

November 15, 2010

David L. Furth, Deputy Chief
Public Safety and Homeland Security Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: Improving Public Safety Communications in the 800 MHz Band
WT Docket No. 02-55
Recommendation to Further Postpone 800 MHz Rebanding Financial True-Up

Dear Mr. Furth:

In its June 29, 2010 *True-Up Deferral Order*,^[1] the Commission directed the 800 MHz Transition Administrator, LLC (“TA”) to file a report by November 15, 2010 with its recommendation on whether the 800 MHz rebanding financial reconciliation “true-up” date should occur on December 31, 2010, or be further postponed. The TA respectfully recommends that the financial “true-up” date be extended from December 31, 2010 until June 30, 2011.^[2] Since the Commission released its *True-Up Deferral Order*, there has been an incremental increase in the 800 MHz reconfiguration expenditures. A substantial number of licensees, however, have yet to complete rebanding and a true-up as of December 31, 2010, would fail to take into account a large portion of Sprint Nextel’s eventual cost obligation.^[3]

As of June 30, 2010, Sprint Nextel and incumbent licensees had executed Frequency Reconfiguration Agreements (“FRAs”) and Planning Funding Agreements (“PFAs”) with TA-approved cost estimates totaling approximately \$853.5 million, and Sprint Nextel had paid approximately \$482.9 million of this amount as advance payments and for work completed to date.^[4] This compares to \$796.3 million in executed FRAs and PFAs and \$412.9 million paid as of December 31, 2009.^[5] In addition, Sprint Nextel has reported to the TA that as of June 30, 2010, it had incurred, on a cash basis, approximately \$1,234.0 million in total incumbent licensee reconfiguration costs, including replacement equipment, and approximately \$294.5

^[1] See Improving Public Safety Communications in the 800 MHz Band, WT Docket No. 02-55, *Order*, 25 FCC Rcd 8217 (2010).

^[2] The TA further requests that it have six months from the financial “true-up” date to submit a final “true-up” report to the Commission. Therefore, unless further extended, the “true-up” would be performed based on expenditures as of June 30, 2011, with the final “true-up” report issued to the Commission by December 31, 2011.

^[3] Consistent with prior years and its program obligations, the TA on or before June 30, 2011 will issue an audited Statement of Program Expenditures that will report Sprint Nextel’s program related expenditures from inception through December 31, 2010.

^[4] 800 MHz Transition Administrator, LLC, Quarterly Progress Report for the Quarter Ended June 30, 2010, at 30 (August 31, 2010) (“June 2010 Report”).

^[5] 800 MHz Transition Administrator, LLC, Quarterly Progress Report for the Quarter Ended December 31, 2009, at 26 (May 25, 2010) (“December 2009 Report”).

million for its internal costs.^[6] This compares to approximately \$1,077.7 million of total incumbent costs and \$286.3 million of Sprint Nextel internal costs as of December 31, 2009.^[7]

Likewise, the Broadcast Auxiliary Service (“BAS”) relocation still has costs to be reported and reconciled. As of June 1, 2010, approximately 98% of BAS licensees had been cleared from their spectrum.^[8] Sprint Nextel relocated the last BAS market and completed the BAS transition on July 15, 2010.^[9] Sprint Nextel has reported to the TA that as of June 30, 2010, it incurred approximately \$730.1 million in costs associated with the reconfiguration of the 1.9 GHz band.^[10] This compares to \$699.1 in costs as of December 31, 2009.^[11] Pursuant to the Commission’s *BAS Cost Sharing Order*, Sprint Nextel is permitted to seek reimbursement from Mobile Satellite Service licensees and Advanced Wireless Services entrants for their *pro rata* portion of the costs to clear the 1.9 GHz spectrum.^[12] Sprint Nextel estimates the reimbursement to be approximately \$200 million.^[13]

In its June 29, 2009 *True-Up Deferral Order*, the Commission stated that based on the progress to date of both the 800 MHz rebanding and the BAS relocation it would be premature for the TA to conduct the required financial “true-up” because it would fail to take into account a large portion of Sprint Nextel’s eventual cost obligation. The TA believes that the same remains true at this time and that additional rebanding expenditures still need to be made to provide a meaningful report of Sprint Nextel’s total rebanding costs for both the 800 MHz rebanding and for the relocation of BAS licensees. Therefore, the TA recommends an extension of the “true-up” process until June 30, 2011, and proposes that the TA file a report with the Public Safety and Homeland Security Bureau by May 15, 2011, with its recommendation as to: 1) whether rebanding has made sufficient progress that conducting the “true-up” as of June, 2011, would be appropriate; or 2) whether the “true-up” deadline should be extended for an additional period.

^[6] June 2010 Report, at 30-31. Amounts incurred since June 30, 2010 will be subject to audit as part of the preparation of the 800 MHz Reconfiguration Statement of Program Expenditures as of December 31, 2010.

^[7] December 2009 Report, at 26-27. Sprint Nextel’s internal costs remain subject to TA review for creditability and final adjustments.

^[8] Letter from Harold K. McCombs, Sprint Nextel Corporation, to Marlene H. Dortch, Secretary, Federal Communications Commission dated June 1, 2010.

^[9] Letter from Robert H. McNamara, Sprint Nextel Corporation, to Marlene H. Dortch, Secretary, Federal Communications Commission dated July 15, 2010.

^[10] June 2010 Report, at 31. BAS expenditures are not subject to audit by the auditor of the 800 MHz Reconfiguration Statement of Program Expenditures.

^[11] December 2009 Report, at 27. In total, including BAS relocation expenditures, as of June 30, 2010, Sprint Nextel stated that from the inception of the program it has incurred approximately \$2.6 billion of costs directly attributable to the 800 MHz spectrum reconfiguration program. See Sprint Nextel Corporation, Quarterly Report (Form 10-Q), at 13 (filed Aug. 5, 2010). This compares to approximately \$2.4 billion of costs as of December 31, 2009. See Sprint Nextel Corporation, Annual Report (Form 10-K), at 46 (filed Feb. 26, 2010).

^[12] Improving Public Safety Communications in the 800 MHz Band, WT Docket No. 02-55, *Fifth Report and Order*, *Eleventh Report and Order*, *Sixth Report and Order*, and *Declaratory Ruling*, 25 FCC Rcd 13874 (2010).

^[13] Sprint Nextel Corporation, Quarterly Report (Form 10-Q), at 14 (filed Aug. 5, 2010).



Transition
Administrator

Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink that reads 'Brett S. Haan'. The signature is written in a cursive, flowing style.

Brett S. Haan
800 MHz Transition Administrator, LLC