

April 20, 2007

Michele C. Farquhar
Partner
202-637-5663
mcfarquhar@hhlaw.com

VIA ELECTRONIC FILING

Marlene H. Dortch, Esq.
Secretary
Federal Communications Commission
445 Twelfth Street, SW, Room TWA325
Washington, DC 20554

Re: *Ex Parte* Presentation in WT Docket No. 06-150

Dear Ms. Dortch:

SpectrumCo LLC (“SpectrumCo”) submits the attached economic analysis prepared by Dr. Coleman Bazelon of Analysis Group, Inc., in response to the economic analysis developed by Professor Peter Cramton and submitted by Verizon Wireless on April 17, 2007, in the above-referenced proceeding. SpectrumCo is pleased to respond to Professor Cramton’s critique of its earlier studies and submissions in this proceeding, which have been available to Verizon Wireless and Professor Cramton for the past several months, but have only now garnered a response on the eve of the date after which *ex parte* communications were scheduled to be prohibited.

The attached analysis by Dr. Bazelon demonstrates the flaws in Professor Cramton’s paper, which is based on faulty and unclear assumptions and makes numerous incorrect statements. Contrary to Professor Cramton’s sweeping assertions, the exclusive use of large license sizes in the upcoming 700 MHz auction actually would *reduce the efficiency* of the process for assigning licenses in that auction. There are many benefits to be realized from including smaller licenses in the upcoming 700 MHz auction, and neither Professor Cramton nor any other commenters in this proceeding have demonstrated the so-called “costs” of SpectrumCo’s band plan.

Specifically, as Dr. Bazelon explains in the attached paper:

- The availability of smaller license sizes in an auction actually tends to increase both the efficiency of and the revenues generated by that auction – as Professor Cramton himself has recognized in his past work.
- The availability of smaller license sizes in an auction encourages efficient aggregation. Smaller licenses increase demand by allowing continued participation of regional and local carriers, and also allow national carriers – including Verizon Wireless – to add spectrum strategically in order to augment their existing footprints and REAG bidding.

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- The spectrum policy decisions of regulators in other (much smaller) countries are made within the context of each country's telecommunications market and also depend on other demographic and geographic factors specific to each nation.
- Available auction data does not confirm either the presence or the impact of supposed aggregation risk premiums. Indeed, Professor Cramton confuses transaction costs of aggregation in the *post-auction* market with unproven aggregation "costs" *within* an auction.

Please contact me if there are any questions regarding this filing.

Sincerely,

/s/ Michele C. Farquhar

Michele C. Farquhar
Attorney for SpectrumCo LLC

cc: Fred Campbell
Angela Giancarlo
Aaron Goldberger
Bruce Gottlieb
Barry Ohlson
Erika Olsen