



December 19, 2013

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 27, 2013 *True-Up Deferral Order*,¹ the Federal Communications Commission (“Commission”) directed the 800 MHz Transition Administrator, LLC (“TA”) to file a report with its recommendation on whether the 800 MHz rebanding financial reconciliation “true-up” date should occur on December 31, 2013 or be further postponed. The TA respectfully recommends that the financial “true-up” date be extended from December 31, 2013 until June 30, 2014.² Since the Commission released its *True-Up Deferral Order*, the 800 MHz reconfiguration expenditures paid by Sprint Corporation (“Sprint”) have increased. A substantial number of licensees, however, have yet to complete rebanding and a true-up as of December 31, 2013 would be incomplete and would not include a significant amount of Sprint’s reconfiguration expenditures.³

With respect to TA-approved agreements, as of June 30, 2013, Sprint and incumbent licensees had executed Frequency Reconfiguration Agreements (“FRAs”) and Planning Funding Agreements (“PFAs”) with TA-approved cost estimates totaling approximately \$1,136.9 million, not including replacement equipment, and Sprint had paid approximately \$838.8 million of this amount as advance payments and for work completed to date.⁴ This compares to \$1,096.3 million in executed FRAs and PFAs and \$788.9 million paid as of December 31, 2012.⁵ With respect to cash expenditures, Sprint has reported to the TA that as of June 30, 2013, it had incurred, on a cash basis, approximately \$1,727.4 million in total incumbent licensee

¹ See Improving Public Safety Communications in the 800 MHz Band, WT Docket No. 02-55, *Order*, 28 FCC Rcd 9122 (2013).

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, 2014, with the final “true-up” report issued to the Commission by December 31, 2014.

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’s program related expenditures.

⁴ See 800 MHz Transition Administrator, LLC, Quarterly Progress Report for the Quarter Ended June 30, 2013, at 30 (filed Sept. 30, 2013) (“*June 2013 Report*”).

⁵ See 800 MHz Transition Administrator, LLC, Quarterly Progress Report for the Quarter Ended December 31, 2012, at 32 (filed Mar. 15, 2012) (“*December 2012 Report*”).

reconfiguration costs, including replacement equipment, and approximately \$351.4 million for its internal costs.⁶ This compares to approximately \$1,672.5 million of total incumbent costs and \$342.6 million of Sprint internal costs as of December 31, 2012.⁷ In addition, as of June 30, 2013, approximately 28.3 percent of the total anticipated FRAs (not including FRAs for Mexican border licensees) had not completed actual cost reconciliation or other aspects of the closing process.⁸ This compares to approximately 30.7 percent as of December 31, 2012.⁹

Furthermore, Sprint has reported that it completed the Broadcast Auxiliary Service (“BAS”) market transition on July 15, 2010.¹⁰ Sprint has reported to the TA that, as of June 30, 2013, it had incurred approximately \$610.4 million in costs, on a cash basis, associated with reconfiguration of the 1.9 GHz band from January 1, 2005 to June 30, 2013, which is net of the approximately \$135 million that Sprint received as reimbursement from the Mobile Satellite Service licensees for their *pro rata* portion of the costs to clear the 1.9 GHz spectrum.¹¹ This amount is unchanged since December 31, 2012.¹²

In its June 27, 2013 *True-Up Deferral Order*, the Commission stated that conducting a true-up of Sprint’s rebanding expenditures as of July 1, 2013 would be premature. 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’s total rebanding costs for the 800 MHz rebanding. Therefore, the TA recommends an extension of the “true-up” date until June 30, 2014, and proposes that the TA file a report with the Public Safety and Homeland Security Bureau by May 15, 2014, with its recommendation as to: (1) whether rebanding has made sufficient progress that conducting the “true-up” as of June 30, 2014 would be appropriate; or (2) whether the “true-up” deadline should be extended for an additional period.

⁶ See *June 2013 Report* at 30-31. Amounts incurred since December 31, 2012 will be subject to audit as part of the preparation of the 800 MHz Reconfiguration Statement of Program Expenditures as of December 31, 2013.

⁷ See *December 2012 Report* at 32-33.

⁸ See *June 2013 Report* at 1.

⁹ See *December 2012 Report* at 1.

¹⁰ Letter from Robert H. McNamara, Sprint Nextel Corporation, to Marlene H. Dortch, Secretary, Federal Communications Commission dated July 15, 2010.

¹¹ See *June 2013 Report* at 31-32. BAS relocation expenditures are not subject to audit by the auditor of the 800 MHz Reconfiguration Statement of Program Expenditures. In total, including BAS relocation expenditures, as of June 30, 2013, Sprint has stated that from the inception of the program it has incurred approximately \$3.2 billion of costs directly attributable to the 800 MHz spectrum reconfiguration program. See Sprint Corporation, Quarterly Report (Form 10-Q) at A-19 (filed Aug. 5, 2013).

¹² See *December 2012 Report* at 34.



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Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Brett S. Haan".

Brett S. Haan
800 MHz Transition Administrator, LLC