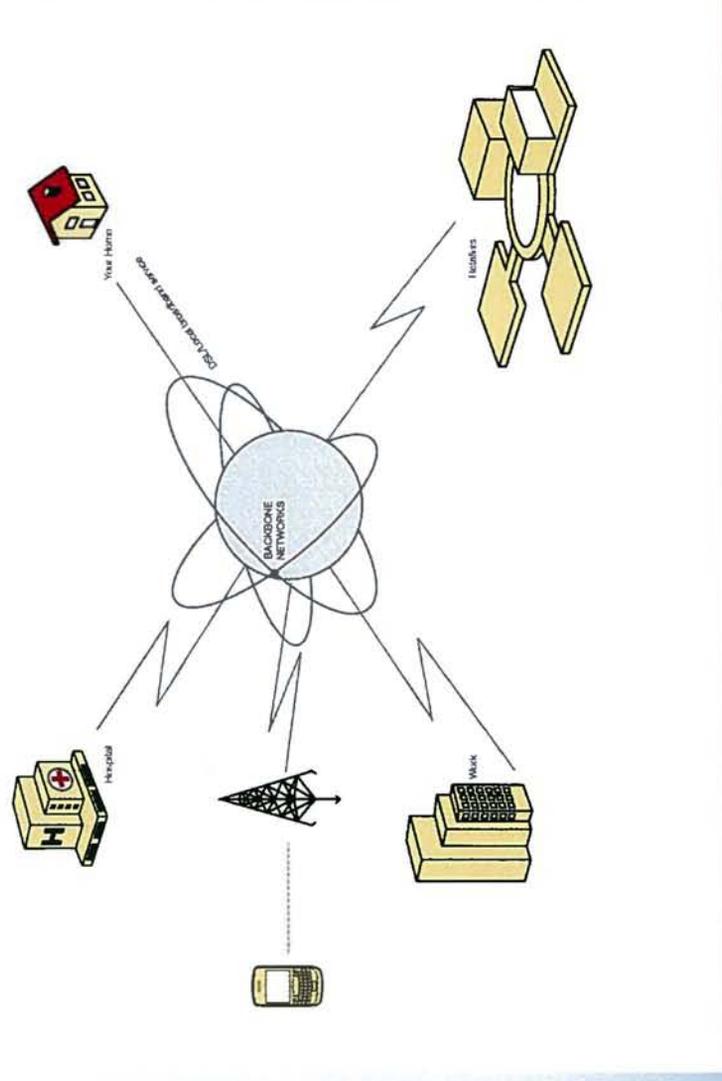
Paul Margie
Counsel for Sprint Nextel

cc: meeting participants

Special Access Reform

*Delivering on the
Promise of Broadband*

Special Access: High-Capacity Dedicated Broadband Access



Special Access and the National Broadband Plan

- **DS-1, DS-3 and Ethernet service are critical to broadband access.**
 - **Rural telecommunications providers:** lower prices enable delivery of broadband services to unserved and hard to serve communities.
 - **Wireless carriers:** expanded and advanced data networks.
 - **Schools:** expanded access to Internet; tele-learning.
 - **Public Safety:** expanded access to network resources.
 - **Health care providers:** advanced telemedicine; electronic medical records; improved administrative efficiency and cost savings.
 - **Governments:** improved electronic services to constituents.
 - **Businesses:** Intranet and Internet access; cost savings, improved productivity. Improved global competitiveness.

A Broken Market Interferes with Deployment

- **There is vastly inadequate competition almost everywhere in the country.**
 - Inadequate competition and under-investment by incumbents.
 - High prices and adoption problems.
 - Anticompetitive terms and conditions and the lack of entry and innovation.
- **The ILEC argument that reform will undermine broadband investment just doesn't make sense.**
 - Investment follows competition, not monopoly – ILECs are investing to respond to cable broadband, and not in rural America.
 - The FCC abandoned the theory that monopoly rents and implicit cross-subsidies would advance the public interest long ago.
 - Even with reform, special access rates of return are likely to be very high, supporting investment. Do ILECs really need 100% rates of return to justify investment?

Wireless Backhaul Does Not Address Competition Concerns

- We wish it did.
- We have every incentive to make wireless backhaul a viable option.
- Even if wireless broadband companies are successful, they will not provide adequate competition.
- FiberTower, for example, serves only a tiny percentage of backhaul needs, and the inherent restraints of wireless backhaul mean that it will not be a significant competitor to the ILECs in the foreseeable future.
- GAO and NRRI found that wireless was not a significant special access competitor.

Wireless Backhaul Does Not Address Competition Concerns

- Wireless backhaul does not discipline incumbent prices or behavior today – we would buy it if it were available.
- Why won't wireless be an effective competitor to ILEC special access in the foreseeable future?
 - First, line-of-sight limitations.
 - Second, limited range.
 - Third, low volumes mean equipment is too costly to justify use in low-capacity applications.
 - Fourth, roof access, roof-down re-wiring, and other building issues add cost and delay.
 - Incumbents do not face these limitations, and incumbents already have facilities in place that have been paid for through monopoly rents.
- **The result: wireless backhaul, even if successful will serve only a small percentage of special access customers.**

Just Some of the Supporters of Reform

