Sprint

May 21, 2010

Via Electronic Submission

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th St., SW, Room TW-A325
Washington, DC 20554

Re: Ex Parte Communication
Sprint Nextel Corporation and Clearwire Corporation, Applications for Consent to Transfer Control of Licenses, Leases, and Authorizations, WT Docket No. 08-94; Applications 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; Appeal of USAC Decision by Corr Wireless Communications, LLC, CC Docket No. 96-45; High-Cost Universal Service Support, WC Docket No. 05-337.

Dear Ms. Dortch:

On May 7, 2010, the Alliance of Rural CMRS Carriers ("ARC") filed an *ex parte* letter in the above-captioned proceedings regarding the implementation of certain voluntary commitments made by Sprint and Verizon Wireless to phase out their respective CETC high-cost universal service support.[1] ARC's recommendations do not further the stated goals of the Federal Communications Commission ("FCC") and appear designed only to maximize the transfer of support from Sprint and Verizon Wireless to ARC members and other CETCs, further exacerbating the competitive distortions plaguing the high-cost fund. These anti-competitive recommendations should be rejected.[2]

The Commission originally cited only one reason for adopting the Sprint and Verizon Wireless USF phase-out requirements – to help control the growth in the high-cost USF.[3] The Commission subsequently expressed its intent to re-purpose the USF support being phased out

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[1] *See* letter from David LaFuria and Steven Chernoff, Counsel for ARC, to Marlene Dortch, FCC, dated May 7, 2010 ("ARC Letter").

[2] Sprint here addresses only those recommendations that relate to Sprint's phase-out.

[3] *See, e.g.,* Opposition to Corr Wireless appeal filed by Sprint in CC Docket No. 96-45 and WC Docket No. 05-337 on May 11, 2009, p. 2, citing the *Sprint-Clearwire Order*, 23 FCC Rcd 17570, 17612 (para. 108) (2008) and the *Verizon Wireless Order*, 23 FCC Rcd 17444, 17532 (para. 197) (2008).

by Sprint and Verizon Wireless to help fund new broadband initiatives.[4] Adoption of ARC's recommendations would nullify the first goal, and compromise the second goal, and is nothing more than an attempt by ARC to secure a windfall profit at Sprint's and Verizon Wireless' expense.

In the *Sprint-Clearwire Order*, the Commission declined to mandate a methodology for implementing the CETC phase-out. Accordingly, Sprint should be given substantial management discretion to determine how to implement its phase-out obligation, so long as such implementation is consistent with applicable rules. There is no rule that requires Sprint to cede its support on an across-the-board basis as ARC recommends (ARC Letter, p. 5), and such an approach would force Sprint to bear all the responsibilities of ETC status while receiving decreasing (and eventually zero) benefit. Furthermore, ARC is simply wrong in asserting that "support cannot be reduced in equal increments by withdrawing as an ETC in selected states" (*id.*, p. 7). So long as Sprint's total receipts are reduced by the requisite phase-out percentage it will have fulfilled its obligation. This can be accomplished by reducing receipts in specific states to zero (and continuing to receive funding in other states), so long as the total dollars received in a given year are reduced sufficiently to meet the required percentage reduction. Any decision to give up its ETC designation in a state in which Sprint is no longer receiving any CETC high-cost support will then have no bearing on determining compliance with the CETC phase-out obligation.

ARC also suggests that the phase-out amounts be based on the amount of support received by Sprint as of December 31, 2008 (ARC Letter, p. 5). Sprint does not object to this approach, so long as this means the calculation of the amount of support to which Sprint is entitled is also based upon this amount. Accordingly, if Sprint received X dollars in 2008, the commitment would require Sprint to receive no more than .80X in year 1, .60X in year 2, .40 X in year 3, .20X in year 4, and zero in year 5. Otherwise, equal annual phase-out increments, resulting in zero receipts at the end of the phase-out period (with no underages or overages), can be achieved only by freezing both receipts and the phase-out dollar amount.

Pursuant to Section 1.1206 of the Commission's Rules, a copy of this letter is being filed electronically in the above-referenced dockets. If you have any questions, please feel free to contact me at (703) 433-4503.

Sincerely,

/s/ Norina Moy

Norina Moy
Director, Government Affairs

[4] The CETC funding "recaptured" from Sprint and Verizon Wireless "should be used to implement the recommendations set forth" in the National Broadband Plan (NBP), NBP Recommendation 8.6, p. 147.

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