



Actual Cost Reconciliation Fact Sheet: Processes, Timelines, and Documentation Requirements

A key step in the completion of reconfiguration is the Actual Cost Reconciliation (ACR) process. This fact sheet provides details regarding the ACR and Closing processes, timelines, and requirements.

ACR Process

The ACR process is a mechanism that provides evidence supporting the costs incurred by licensees. **The process:**

- Is different than the Cost Estimate review process undertaken during your contract negotiation with Sprint Nextel. In the Cost Estimate review process, you provide a good faith estimate of costs you expect to incur and the TA reviews and grants approval. During the ACR process, Sprint Nextel validates the costs incurred and performs a true-up of the costs incurred to the estimated costs. Advance Change Notices are needed if Cost Estimate overruns are expected.
- Includes a reconciliation of any replacement and/or loaner equipment included in your Planning Funding Agreement (PFA) or Frequency Reconfiguration Agreement (FRA). In the event that all of the equipment to be returned by the licensee is not returned by the licensee, the **ACR Statement** (prepared and provided by Sprint Nextel) will include an adjustment for the amount of the missing equipment.
- Is performed after you have completed your physical reconfiguration or planning funding activities and prior to signing your contract closing documents.
- Is initiated by Sprint Nextel after receiving notice from you that either your planning activities or your physical reconfiguration has been completed.
- Ensures that you and/or your vendors are paid for costs incurred in accordance with your TA-approved PFA or FRA and ensures that Sprint Nextel is refunded for any excess payment made to you.

Licensees that have both a PFA and an FRA will go through a separate ACR process with respect to each agreement. For an FRA, licensees that have more than one significant milestone during reconfiguration, such as multiple touches to their subscriber units, are encouraged to go through the ACR process if there is an anticipated delay of greater than 12 months between the milestones. For licensees that have more than one significant milestone during reconfiguration who elect to go through the ACR process in between milestones, a subsequent ACR would be required to recoup any additional expenses incurred pursuant to the FRA Cost Estimate at the completion of reconfiguration. Licensees are encouraged to complete the ACR and Closing processes for their PFA at or before the closing of their FRA.

Upon the completion of planning and physical reconfiguration, licensees should move quickly to submit the necessary cost documentation. Accurate and complete collection of cost support during the planning and the physical reconfiguration process will ease and speed the ACR process. By not providing the sufficient cost support to Sprint Nextel in a timely manner, licensees could significantly delay the ACR process and final payments.

As part of the ACR process, Sprint Nextel will be monitoring licensees' progress and will provide each licensee with a documentation request letter acknowledging the licensee's completion of reconfiguration and a listing of activities needed to complete ACR.

Once the ACR process is complete for a PFA and/or an incumbent's FRA, Sprint Nextel will send the licensee a package of closing documents, all of which are required by the program. Included in this package are the following certifications:

- Closing Certification for the licensee and Sprint Nextel;
- Mutual Assignment of FCC Licensees/Reconfiguration Certifications; and
- 800 MHz Reconfiguration Completion Certification.

Licensees are reminded that the execution and delivery of the closing documents are requirements under their PFAs and/or FRAs, and are important **last steps to complete reconfiguration**. Accordingly, licensees are encouraged to execute and return the closing documents **within 30 days of receipt**.

Finally, recognizing that the personnel responsible for negotiating and completing physical reconfiguration are not always the same people that will be responsible for completing ACR and closing the PFAs and FRAs, licensees are encouraged to update point of contact information with the TA and involve the appropriate personnel early in the process by attending an ACR Webinar.

Timelines

Licensees are encouraged to submit their cost support information via fax to Sprint Nextel at 1-866-221-9660 **within 30 days after the completion of planning** for PFAs, and **within 30 days of receipt of the ACR notice** from Sprint Nextel for FRAs.

Once the cost documentation is submitted, Sprint Nextel will prepare and send to the licensee an **ACR Statement** that reconciles the licensee's Cost Estimate, included in the PFA or FRA, with the cost documentation provided to Sprint Nextel. The ACR Statement will also reconcile the equipment provided and expected to be returned by the licensee to Sprint Nextel (or a vendor) under an FRA.

NOTE: To the extent that cost documentation was previously submitted to Sprint Nextel in connection with invoiced payments made to vendors by Sprint Nextel, the cost documentation does not need to be submitted a second time.

In the case where advance payments to the licensee exceed the cost documentation provided to Sprint Nextel, and/or in the case of a licensee equipment deficit under the equipment reconciliation, the ACR Statement will calculate a refund due to Sprint Nextel from the licensee. In the event that the advance payments to the licensee are less than the total supported costs, the licensee may be entitled to a "true-up" payment by Sprint Nextel in accordance with the terms of the PFA/FRA. Sprint Nextel is encouraged to **generate a complete and final ACR Statement within 15 days of receipt of the cost support** from the licensee.

Upon receipt of the ACR Statement, the licensee should review it to ensure that it agrees with the reconciliation, and, if so, sign the statement. Licensees are encouraged to **return the executed ACR Statements to Sprint Nextel within 15 days of receipt** or, if the licensee does not agree with the ACR Statement, to **contact Sprint Nextel within 10 days of receipt of the ACR Statement** to discuss and resolve any differences.

Once the ACR Statement is executed by the licensee and received by Sprint Nextel, per the Federal Communications Commission's (FCC) Report and Order, **Sprint Nextel has 30 days to make any payments** owed pursuant to the signed ACR Statement to the licensee and/or its vendors. The TA currently monitors the payment process to ensure compliance with the 30-day timeframe.

Since the ACR Statement is the basis for final payments and refunds due to Sprint Nextel, it is very important that the statement be correct before it is signed by the licensee. Once the ACR Statement is fully executed and the agreement is closed, additional costs cannot be submitted for reimbursement. **The one exception is for audit or cost review costs resulting from the program's independent auditors selecting an agreement for review.** Audit related costs incurred by licensees are reimbursed using a separate process and will not result in a new ACR Statement or reopening the agreement. As such, it is important that the licensee include all of its costs, including the costs to complete the ACR and Closing processes, in the ACR Statement. The use of fixed fees or estimates for closing costs is acceptable.

Documentation Requirements

As part of the 800 MHz reconfiguration program, all reconfiguring licensees will be required to submit documentation to Sprint Nextel evidencing the costs incurred prior to contract closing. The maintenance of cost support records during and following reconfiguration is required for licensees to complete their obligations in the reconfiguration program. The documentation of costs incurred during reconfiguration must be submitted with a level of detail equivalent to that presented in the relevant FRA/PFA TA-approved Cost Estimate.

The table below provides documentation guidelines.

<p>Clear and Concise Reporting</p>	<ul style="list-style-type: none"> • All costs should be submitted in a manner that allows for easy cross-reference to TA-approved amounts within a licensee's PFA or FRA. • Reports may be submitted in any format that can be aligned with approved amounts. • Reports generated from existing accounting systems, spreadsheets or hard copy ledgers are acceptable. There is no requirement to purchase special software or other tools to track and report the costs of your reconfiguration.
<p>Standard Documentation</p>	<p>As part of the ACR process and/or review by the TA or external auditors, standard documentation should include:</p> <ul style="list-style-type: none"> • <u>Invoices</u> from vendors, inclusive of quantities and amounts consistent with TA-approved amounts. • <u>Receipts</u> for licensee purchases of items in quantities and amounts consistent with TA-approved amounts. • Reasonable documentation of the internal labor costs incurred by you as discussed below.
<p>Documentation, if Reimbursement is based on Standard "Per Unit" Basis per the Cost Estimate (Schedule B for PFAs or Schedule C for FRAs) of TA-Approved Agreements</p>	<p>If as part of negotiations, you chose to be reimbursed for tasks performed by internal personnel based on a standard "per unit" basis, then timesheets are not required. In this case, documents should include:</p> <ul style="list-style-type: none"> • Evidence of the number of planning or reconfiguration tasks that the licensee performed using internal labor and for which the licensee was reimbursed on a "per unit" basis. Such evidence may include, but is not limited to, existing fixed asset or inventory ledgers, invoices, or sales orders evidencing the existence of the returned unit, and should include serial numbers or other unique identifying information for each returned unit; <p style="text-align: center;">And</p> <ul style="list-style-type: none"> • A certified statement of the number of planning or reconfiguration tasks that you performed using internal labor, as specified in the TA-approved Cost Estimate included in the applicable PFA or FRA.
<p>Documentation, if Reimbursement is based on Standard "Per Hour" Basis per the Cost Estimate (Schedule B for PFAs or Schedule C for FRAs) of TA-Approved Agreements</p>	<p>If, as part of negotiations, you chose to be reimbursed for tasks performed by internal personnel based on a "per hour" basis, then documents supporting the rates charged should include:</p> <ul style="list-style-type: none"> • Evidence of the number of internal labor hours incurred in performing those planning or reconfiguration tasks that you performed using internal labor. Such evidence may include, but is not limited to, individual employee timesheets, general ledger records of time accumulation or work orders showing, by employee, hours spent on each task. <ul style="list-style-type: none"> ○ Time reporting should clearly indicate the name of the person performing the work, the date the work was performed, the hours worked and a description of the activity performed, and the rate that was charged. ○ Sub-totals should be provided in a manner that the total time for each activity can be cross-referenced to the summary of activities approved within your PFA or FRA; <p style="text-align: center;">And</p> <ul style="list-style-type: none"> ○ A certified statement of the number of internal labor hours incurred while performing planning or reconfiguration tasks for each labor category specified in the TA-approved Cost Estimate included in the applicable PFA or FRA.
<p>Documentation, if a Contingency is used</p>	<p>In situations where a contingency has been established as part of the Cost Estimate, the contingency may only be used for the purposes listed in the Cost Estimate. When costs are incurred that meet the criteria established, you must provide supporting documentation for such costs. The supporting documentation should describe the tasks performed and the reasons that the tasks and related costs were necessary.</p> <p>Standard documentation includes: i) invoices from vendors, inclusive of quantities and amounts; ii) receipts for licensee purchases of items, inclusive of quantities and amounts; and iii) reasonable documentation of the internal labor costs incurred by you as discussed above.</p>

Maintain Documentation

The TA and the external auditors of the 800 MHz reconfiguration program may review the documentation supporting the costs incurred for periods beyond the closing of your reconfiguration. Licensees should retain such documentation and supporting records for 24 months after the closing of a PFA or 18 months after the closing of an FRA, or for such longer period as may be required by the licensee's established record retention policy or applicable provisions of state, local or municipal law.

The TA reviews your closing documents and Sprint Nextel's Payment records to ensure payments made by Sprint Nextel are consistent with the TA-approved Cost Estimate included in the applicable PFA or FRA. Upon review of the documentation provided to Sprint Nextel, if the documentation you provided is incomplete or if the TA or external audit review generates questions about payments made, you will be contacted and requested to provide additional information. If you do not provide sufficient documentation evidencing the costs incurred for the payments made to you, you will be required to refund Sprint Nextel.

TA Monitoring

To assist the parties in the timely completion of the ACR and Closing processes, the TA will monitor the processes and make inquiries of the licensees and Sprint Nextel to ensure adherence to the timeline and guidance provided above.

If necessary, the TA shall report to the FCC the status of individual transactions that are significantly delayed. In the event of a dispute in the ACR or Closing process, the parties are reminded that either party can request mediation through the TA's Alternative Dispute Resolution process.

For additional information, visit the TA's website: <http://www.800TA.org>.



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www.800TA.org

About the 800 MHz Transition Administrator

800 MHz Transition Administrator, LLC ("TA LLC") is the Transition Administrator ("TA") for the reconfiguration of the 800 MHz band mandated by the Federal Communications Commission ("FCC"). TA LLC has contracted with Deloitte Consulting LLP, Squire Sanders (US) LLP, and Baseline Wireless Services, LLC to perform the duties of the TA. Among its duties, the TA establishes reconfiguration guidelines, specifies replacement channels, reviews reconfiguration cost estimates, monitors payment of reconfiguration costs, manages the relocation schedule, facilitates issue resolution, and administers the alternative dispute resolution process. TA LLC uses information it receives solely for the purposes of administering the 800 MHz reconfiguration process and may disclose such information to the FCC or other authorized parties pursuant to the requirements of the 800 MHz Order or other applicable laws.