

ORIGINAL

CELSAT AMERICA, INC. EX PARTE OR LATE FILED  
532 S. GERTRUDA AVENUE  
REDONDO BEACH, CA 90277

May 23, 2001

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

VIA HAND DELIVERY

Magalie Roman Salas, Secretary  
Federal Communications Commission  
The Portals, 12<sup>th</sup> Street Lobby  
445 12th St., SW, Counter TW-A325  
Washington, DC 20554

Re: Ex Parte Presentation  
IB Docket No. 99-81

Dear Ms. Salas:

Celsat America, Inc. ("Celsat") is submitting this letter at the request of Commission staff to address Celsat's spectrum needs in the 2 GHz MSS band.

The primary feature of Celsat's 2 GHz MSS system is that it can provide service to rural America at very low cost on a convenient, PCS-sized handheld phone which will be given to subscribers free of charge. Celsat will charge \$3.95 per month for its service, which includes 60 free minutes of airtime and free long distance. No other 2 GHz MSS applicant can make this claim nor can any terrestrial wireless provider. Celsat's system architecture is unique among the 2 GHz MSS applicants and, accordingly, will provide a service no other 2 GHz MSS applicant can match. As for terrestrial wireless companies, the extraordinary cost of building ground towers across rural America prevents these companies from providing rural service that is affordable. Indeed, terrestrial wireless services are still largely unavailable in rural America after two decades of service in the cities and ample spectrum. In short, there is a substantial market for the Celsat service and Celsat is uniquely positioned to serve that market.

In order to provide the service contemplated in Celsat's business plan, Celsat needs approximately 5 MHz of spectrum in the 2 GHz MSS uplink and approximately 5 MHz of spectrum in the 2 GHz MSS downlink. Under the Commission's service rules decision in this proceeding, each 2 GHz MSS applicant will be awarded 3.88 MHz in the uplink and 3.88 MHz in the downlink.<sup>1</sup> One additional 3.88 MHz block in the uplink and downlink has been reserved for award to those companies that provide services to rural America. Celsat supported the

<sup>1</sup> See The Establishment of Policies and Service Rules for the Mobile Satellite Service in the 2 GHz Band, Report and Order, 15 FCC Rcd 16127 (2000).

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Commission's service rules decision. Given the Celsat business plan and the likelihood that several other 2 GHz MSS applicants will not serve rural America, Celsat believes it will obtain a minimum of 1 MHz of the so-called "rural spectrum." Accordingly, Celsat calculates that it will obtain 4.88 MHz of spectrum in the 2 GHz MSS uplink and downlink, which is sufficient to provide a robust service to most of rural America. With less than 5 MHz of spectrum in the uplink and 5 MHz of spectrum in the downlink, Celsat will be profitable but will be limited in the total number of subscribers it could serve. With approximately 10 MHz of spectrum in the uplink and the downlink, Celsat would be able to provide a robust service to all subscribers in rural America and elsewhere.

In accordance with section 1.1206(b) of the Commission's rules, two copies of this letter are being submitted for inclusion in the docket noted above. Please direct any questions concerning this matter to the undersigned at (310) 316-1339.

Very truly yours,



David D. Otten  
Chairman & CEO  
Celsat America, Inc.

cc: Don Abelson  
Peter Tenhula