

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

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In the Matter of)	
)	
Special Access Rates for Price Cap Local)	WC Docket No. 05-25
Exchange Carriers)	
)	
AT&T Corp. Petition for Rulemaking to Reform)	
Regulation of Incumbent Local Exchange Carrier)	RM-10593
Rates for Interstate Special Access Services)	
)	
_____)	

DECLARATION OF GARY B. LINDSEY

1. My name is Gary B. Lindsey and I am Director of Access Solutions for Sprint Nextel Corporation (“Sprint Nextel”). I have been with Sprint Nextel and its predecessor Sprint Corporation for over 20 years and have held various positions in Accounting, Finance and Access Operations. Prior to joining Sprint, I held accounting positions with companies in the telecommunications, trucking and insurance industries. I graduated *cum laude* from Kansas State University in 1976 with a Bachelor of Science degree in Business Administration with an emphasis in Accounting and in 2000 completed with distinction the Executive Fellows MBA Program offered by Rockhurst University. I am also a Certified Public Accountant.
2. As Director of Access Solutions for Sprint Nextel, I have a number of responsibilities including, as is relevant to this proceeding, access cost management. This responsibility requires me, among other things, to negotiate contracts with local exchange carriers and alternative access vendors (“AAVs”) for interconnection, special access and unbundled

network elements. I also analyze telecommunications policy issues so as to inform the positions taken by Sprint Nextel's legal and government affairs representatives before the United States Congress, the Federal Communications Commission, state legislatures and state regulatory commissions. I make this declaration to explain several of the data points that support the factual underpinnings for Sprint Nextel's position that there generally are no effective alternatives to the incumbent local exchange carriers ("ILECs") for special access facilities, including especially DS1 and DS3 special access facilities, between Sprint Nextel's cell sites and its Mobile Switching Centers ("MSCs"), *i.e.*, backhaul facilities.

3. Recently, I directed members of my staff to determine whether there were any AAVs willing and able to provide backhaul facilities between Sprint Nextel cell sites and Sprint Nextel MSCs. Obtaining this information would enable Sprint Nextel to learn if the market had changed so as to enable Sprint Nextel to reduce its nearly total dependence on ILECs, particularly AT&T, Inc. ("AT&T") and Verizon Communications Inc. ("Verizon"), for such backhaul. It also would enable Sprint to determine if it had some leverage, however slight, in negotiating contracts with the ILECs for reasonably priced backhaul facilities.
4. In January 2007, my staff sent emails to 77 of the AAVs in Sprint Nextel's access vendor database that either had facilities co-located at one of Sprint Nextel's fiber points of presence; were providing access facilities to Sprint Nextel in other contexts, *e.g.*, facilities from a Sprint Nextel metropolitan area network fiber ring to a customer's premises or interoffice transport trunks; had entered into a Master Services Agreement for Sprint Nextel services; or had entered into a non-disclosure agreement with Sprint

Nextel. Among other questions, the email asked each AAV to inform Sprint Nextel as to whether it had fiber facilities located at a Sprint Nextel cell site (referred to as “on-net” facilities). Attached to the email was a spreadsheet showing the location of over 52,000 Sprint Nextel cell sites.

5. Thirty-three AAVs responded to Sprint Nextel’s email and of that total only sixteen reported that they have fiber facilities located at one or more of Sprint Nextel’s cell sites. But there were only 569 Sprint Nextel’s cell sites – about 1% of the over 52,000 cell sites included in the questionnaire –in this on-net grouping.
6. It is important to note, however, that the fact that an AAV has fiber facilities at a Sprint Nextel cell site does not mean that the AAV is a viable alternative to the ILEC for the provision of backhaul facilities from the cell site to the serving MSC. The data showed that none of the responding AAVs had large enough footprints in any market so that Sprint Nextel could use the AAV’s on-net facilities for any meaningful level of competition for backhaul and still be able to optimize the use of its network in such market.
7. Certainly, Sprint Nextel would much prefer to have competitive choices when securing backhaul facilities if for no other reason than that competition would put downward pressure on the rates that Sprint Nextel is now being charged for ILEC backhaul facilities. Because Sprint Nextel’s backhaul costs make up about 33% of the costs of operating a cell site,¹ reducing the rates that Sprint Nextel now pays for backhaul to cost-based levels would result in significant savings for Sprint Nextel.

¹ The costs of operating a cell site include such costs as rent, utilities and maintenance as well as backhaul. The 33% figure was derived by dividing Sprint Nextel’s total backhaul costs incurred in 2006 by the total costs incurred in operating its cell sites.

8. Other data compiled by my staff provide additional evidence that there are very few competitive alternatives to the ILECs for special access facilities. For example, in 2001, 88% of the DS1 circuits and 74% of the DS3 circuits Sprint purchased for its wireline business in the top 50 MSAs were obtained from the ILEC.² By 2006, those numbers had risen to over 96% and over 84%, respectively.
9. Overall, for both its wireline and wireless businesses, Sprint Nextel relied on ILECs' special access services for 96.4% of all DS1 and DS3 customer terminating circuits (including circuits terminating at cell sites) in the top 50 Metropolitan Statistical Areas ("MSAs") in 2006, including both areas in which the ILECs have been granted pricing flexibility as well as those areas where the ILECs are still subject to price caps. The breakdown of the 96.4% figure across services and products for Sprint Nextel in 2006 is as follows:
 - 97% of all DS1s were purchased from the incumbent LEC;
 - 88.4% of all DS3s were purchased from the incumbent LEC;
 - In Phase I price flexibility areas:
 - 96.9% of all Sprint Nextel's DS1s were purchased from the incumbent LEC;
 - 88.7% of all Sprint Nextel's DS3s were purchased from the incumbent LEC;
 - In Phase II price flexibility areas:
 - 97.2% of all Sprint Nextel's DS1s were purchased from the incumbent LEC;
 - 88.6% of all Sprint Nextel's DS3s were purchased from the incumbent LEC.

² The 2001 statistics do not count AT&T and MCI circuits as ILEC circuits because, in 2001, AT&T and MCI were not owned by Bell Operating Companies ("BOCs"). Had AT&T and MCI been owned by BOCs in 2001, Sprint Nextel's ILEC purchases would have reflected 91% of DS1 circuits and 82% of DS3 circuits.

10. Even in large urban areas, Sprint Nextel remains dependent on ILEC special access to meet its DS1 and DS3 needs. For example, in 2006, 98% of Sprint Nextel's DS1 and DS3 circuits in Chicago were purchased from AT&T; 97% of Sprint Nextel's DS1 and DS3 circuits in Boston were purchased from Verizon; and 99% of Sprint Nextel's DS1 and DS3 circuits in San Francisco were purchased from AT&T.
11. Based on an analysis of its invoices from its special access suppliers, Sprint Nextel's use of AAV facilities is *de minimis*, despite the fact that Sprint Nextel constantly asks AAVs for bids to supply special access facilities. Indeed, Sprint Nextel's main AAV accounts for only 1% of Sprint Nextel's current special access spending.³
12. This concludes my declaration.

³ Before they merged with Verizon and SBC, respectively, MCI and AT&T collectively accounted for 21% of Sprint Nextel's DS1 purchases from alternative access vendors and 19.4% of its DS3 purchases from alternative access vendors in the top 50 MSAs.

Executed on August 8, 2007

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