



root of the revenue requirement increases at issue here.<sup>1</sup> It is Sprint's view that because the traffic in question is not access traffic, it cannot be assessed access charges, either by the terminating LEC or by an intermediary service provider such as MIEAC; that this traffic is not governed by or subject to MIEAC's FCC Tariff No. 1; and that Sprint cannot be deemed to have requested or purchased service under this tariff in association with this traffic.<sup>2</sup>

No matter what the outcome of the lawsuit against Sprint, MIEAC cannot include the \$1.3 million in "uncollectibles" in its rate base. If the federal court rules in Sprint's favor (as Sprint believes it must) and concludes that the disputed charges were improperly assessed, the \$1.3 million are mischarges rather than uncollectibles, and thus ineligible for inclusion in MIEAC's interstate access revenue requirement. If on the other hand the federal court rules in MIEAC's favor, Sprint will presumably be required to remit payment to MIEAC, and MIEAC will have no basis for double-recovering these funds from its access charges generally.

Although MIEAC has committed to reducing its future revenues to remove whatever uncollectibles it may recover from Sprint,<sup>3</sup> there is no guarantee that any revenue requirement reduction will be flowed through to customers on the same basis on which the excessive charges were assessed such that customers are made whole for the overcharges in the 2010-2011 tariff period, nor is there any indication that any interest

---

<sup>1</sup> *Minnesota Independent Equal Access Corp. v. Sprint Communications Co.*, Court File No. 10-CV-2550 (D.Minn. filed June 21, 2010). MIEAC is attempting to collect from Sprint the access charges MIEAC assessed on the pumped traffic.

<sup>2</sup> MIEAC, of course, disagrees. *See, e.g.*, MIEAC's comments in WCB/Pricing File No. 10-03 (filed Sept. 8, 2010), p. 6.

<sup>3</sup> MIEAC Comments, p. 11 (will reduce its revenue requirement "to the extent necessary to prevent its forecasted earnings from exceeding the authorized 11.25% rate of return for the current two-year monitoring period").

penalty will be included in its refund calculations. Indeed, the likelihood that a carrier will actually hit its 11.25% rate of return target is highly problematic, particularly given the impact of changes in forecasted demand resulting from traffic pumping. A ruling in MIEAC's favor would remove any incentive it may have to discourage or prevent traffic pumping; to the contrary, MIEAC benefits directly from traffic pumping if it is allowed to collect tandem and transport charges on pumped calls.

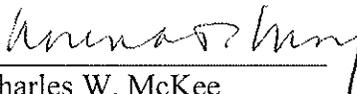
MIEAC has acknowledged that a significant percentage of its proposed increase in corporate operations expenses due to legal expenses associated with its lawsuit against Sprint.<sup>4</sup> Here again, there is no legitimate basis for MIEAC to include these costs in its regulated rate base. If the federal court rules in favor of Sprint, the disputed costs arguably do not pertain to access service and thus should not be included in the interstate rate base. If the federal court rules in favor of MIEAC, its request to recover its attorney and related fees from Sprint may well be granted, in which case inclusion of these expenses in the interstate rate base would result in double-recovery.

---

<sup>4</sup> MIEAC Comments, p. 12.

Respectfully submitted,

**SPRINT NEXTEL CORPORATION**

  
\_\_\_\_\_  
Charles W. McKee  
Vice President, Government Affairs  
Federal and State Regulatory

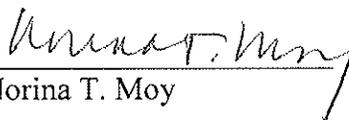
Norina T. Moy  
Director, Government Affairs

900 Seventh St. NW, Suite 700  
Washington, DC 20001  
(703) 433-4503

September 23, 2010

## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Reply Comments of Sprint Nextel Corp. was filed electronically or via US Mail on this 23<sup>rd</sup> day of September, 2010 to the parties listed below.

  
Norina T. Moy

Pamela Arluk  
Pricing Policy Division  
Wireline Competition Bureau  
Federal Communications Commission  
Pamela.Arluk@fcc.gov

Best Copy and Printing, Inc.  
Portals II  
445 12<sup>th</sup> St., SW, Room CY-B402  
Washington, DC 20554  
fcc@bcpiweb.com