# SPRINT'S TALE OF TWO STORIES ON FCC SPECIAL ACCESS REGULATION

***Sprint tells Wall St. that competitive market rids need for special access, yet lobbies FCC to extend regulation for competitive advantage***

**Sprint tells Washington regulators it needs regulated access to business data lines:**

"The mobile broadband network of the future will require large network "densification" investments to address exploding consumer demand for wireless data services. Densification will require Sprint to deploy tens of thousands of new cell sites. Every one of these sites will require additional backhaul, and **Sprint and other competitors will depend on both TDM and Ethernet special access more than ever to be able to compete**." (Sprint, FCC ex parte filing, 9/23/15)

"Sprint relies primarily on wireline facilities from other providers for the links between its cell sites and its mobile switching centers ("MSCs"), including the last-mile connections between its cells sites and LEC serving wire centers that it must reach in order to aggregate traffic for transport to its MSCs." (Sprint, FCC ex parte filing, 2/11/13)

**Yet, Sprint simultaneously boasts to Wall Street of cost savings achieved by NOT relying on FCC-mandated business data circuits:**

**2015 SEC quarterly filing:** "As expected, our network modernization program has allowed us to realize financial benefit to the Company through reduced network maintenance and operating costs, capital efficiencies, reduced energy costs, lower roaming expenses and backhaul savings." (Sprint, Form 10-Q, 8/7/15)

- "As part of our recently completed modernization program, **we modified our existing backhaul architecture to enable increased capacity to our network at a lower cost by utilizing Ethernet as opposed to time division multiplexing (TDM) technology**." (Sprint, Form 10-Q, 8/7/15)

**2014 SEC filing:** "As part of our recently completed modernization program, we modified our existing backhaul architecture to enable increased capacity to our network at a lower cost by utilizing Ethernet as opposed to time division multiplexing (TDM) technology. As expected, our network modernization program has allowed us to realize financial benefit to the Company through reduced network maintenance and operating costs, capital efficiencies, reduced energy costs, lower roaming expenses and backhaul savings." (Sprint, SEC Form 10-K, 2014)

**2013 SEC filing:** "We are also modifying our existing backhaul architecture to enable increased capacity to our network at a lower cost by utilizing Ethernet as opposed to our existing time division multiplexing (TDM) technology." (Sprint, SEC Form 10-K, 2013)

iia INTERNET INNOVATION ALLIANCE

**From 2013 – 2015, Sprint repeatedly told the SEC of its efforts to purchase alternative Ethernet services in the competitive marketplace:**

"We are also modifying our existing backhaul architecture to enable increased capacity to our network at a lower cost by utilizing Ethernet as opposed to our existing time division multiplexing (TDM) technology." (Sprint, Form 10-Q, 2/5/15; Sprint, Form 10-Q, 11/6/14; Sprint, Form 10-Q, 8/8/2014)

"As part of Network Vision, we are currently modifying our existing backhaul architecture to enable increased capacity to our nationwide network at a lower cost by utilizing ethernet as opposed to our existing Time Division Multiplexing (TDM) technology." (Sprint, Form 10-Q, 11/06/2013)

**Sprint Press Releases also boast of lower costs for Ethernet and maintain it's "a cost-effective alternative to traditional TDM" in numerous press releases:**

**And again in 2012:** "**Aggregated Ethernet access can provide a cost-effective alternative to traditional TDM access**, while Dedicated Ethernet access expands easily to meet specific customer bandwidth needs, offering fixed-rate and fractional (burstable) billing." (Sprint, Press Release, 6/19/12)

- "Building upon the continued strong demand from businesses for Ethernet access, Sprint plans to extend the service to 143 markets domestically and 38 countries globally by the end of 2012; this includes building out existing markets and expanding into new markets. Available for both business and wholesale partners, Ethernet access over Sprint's all-IP network for Global MPLS and Dedicated Internet Access provides more opportunities to reduce network costs for high-bandwidth locations and simplify the complexity of maintaining multiple types of technologies." (Sprint, Press Release, 6/19/12)

- "Today's IT leaders increasingly need services that help them reduce costs, simplify networks and enable greater flexibility and scalability for the future," said Mike Fitz, vice president –solutions engineering and converged services, Sprint. "Sprint Ethernet access answers the call, while providing the bandwidth, speed and assurance businesses demand for connectivity and business continuity – backed by our industry-leading service-level agreements and delivered over an all-IP network. Over the past few years, Sprint has been actively expanding its Ethernet access footprint." (Sprint, Press Release, 6/19/12)