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August 15, 2001

VIA HAND DELIVERY

Magalie R. Salas, Esquire
Secretary
Federal Communications Commission
The Portals
445 12th Street, SW
Washington, DC 20554

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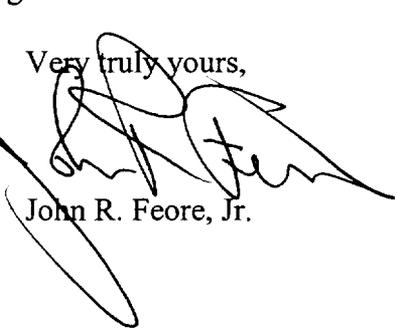
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: **Notification of Ex Parte Communication**
WT Docket No. 99-168 | _____

Dear Ms. Salas:

This is to advise you, in accordance with Section 1.1206 of the FCC's rules, that on Wednesday, August 15, 2001, the undersigned and M. Anne Swanson, as counsel for Paxson Communications Corporation, met with Bryan Tramont, Senior Legal Advisor to Commissioner Kathleen Q. Abernathy and with Stacy Robinson, Mass Media Legal Advisor to Commissioner Abernathy regarding the March 16, 2001 Petition for Clarification and Reconsideration filed by The Spectrum Clearing Alliance. The discussions involved various issues raised in the Petition for Clarification and Reconsideration including the need for the FCC to promptly act on the Petition and the mechanics of broadcaster band-clearing in the Channels 59-69 band. The attached outline was provided at the meeting.

Very truly yours,



John R. Feore, Jr.

JRF/gt
Enclosure
cc(w/encl): Bryan Tramont, Esq.
Stacy Robinson, Esq.

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**THE 700 MHz SPECTRUM AUCTION
&
THE SPECTRUM CLEARING ALLIANCE**

- The FCC adopted procedures for auctioning the upper 700 MHz spectrum (746-764 and 776-794 MHz) in its Third Report and Order released on January 23, 2001 (WT Docket No. 99-168). There is currently pending before the FCC, a Petition for Clarification and Reconsideration filed by The Spectrum Clearing Alliance asking the FCC to modify certain procedures to expedite the band-clearing.
- The upper 700 MHz spectrum auction was originally scheduled for May 10, 2000, has been postponed five times and there is no scheduled auction date at this time.
- There are 102 analog television stations operating in the Channels 59-69 band (although Channel 59 will not be auctioned by the FCC, the spectrum must be cleared in order to permit full use of Channel 60 which will be auctioned) and there are 42 digital channel allotments in this band.
- Broadcasters operating in this band are not required to vacate the analog spectrum until December 31, 2006 or, at a later date, if 85% of the homes in their markets are not capable of receiving digital broadcast signals. It is widely believed that the 2006 deadline will not be met.
- Without an effective band-clearing plan, this upper 700 MHz spectrum may be auctioned by the FCC but will not be usable for 3-G purposes for many years. With an effective band-clearing plan, the auction can proceed with the expectation that the wireless bidders will have full use of the spectrum within a reasonable period of time.
- DoD has raised concerns about the 1700 MHz band and the FCC appears reluctant to move on the 2500 MHz band occupied by MMDS/ITFS licensees. As a result, the upper 700 MHz spectrum may be the last nationwide spectrum allocation available in 10 MHz and 20 MHz groups and not subject to the FCC's existing spectrum caps.
- The Spectrum Clearing Alliance currently represents more than 60% of the analog stations operating in the 59-69 band and it is anticipated that participation in the Alliance could grow to 85-90% by the time of the auction.
- The Spectrum Clearing Alliance has proposed several minor changes in the FCC's band-clearing procedures that would encourage broadcasters to voluntarily negotiate with the wireless bidders in an effort to clear the upper 700 MHz spectrum. Payments would be made by the auction bidders to broadcasters relocating out of the band and those broadcasters (probably plan no more than 80-90 stations) would be permitted to delay their transition to digital operations.

- The overall benefits of the Spectrum Clearing Alliance plan include the prompt conduct of the upper 700 MHz spectrum auction so that those wireless companies needing spectrum will know that the 700 MHz can be utilized in the near term, the payment into the U.S. Treasury sometime in 2002 of the auction proceeds, the accelerated clearing of the band by television broadcasters which can serve as a model for the eventual clearing of the lower 700 MHz spectrum band and the payments to broadcasters (including public television stations, smaller independent stations and religious-formatted stations) of sufficient monies to enable them to construct their DTV facilities.

QUESTIONS ABOUT THE SPECTRUM CLEARING ALLIANCE

QUESTION 1: What Channels does it cover?

ANSWER: The Spectrum Clearing Alliance plan initially covers the reallocation of Channels 59-69. However, the same principles in the Spectrum Clearing Alliance plan could also apply to the reallocation of Channels 52-58, subject to reasonable modifications based upon the experience in clearing Channels 59-69.

QUESTION 2: How many stations are in this band of spectrum?

ANSWER: 42 digital stations and 102 analog stations.

QUESTION 3: Are you proposing to have the stations move to their digital assignments (are they in the core 2-51?) and at that location air digital transmissions but downgrade them to analog? If so, how do those compare to normal analog reception – I heard that it was substandard. Or are you proposing to move to digital and air in digital?

ANSWER: The Spectrum Clearing Alliance plan would permit a television station vacating a channel in the 59-69 band to either (i) obtain a new channel outside the 59-69 band either by entering into an agreement with another station to obtain another channel or receiving another allotment, subject to satisfying the FCC's 2% / 10% interference rule, or (ii) operate with only a single channel. A station with only a single channel would operate as an analog station or a digital station. A single channel station choosing to operate in analog would have to convert to digital on that channel by December 31, 2005, or whenever 75% of the television households in its market can receive digital broadcast signals over the air. By providing stations with such discretion, broadcasters would be more likely to clear the band. The FCC has already blessed the concept of 2-party and 3-party channel swap among broadcasters in which a broadcaster that is reluctant to give up its analog or digital channel in the 59-69 band could "swap" with a broadcaster with a channel in the 2-51 core that is agreeable to operating on a single channel. If a broadcaster elects to broadcast in analog on a digital channel, the signal quality would be the same.

QUESTION 4: How would the auction work? Would you have kind of a pre-auction amongst yourselves first? Still confused about how it would come together.

ANSWER: The Spectrum Clearing Alliance is proposing a band clearing plan whereby broadcasters in the 59-69 band and telcos interested in bidding on the 700 MHz spectrum would enter into a negotiated agreement prior to the government auction of the 700 MHz spectrum. This agreement would provide for a payment to broadcasters for clearing the 59-69 band by a date certain and a guarantee to telcos that the Channel 59-69 spectrum would be available for their wireless uses by the agreed-upon date. The broadcasters participating in the agreement would receive compensation in relation to their station's Grade B coverage. Telcos participating in the agreement would only be obligated to pay the broadcaster if they were the winners in the government auction of the 700 MHz. Thus, prior to the government auction, the telcos would know what it will cost to clear the 59-69 band.