WILTSHIRE & GRANNIS LLP

January 13, 2010

Ex Parte

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

Re: Special Access Rates for Price Cap Local Exchange Carriers, WC Docket No. 05-25; A National Broadband Plan for our Future, GN Docket Nos. 09-51 and 09-157.

Dear Ms. Dortch:

On January 12, 2010, Charles McKee and Chris Frentrup of Sprint Nextel, and I, representing Sprint Nextel, met with Kevin King, Thomas Koutsky, Arnab Das, and B.J. Neal of the Office of Strategic Planning and Policy Analysis, and Nick Alexander of the Wireline Competition Bureau, on the topic of wireless broadband. The group discussed 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

Enclosure

cc: meeting participants

Expanding Wireless Broadband

January 12, 2010

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Agenda

1. Wireless backhaul costs and limitations
2. Special access rack rates and discounts
3. Ethernet prevalence at cell towers
4. Importance of DS-1s to wireless networks

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Wireless backhaul costs and limitations

- Cost and technical barriers result in wireless not presenting an acceptable solution for replacing special access now or in the foreseeable future.
- Replacing the portion of Sprint backhaul needs serviceable by wireless with microwave would cost billions of dollars.
  - This would replace only a portion of current needs.
  - Deployment costs per cell site vary widely, but are extremely high.
  - Best case breakeven estimate is 4-5 years, assuming demand is high enough to justify the deployment of wireless facilities, and not counting equipment life or the time value of money.
  - Wireless alternative vendors serve only a tiny percentage of nationwide cell sites.

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Wireless backhaul costs and limitations

- Unacceptable technical limitations include:
  1. Wireless still requires wireline up to a point, potentially leaving Sprint with high special access costs;
  2. Line-of-site limitations restrict feasible locations;
  3. Landlord limitations;
  4. Zoning regulation limits use in cities and suburbs;
  5. Wireless limits hub-and-spoke architecture more severely than wireline; and
  6. Towers are not currently equipped with equipment needed for wireless backhaul (boxes, antennas, dishes, etc.).

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Special access rack rates and "discounts"

- "Discounts" range depending on:
  - Term;
  - Carrier; and
  - Location.
- NRRI findings on "discount" levels.
- "Discounts" are still exceptionally expensive, far over cost, resulting in unreasonable rates of return.
- "Discounts" are tied to anticompetitive terms and conditions: (1) tying conditions; (2) minimum commitments; (3) excessive early termination penalties; and (4) "move" penalties.

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Ethernet prevalence

- Consumers experience TDM and Ethernet similarly. But Ethernet can allow lower costs, where demand is high enough, through: (1) convergence of voice/data over one pipe (today we have separate DS-1s); (2) better scalability; (3) bandwidth management; (4) lower equipment costs; and (5) more efficient transport of IP-based traffic.
- But the economics only start to favor Ethernet over Special Access DS-1 when the demand at a cell site exceeds 10 Mb.
- Sprint's base station equipment all have TDM (DS-1) interfaces today.
  - We have evaluated the feasibility of migrating to Ethernet.
  - Current bandwidth demand forecasts for these platforms do not financially justify retrofitting existing base station interfaces to enable Ethernet.

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Importance of DS-1s to wireless networks

- Most towers carry between one and three DS-1s.
- Almost no towers have more than five DS-1s.
- Sprint uses few, if any DS-3s at cell towers.
- While Sprint will continue to invest heavily in maintaining and expanding bandwidth, we predict little if any deployment of DS-3s, as opposed to multiple DS-1s, to Sprint cell towers over the next few years.

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Thank you

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