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October 14, 1994

Dr. Robert M. Pepper  
Mr. Donald H. Gips  
Office of Plans and Policy  
Federal Communications Commission  
1919 M Street, N.W., Room 822  
Washington, D.C. 20554

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OCT 14 1994

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

Re: Ex Parte Letter  
PP Docket No. 93-253

Dear Dr. Pepper and Mr. Gips:

BET Holdings, Inc. ("BHI"), by its attorneys, hereby requests that the Federal Communications Commission (the "Commission") reject recent recommendations to alter the current schedule for conducting the broadband Personal Communications Services ("PCS") spectrum auctions of Blocks C & F. Specifically, BHI opposes proposals set forth in a recent ex parte letter filed with the Commission on September 21, 1994.<sup>1/</sup>

Adoption of the proposals made in the September 21 ex parte letter will only limit the opportunities still to be created for designated entity participation in PCS. For this reason, BHI recommends that the Commission allow a sufficient period of time to pass after the close of the Block A & B auction (e.g. 30-45 days) to permit unsuccessful bidders an opportunity to implement meaningful back-up strategies. Providing this flexibility will increase successful designated entity participation in the broadband PCS auctions.

As a minority-owned entity interested in participating in the broadband PCS auctions, BHI shares the concerns of its entrepreneurial colleagues that unnecessary delay in the auctioning of Blocks C & F will hinder the ability of minorities and women competitively to deploy innovative wireless telecommunications services. Nevertheless, BHI believes that the interests of all designated entities will be better served if the Commission permits a relatively brief period to lapse between the

<sup>1/</sup> A copy of the September 21 1994 is attached for the convenience of the Commission.

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auctioning of the Block A & B licenses and the entrepreneurs' block licenses.

Allowing time to pass between the two auctions will permit parties bidding on the A & B licenses to implement back-up strategies if they are unsuccessful in their bids for their initial target markets. During this period, some bidders may seek to partner with designated entities, thereby enhancing the opportunities for designated entity participation in PCS in accordance with the Commission's stated policy goals.

Auctioning the 30 MHz MTA licenses in the first round of bidding will produce valuable price information for designated entities contemplating the value of their own target licenses. Moreover, providing for a limited lag time between the end of the first round of auctions and the second also will give the Commission an opportunity to modify its competitive bidding rules if it is determined that the effect of certain rules warrants change.

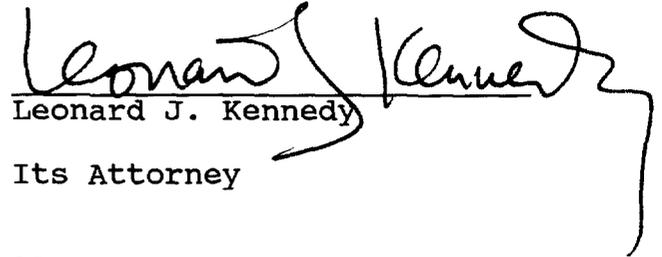
In contrast, adopting an expedited schedule for the auctioning of both the A & B and C & F spectrum blocks, and permitting the auctions to proceed in "parallel tracks", will prevent bidders from "reacting" during the course of the first auction round and thereafter. Unsuccessful bidders will be forced to scramble to establish beneficial partnerships with designated entities or, in the alternative, will forego any

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attempts to forge meaningful investments because of unrealistic and unnecessary time constraints.<sup>2/</sup>

Respectfully submitted,

BET HOLDINGS, INC.

  
Leonard J. Kennedy

Its Attorney

cc: Chairman Reed E. Hundt  
Commissioner James H. Quello  
Commissioner Andrew C. Barrett  
Commissioner Rachelle B. Chong  
Commissioner Susan Ness

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<sup>2/</sup> Furthermore, BHI disagrees with the suggestion that investors and equipment manufacturers will be unable to commit to any PCS investment unless a date for the commencement of the C & F block auctions is established. Nevertheless, the Commission should, of course, avoid unnecessary delay.

Ex Parte Submission  
PP 93-253

EX PARTE OR LATE FILED

September 21, 1994

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The Honorable Reed Hundt  
Chairman  
Federal Communications Commission  
1919 M Street, N.W.  
Room 814  
Washington, D.C. 20554

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SEP 21 1994

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

Subject: Timing for PCS Auction for Blocks C and F

Dear Chairman Hundt:

We, the attached signed parties -- representing entrepreneurs, including minority and women owned companies, small businesses and rural telephone companies -- would like to bring an urgent matter to your attention: the scheduling of broadband PCS auctions for blocks C and F. Now that the Commission has created a viable regulatory framework, it needs to add greater certainty to this process, particularly for blocks C and F, so we can collectively strive to fulfill the promise of PCS. A definitive commencement date for the C/F auction is needed so that capital can be raised, equipment can be manufactured and new services can be developed for consumers.

We are concerned that the Commission announced December 5, 1994 as the start date for the A/B auction without a specific date being announced for blocks C and F. Even worse, statements attributed to FCC staff indicate that the Commission intends to start the process for the C/F auction after the close of the A/B auction. If true, this plan will be severely damaging to both fund raising efforts by C/F applicants and their ultimate success in the marketplace. The end result will be to further inhibit wireless competition.

By announcing a date for the commencement of the A/B auctions with no date for the commencement of the C/F auction the Commission has created a potentially disastrous situation for the fund raising efforts of all C and F band applicants. Until a commencement date for the C/F auction is established, investors will be unwilling to commit to any investment and will merely wait until close of the first auction. Investors also bidding in the A and B blocks will actually benefit by delaying commitment until the close of A/B auctions, at which point C and F applicants will be captive to their demands. Equipment manufacturers, system designers and other vendors will be unable to plan and support development of broadband PCS in blocks C and F. Additionally, a potentially

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insurmountable lead in build-out will be given to A/B winners and existing wireless providers. Finally, unless the current timing plan is altered consumers will not receive the full benefits of PCS and a truly competitive wireless marketplace for a long time, if ever.

Fortunately this is a problem that can be easily solved. We urge the Commission to adopt an expedited schedule for the auctions of both blocks A/B and C/F that would proceed on parallel tracks. The Commission should announce that the filing date for short form applications for the C/F auction is four weeks after the filing date for A/B short forms -- specifically November 29, 1994. Given the uncertain duration of the A/B auction itself we further recommend that the Commission simply state that the C/F auction will commence as soon as practicable after the close of the A/B auction. This reasonable approach will encourage capital formation in blocks C and F, but still provide the Commission staff sufficient flexibility to administer both auctions.

Similarly, the process for Bands D/E should also be given a definitive start date.

The Commission made a substantial stride in creating an unprecedented opportunity for both business and the American Public. By adding certainty and ensuring parity in the implementation of this process for all bands, the FCC will once again move broadband PCS closer to fulfilling its enormous promise.

Sincerely,

The Attached Signed Parties

Courtesy Copies:

Commissioner James Quello  
Commissioner Andrew Barrett  
Commissioner Rachelle Chong  
Commissioner Susan Ness

Rudolfo M. Baca  
Karen Brinkman  
James R. Coltharp  
Jill Lockett  
Mary McManus  
Richard Welch

attachment: Signatures