

July 9, 2012

Via Electronic Submission

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

Marc S. Martin
D 202.778.9859
F 202.778.9100
marc.martin@klgates.com

Re: Ex Parte Presentation

Service Rules for Advanced Wireless Services in the 2000-2020 MHz and 2180-2200 MHz Bands, WT Docket No. 12-70; Fixed and Mobile Services in the Mobile Satellite Service Bands at 1525-1559 MHz and 1626.5-1660.5 MHz, 1610-1626.5 MHz and 2483.5-2500 MHz, and 2000-2020 MHz and 2180-2200 MHz, ET Docket No. 10-142; and Service Rules for Advanced Wireless Services in the 1915-1920 MHz, 1995-2000 MHz, 2020-2025 MHz and 2175-2180 MHz Bands, WT Docket No. 04-356.

Dear Ms. Dortch:

Pursuant to the April 17, 2012 Public Notice in the above-captioned proceedings and Section 1.1206 of the Commission's rules, 47 C.F.R. § 1.1206, Sprint Nextel Corporation ("Sprint") submits this letter summarizing a meeting on Thursday, July 5, 2012, between Trey Hanbury, Director, Government Affairs, and Patty Tikkala, Vice President, Spectrum Management of Sprint; John Culver and Marc Martin of K&L Gates; Kevin Holmes, Jeremy Marcus, and Brian Wondrack of the Wireless Telecommunications Bureau; and Geraldine Maise, Nicholas Oros, and Jamison Prime of the Office of Engineering and Technology.

During the meeting, Sprint reiterated points consistent with its filed Comments and Reply Comments in the above-referenced proceedings regarding how the Commission has an opportunity to learn from the four years worth of disputes and delays in the S-band relocation reimbursement effort, and adopt improved, streamlined procedures by which Sprint is reimbursed for clearing the H and lower J Blocks pursuant to the Commission's *Emerging Technologies* policies.

Sprint noted that its relocation of the Broadcast Auxiliary Service ("BAS") licensees, including for the H and lower J Blocks, is complete. The amounts expended by Sprint have been audited by KPMG pursuant to the Commission's 2004 800 MHz rebanding Report and Order, and a copy of its final audit report has been previously filed with the Commission.

Ms. Marlene H. Dortch
July 9, 2012
Page 2

(Copy attached). Based on KPMG's final audited numbers, and after excluding certain amounts not subject to reimbursement, Sprint is entitled to be reimbursed \$94,875,516.00 dollars by the beneficiaries of each of the H and lower J Blocks (*i.e.*, \$189,751,032.00 total).¹ Sprint recommended that prospective licensees and beneficiaries of the cleared spectrum should be required prior to the issuance of the license to fully reimburse Sprint the amount due. Sprint would support various potential mechanisms for payment, *provided that* the amount to be reimbursed is accepted by the Commission, notice of the amount due is provided by the Commission in advance to auction participants, and all such amounts are paid in full prior to the issuance of licenses. Sprint explained that these improvements to the reimbursement process will uphold the *Emerging Technologies* policy, serve the Commission's spectrum management objectives, relieve Commission resources from attending to reimbursement delays and disputes, and provide greater certainty and predictability with regard to the reimbursement process.

¹ This figure is based on the KPMG-audited total reimbursement cost of \$729,974,655 apportioned to the H and lower J block pro rata share (5/35ths, respectively), after deducting the relocation costs paid to UTAM, the costs of prepaid unused equipment (net of amounts received from manufacturers for buy-backs), and the costs of relocating Secondary Licenses, which Sprint voluntarily relocated with the understanding that, while such costs would be eligible for credit against the anti-windfall calculation, they would not be eligible for reimbursement by subsequent entrants.

K&L|GATES

Ms. Marlene H. Dortch
July 9, 2012
Page 3

Pursuant to Section 1.1206 of the Commission's Rules, a copy of this letter is being filed electronically in the above-referenced dockets and electronic copies are being submitted to Commission staff listed below. If you have any questions, please feel free to contact me at (202) 778-9859.

Sincerely,

/s/ Marc S. Martin

Marc S. Martin
K&L Gates LLP
1601 K Street, NW
Washington, D.C. 20006-1600
(202) 778-9859
Counsel for Sprint Nextel Corporation

cc: Kevin Holmes
Jeremy Marcus
Geraldine Matise
Nicholas Oros
Jamison Prime
Brian Wondrack

Attachment: KPMG Financial Statement



Sprint Nextel
900 7th Street, NW
Washington, DC 20001
Office: (703) 433-8525
Mobile: (703) 926-5933

October 5, 2011

Written Ex Parte Communication

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W. Room TW-A325
Washington, DC 20554

Re: *Improving Public Safety Communications in the 800 MHz Band*, WT Docket No. 02-55,
ET Docket No. 00-258, ET Docket No. 95-18

Submission of 1.9 GHz Independent Accountants' Report

Dear Ms. Dortch:

Sprint Nextel Corporation (Sprint Nextel) employed the national auditing firm of KPMG LLP to conduct an independent accounting of Sprint Nextel's costs in connection with clearing the 1.9 GHz band. Pursuant to paragraphs 328 and 351 of the Report and Order in the above-captioned proceeding, Sprint Nextel submits the accounting of expenses for the ten-month period that ended October 31, 2010 and for the inception-to-date period that commenced January 1, 2005 and ended October 31, 2010.¹ This submission represents the final audit report for the 1.9 GHz band transition. Please feel free to contact me should you have any questions.

Sincerely,

Trey Hanbury, Esq.
Director, Sprint Nextel Corporation

¹ See *Improving Public Safety Communications in the 800 MHz Band; Consolidating the 800 and 900 MHz Industrial/Land Transportation and Business Pool Channels*, Report and Order, Fifth Report and Order, Fourth Memorandum Opinion and Order, and Order, 19 FCC Red 14969, ¶¶ 328, 351 (2004) ("Nextel shall keep accurate records of the labor and material reasonably expended or acquired in connection with clearance of the 1.9 GHz band. An annual audit of these expenses shall be made, at Nextel's expense, by an auditing firm satisfactory to the Commission.").



SPRINT NEXTEL CORPORATION

Schedule of Costs Expended in Connection with
Clearance of the 1.9 GHz Band

October 31, 2010

(With Independent Accountants' Report Thereon)



KPMG LLP
Suite 1000
1000 Walnut Street
Kansas City, MO 64106-2162

Independent Accountants' Report

The Board of Directors
Sprint Nextel Corporation:

We have examined management's assertion that costs included in the accompanying Schedule of Costs Expended in Connection with Clearance of the 1.9 GHz Band for the ten months ended October 31, 2010 and for the inception to date period from January 1, 2005 to October 31, 2010 are related to the 1.9 GHz Rebanding Project, as described in the Report and Order of the Federal Communications Commission (the FCC) dated August 6, 2004, are accurate, and qualify as an offset to Sprint Nextel Corporation's (the Company) total obligation. The Company's management is responsible for the assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting management's assertion and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, management's assertion referred to above is fairly stated, in all material respects, based on the criteria established in the Report and Order of the FCC.

This report is intended solely for the information and use of Sprint Nextel Corporation and the FCC, including 800 MHz Transition Administrator, LLC as appointed by the FCC, and is not intended to be, and should not be, used by anyone other than these specified parties.

KPMG LLP

May 16, 2011

SPRINT NEXTEL CORPORATION
Schedule of Costs Expended in Connection
with Clearance of the 1.9 GHz Band
(in 000's)

	Ten months ended October 31, 2010	Inception to date
	<u> </u>	<u> </u>
Description:		
Equipment	\$ (6,778)	410,374
Incumbent costs and other external labor	38,462	287,457
Internal labor and other	<u>2,481</u>	<u>32,144</u>
Total	<u>\$ 34,165</u>	<u>729,975</u>

See accompanying notes to Schedule of Costs Expended in Connection with Clearance of the 1.9 GHz Band.

SPRINT NEXTEL CORPORATION

Notes to Schedule of Costs Expended in Connection with Clearance of the 1.9 GHz Band

October 31, 2010

(1) **Project background**

The homeland security obligations of the United States' public safety agencies make it imperative that the communications systems are robust and highly reliable. Accordingly, in the Report and Order of the Federal Communications Commission (the FCC) dated August 6, 2004 (the Report and Order), the FCC adopted technical and procedural measures designed to address the ongoing and growing problem of interference to public safety communications in the 800 MHz radio frequency band. The decisions reached therein were done so to fulfill the FCC's obligation to "promote safety of life and property through the use of wire and radio communication".

As part of the solution designed to address the problem of interference to public safety communications, Sprint Nextel Corporation (the Company) must meet the obligations imposed by the Report and Order. The Report and Order provides for the exchange of a portion of our 800 MHz FCC spectrum licenses, and requires us to fund the cost incurred by public safety systems and other incumbent licensees to reconfigure the 800 MHz spectrum band. In addition, we received licenses for 10 MHz of nationwide spectrum in the 1.9 GHz band; however, we are required to relocate and reimburse the incumbent licensees in this band for their costs of relocation to another band designated by the FCC. To the extent such costs for both reconfiguring the 800 MHz spectrum and relocating incumbents in the 1.9 GHz band do not exceed \$2.8 billion, the Company will be obligated to remit the shortfall to the U.S. Treasury.

We completed all of our 1.9 GHz relocation and reimbursement obligations in 2010. The accompanying schedule of costs expended in connection with clearance of the 1.9 GHz band (the Schedule) includes only the costs associated with the relocation of incumbents in the 1.9 GHz band and therefore does not include the costs associated with the reconfiguration of the 800 MHz spectrum.

All costs are subject to review and ultimate approval for credit by the FCC or their designee.

(2) **Basis of presentation**

Equipment represents amounts paid to vendors for equipment related to the clearing of the 1.9 GHz band.

During 2010, the Company initiated the process to recover \$7.0 million of use tax payments made to certain taxing jurisdictions related to equipment purchases. These payments have been removed from the equipment costs in 2010 pending the recovery of these payments from the taxing jurisdictions.

As of October 31, 2010, all obligations related to the clearance of the 1.9 GHz band have been satisfied. The inception to date expenses include a net cost of \$31.3 million related to amounts paid to the equipment manufacturers under their respective contracts for equipment that was not used and for which we were not able to recover the cost.

Incumbent costs and other external labor includes amounts paid to vendors for services performed related to the clearing of the 1.9 GHz band. External labor also includes expenditures incurred by incumbents for which the Company is ultimately responsible.

SPRINT NEXTEL CORPORATION

Notes to Schedule of Costs Expended in Connection with Clearance of the 1.9 GHz Band

October 31, 2010

Internal labor and other primarily represents payroll costs, including benefits, for Company employees contributing to the clearing of the 1.9 GHz band. Shared services labor costs, including legal and finance employees are allocated to the 1.9 GHz and 800 MHz rebanding projects based on the Company's time studies. These allocations are consistent with other allocations between the two projects. Only costs associated with the 1.9 GHz relocation are presented in the Schedule.

During 2010, the Company reduced shared services labor costs by approximately \$0.5 million related to revisions in our allocation methodology. The changes were made to ensure allocation methodologies were consistent between all reconfiguration projects covered by the Report and Order. The components of **internal labor and other** are as follows:

Internal labor costs allocated to 1.9 GHz rebanding

(in 000's)

	Ten months ended October 31, 2010	Inception to date
1.9 GHz direct labor costs	\$ 2,083	25,570
Legal shared services labor costs	(544)	2,357
Finance shared labor costs	923	4,106
Other	19	111
Total internal labor and other	<u>\$ 2,481</u>	<u>32,144</u>