Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	
High-Cost Universal Service Support	)	WC Docket No. 05-337

COMMENTS OF SPRINT NEXTEL CORPORATION

Sprint Nextel Corporation ("Sprint"), pursuant to the Public Notice released on July 25, 2012 (DA 12-1181), submits its comments on the Petition for Waiver filed by Windstream Communications on July 24, 2012 in the above-captioned proceedings. This petition should be denied and any Connect America Fund (CAF) Phase I support not claimed by Windstream should be handled under the Commission's existing rules, which presumably allow the funds to remain unspent, or to be distributed to a service provider that is willing and able to meet the prescribed standard.

In its petition, Windstream has requested a waiver of Section 54.312(b) of the Commission's rules which, among other things, requires that a recipient of CAF Phase I support deploy broadband to one unserved location for every $775 of incremental support received. Windstream asserts that it can accept $59.751 million of the CAF Phase I support for which it is eligible only if it is not held to the $775 cap; instead, it proposes to accept these funds to deploy second mile infrastructure to 16,138 unserved locations, *i.e.,* an average $3702 in support per unserved location.[1] Indeed, according to Attachment 5

[1] Windstream has accepted $653,325 in CAF Phase I support to deploy broadband to 843 locations. If its waiver request is granted, it would use its entire $60.4 million in support to deploy to 16,981 unserved locations (Windstream Petition, pp. 2-3)

of its petition, some of the locations which Windstream is proposing to serve would cost as much as *$4671 per location*.[2]

Windstream's waiver request is contrary to the public interest and is wholly unsupported by the public record. A "good cause" showing to justify the waiver request has not been made,[3] and the request must therefore be rejected.

Because Windstream has redacted all "confidential" data from the public version of its waiver petition, it is impossible for interested parties to evaluate the reasonableness of its claim that it will cost, on average, almost five times the prescribed $775 cap to deploy broadband to various unserved areas.[4] The Commission arrived at the $775 cap after careful analysis of multiple costing tools,[5] and it would be irresponsible and arbitrary to throw out this figure and replace it with such a far higher amount without even the semblance of a financial analysis or even cursory check for reasonableness.

Even assuming, *arguendo,* that Windstream's claimed costs to deploy broadband to the unserved areas listed in its Attachment 5 are accurate, one may reasonably question whether distributing CAF Phase I support to such costly areas is a fair and efficient use of scarce USF dollars. It could well be that other service providers could deploy broadband at a far lower cost, either to the unserved areas within Windstream's footprint, or to unserved areas in other parts of the United States. Rather than simply throwing CAF Phase I dollars at the incumbent LEC, regardless of its cost per location, the Commission

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[2] *See* Windstream Attachment 5 ($88,750 for 19 locations in Florida).

[3] *See* Section 1.3 of the Commission's Rules, 47 C.F.R. § 1.3.

[4] Nor is it clear whether Windstream's analysis included relevant factors such as retail and wholesale revenue streams generated by services it can sell over the newly deployed fiber.

[5] The Commission analyzed the cost of broadband deployment projects under the BIP program; cost data used to develop the National Broadband Plan; data used in the ABC Plan cost model; and cost information provided in the public record by several carriers. See *Connect America Fund, et al.*, 26 FCC Rcd 17883 (2011) at paras. 140-143.

should carefully consider whether reallocating unclaimed support to other carriers and/or other locations would result in more broadband "bang for the buck."

Finally, the Commission should consider the effect of granting Windstream's waiver request on CAF Phase II. If Windstream's request here is granted, and it deploys broadband to each of the 16,981 locations it has identified, those locations will by definition no longer be unserved and presumably will not be eligible for CAF Phase II support. This forecloses the possibility of a competitive bid by another service provider, potentially at a lower cost than Windstream's, at any of those locations. Granting Windstream's petition would in effect be holding the reverse auction that the Commission's rules already encompass, but with only one bidder. This outcome is surely contrary to the public interest.

For the reasons set forth above, Sprint urges the Commission to deny Windstream's petition for waiver of Section 54.312(b) of the rules.

Respectfully submitted,

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