

May 13, 2011

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 December 30, 2010 *True-Up Deferral Order*,^[1] the Commission directed the 800 MHz Transition Administrator, LLC (“TA”) to file a report by May 15, 2011 with its recommendation on whether the 800 MHz rebanding financial reconciliation “true-up” date should occur on June 30, 2011, or be further postponed. The TA respectfully recommends that the financial “true-up” date be extended from June 30, 2011 until December 31, 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 June 30, 2011, would fail to take into account a large portion of Sprint Nextel’s eventual cost obligation.^[3]

As of December 31, 2010, Sprint Nextel and incumbent licensees had executed Frequency Reconfiguration Agreements (“FRAs”) and Planning Funding Agreements (“PFAs”) with TA-approved cost estimates totaling approximately \$933.0 million, and Sprint Nextel had paid approximately \$562.6 million of this amount as advance payments and for work completed to date.^[4] This compares to \$853.5 million in executed FRAs and PFAs and \$482.9 million paid as of June 30, 2010.^[5] In addition, Sprint Nextel has reported to the TA that as of December 31, 2010, it had incurred, on a cash basis, approximately \$1,392.2 million in total incumbent licensee reconfiguration costs, including replacement equipment, and approximately \$305.4

^[1] See Improving Public Safety Communications in the 800 MHz Band, WT Docket No. 02-55, *Order*, 25 FCC Rcd 17794 (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 December 31, 2011, with the final “true-up” report issued to the Commission by June 30, 2012.

^[3] Consistent with prior years and its program obligations, the TA issues annually, on a calendar-year basis, audited Statements of Program Expenditures that report Sprint Nextel’s program related expenditures.

^[4] 800 MHz Transition Administrator, LLC, Quarterly Progress Report for the Quarter Ended December 31, 2010, at 33 (March 29, 2011) (“December 2010 Report”).

^[5] 800 MHz Transition Administrator, LLC, Quarterly Progress Report for the Quarter Ended June 30, 2010, at 30 (Aug. 31, 2010) (“June 2010 Report”).

million for its internal costs.^[6] This compares to approximately \$1,234.0 million of total incumbent costs and \$294.5 million of Sprint Nextel internal costs as of June 30, 2010.^[7]

In addition, Sprint Nextel has reported that it completed the Broadcast Auxiliary Service (“BAS”) market transition on July 15, 2010,^[9] and that as of December 31, 2010, it incurred approximately \$745.9 million in costs associated with the reconfiguration of the 1.9 GHz band.^[10] This compares to \$730.1 in costs as of June 30, 2010.^[11] Pursuant to the Commission’s *BAS Cost Sharing Order*, Sprint Nextel may 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 currently is pursuing reimbursement of costs from New DBSD Satellite Services G.P., formerly known as New ICO Satellite Services G.P., and TerreStar Networks, as well as their affiliates.^[13] The amount of any reimbursement will determine Sprint Nextel’s final costs of the BAS transition, and the financial reconciliation of 800 MHz rebanding expenses.

In its December 30, 2010 *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 true-up remains premature at this time and that additional rebanding expenditures are required 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 December 31, 2011, and proposes that the TA file a report with the Public Safety and Homeland Security Bureau by November 15, 2011, with its recommendation as to: 1) whether rebanding has made sufficient progress that conducting the “true-up” as of December 31, 2011, would be appropriate; or 2) whether the “true-up” deadline should be extended for an additional period.

^[6] December 2010 Report, at 33. Amounts incurred since December 31, 2010 will be subject to audit as part of the preparation of the 800 MHz Reconfiguration Statement of Program Expenditures as of December 31, 2011.

^[7] June 2010 Report, at 30-31. Sprint Nextel’s internal costs remain subject to TA review for creditability and final adjustments.

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

^[10] December 2010 Report, at 34. BAS expenditures are not subject to audit by the auditor of the 800 MHz Reconfiguration Statement of Program Expenditures.

^[11] June 2010 Report, at 31. In total, including BAS relocation expenditures, as of December 31, 2010, Sprint Nextel stated that from the inception of the program it has incurred approximately \$2.8 billion of costs directly attributable to the 800 MHz spectrum reconfiguration program. See Sprint Nextel Corporation, Annual Report (Form 10-K), at 39 (filed Feb. 24, 2011). This compares to approximately \$2.6 billion of costs as of June 30, 2010. See Sprint Nextel Corporation, Quarterly Report (Form 10-Q), at 13 (filed Aug. 5, 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] See Sprint Nextel Corporation, Annual Report (Form 10-K), at F-26 (filed Feb. 24, 2011); see also *Complaint to Enforce Orders of the Federal Communications Commission, Sprint Nextel v. New ICO Satellite Services*, Civil Action No. 1:08cv651 (E.D.Va. filed June 25, 2008).



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 style with a long horizontal flourish at the end.

Brett S. Haan
800 MHz Transition Administrator, LLC