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July 6, 2015

**VIA ECFS**

Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 12th Street, S.W., Room TW-A325  
Washington, DC 20554

Re: *Applications of Cellular South Licenses, LLC d/b/a C Spire Wireless and Waller Wireless, Inc. for Consent to Assign Licenses, WT Docket No. 15-111*

Dear Ms. Dortch:

Waller Wireless, Inc. (“Waller” or “Company”), by its attorney, responds (the “Response”) to the Wireless Telecommunications Bureau (“WTB”) General Information Request dated June 22, 2015 (“Request”).<sup>1</sup> The Request seeks information to assist the Commission to complete its review of the applications in the above-referenced proceeding.

**RESPONSE**

**Request:**

*Explain in detail the decision made by Waller to assign the Lower 700 MHz C Block spectrum that is the subject of this application to C Spire, including any attempts made to enter into a sale of this spectrum or alternative arrangements with parties other than C Spire.*

<sup>1</sup> Letter from Roger C. Sherman, Chief, Wireless Telecommunications Bureau, to D. Alexander, Waller Wireless, Inc., WT Docket No. 15-111 (June 22, 2015) and accompanying General Information Request.

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**Response:**

Waller's Decision to Assign the 700 MHz C Block Spectrum

Waller has spent a significant amount of time and money exploring deployment options for the 700 MHz C Block spectrum that is the subject of this application (the "Spectrum"). After meeting with consultants to discuss the potential deployment, a 12-site design was recommended as the most feasible to cover the largest population possible. Different vendors were considered, including Huawei, Globecomm, and Airspan, and many options were considered, including purchasing EPC (core) hardware and software, either outright or through third-party financing, or leasing EPC hardware and software. Most options included a startup cost in the \$2,000,000-\$4,000,000 range with significant monthly recurring costs.

In addition to hardware and software costs, Waller would also be required to incur significant operating costs in sales and marketing, installer labor, and tower leases, as well as corporate overhead and other costs. These costs were estimated to be in the \$1,000,000 range per year to cover the large geographic area covered by the license for the Spectrum.

In exploring its deployment options, Waller realized that it could find lenders willing to finance the purchase of the equipment and software required for the deployment of the Spectrum. However, Waller was not able to find lenders willing to finance the operations of the business after deployment on terms that made legitimate business sense on a cash-flow basis.

Other options considered were partnerships with other entities who would lease the Spectrum from Waller for public safety (FirstNet) use, and lease back Spectrum for fixed wireless direct to consumer sales. A significant amount of risk would have been incurred with a lease/lease-back option and Waller was not comfortable with this amount of risk.

Overall, Waller's management determined that, for the large investment required for a relatively new technology, both the deployment and the lease/lease-back options for the Spectrum involved an unacceptable level of risk for the Company. Accordingly, Waller decided it was in its best interest to sell the Spectrum.

Waller's Offering of the Transaction Licenses

In early 2015, Waller began pursuing the sale of the Spectrum. Waller had its counsel begin drafting a Spectrum Information Memorandum (the "Memorandum") to use in soliciting purchase offers. On or around February 20, 2015, Waller's counsel prepared the final draft of the Memorandum and compiled a list of prospective purchasers, with the intent of distributing the Memorandum to the prospective acquirers to solicit bids. In advance of sending the

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Memorandum out to the identified prospective acquirers, Waller's counsel began contacting the prospective acquirers to explain that the Memorandum would be forthcoming and request that the prospective customer sign a nondisclosure agreement.

C Spire was on the list of prospective acquirers, and having received unsolicited offers from C Spire in the past to purchase the Spectrum, Waller's counsel reached out to C Spire's counsel first to explain that the Memorandum would be forthcoming and to request that C Spire execute a nondisclosure agreement. C Spire executed the nondisclosure agreement, and upon learning that the Spectrum was not being sold through a broker, made a direct offer to Waller's counsel to purchase the Spectrum prior to the release of the Memorandum. Waller reviewed the offer and was able to negotiate with C Spire and reach an agreement on favorable preliminary terms prior to the dissemination of the Memorandum to the other prospective acquirers. Waller's management determined that it was in the Company's best interest to pursue a binding agreement with C Spire based on the preliminary terms before releasing the Memorandum. On March 17, 2015, Waller and C Spire entered into that certain Agreement for Purchase and Sale of Licenses whereby Waller agreed to sell and C Spire agreed to buy the Spectrum.

Please direct any questions to the undersigned attorney for Waller.

Sincerely,

A handwritten signature in blue ink, appearing to read 'KDF', with a long horizontal flourish extending to the right.

Kenneth D. Farmer  
KDF/djp

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