

COVINGTON & BURLING LLP

1201 PENNSYLVANIA AVENUE NW WASHINGTON
WASHINGTON, DC 20004-2401 NEW YORK
TEL 202.662.6000 SAN FRANCISCO
FAX 202.662.6291 LONDON
WWW.COV.COM BRUSSELS

June 21, 2007

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th St., SW
Washington, DC 20554

Re: Notification of *Ex Parte* Communication
WT Docket Nos. 96-86, 06-150, 06-169; PS Docket No. 06-229

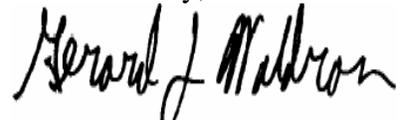
Dear Ms. Dortch:

This letter is to report a permitted, oral *ex parte* communication of Frontline Wireless, LLC (“Frontline”) concerning the above-referenced proceedings.

On June 20, 2007, Reed Hundt met with Commissioner Deborah Taylor Tate and Aaron Goldberger. In the meeting, the parties discussed Frontline’s Public Safety Deployment Plan and the many benefits the public/private partnership proposed by Frontline would provide the public safety community. Further, the parties spoke about Frontline’s commercial provisions designed to promote innovation, competition, roaming and rural services. Finally, they discussed whether the Commission’s small business credit policies should be withheld from the E Block auction. The attached slides were presented in the meeting.

Please direct any questions concerning this matter to the undersigned.

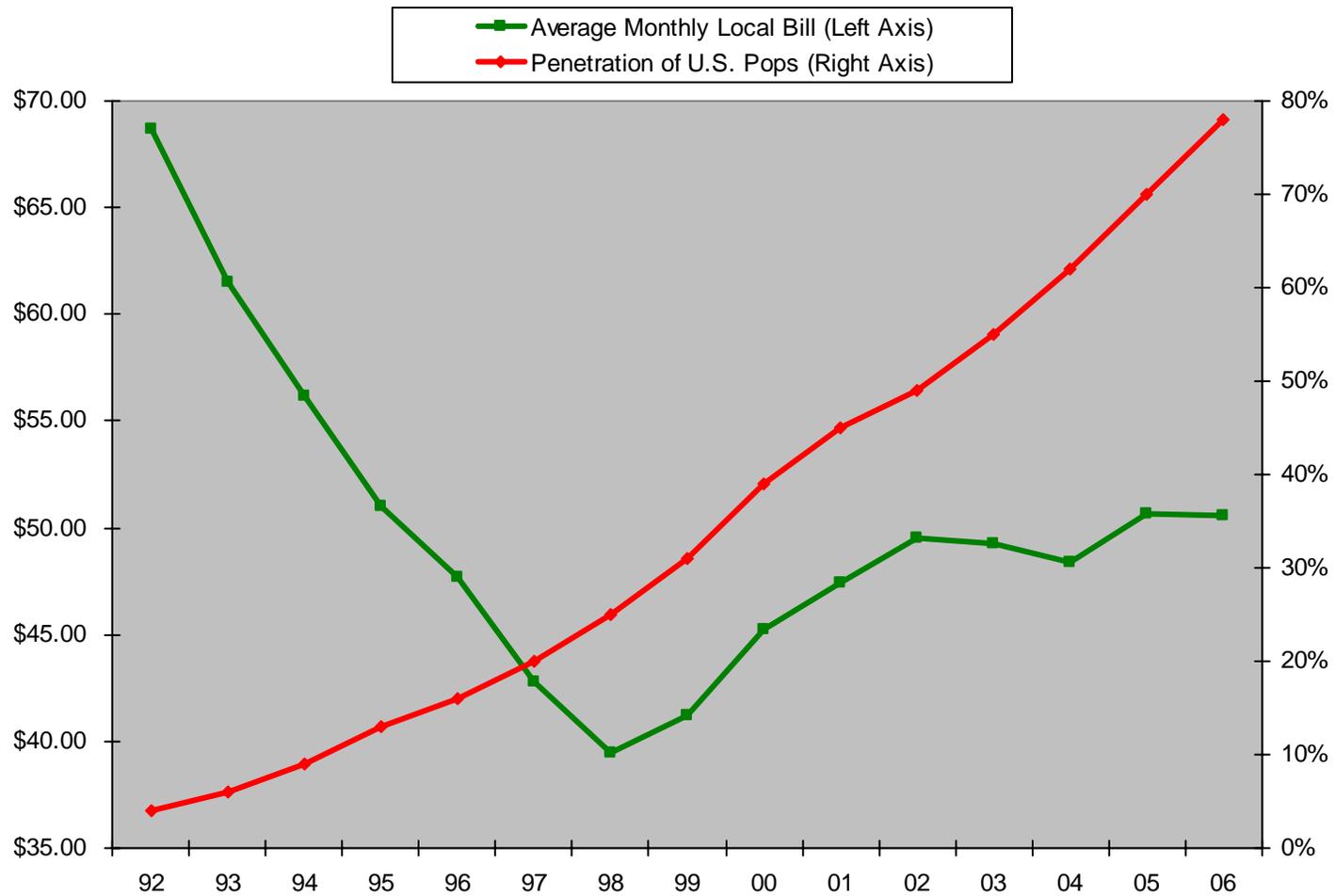
Sincerely,



Gerard J. Waldron
*Counsel to Frontline
Wireless, LLC*

cc: Commissioner Deborah Taylor Tate

Wireless industry is maturing...

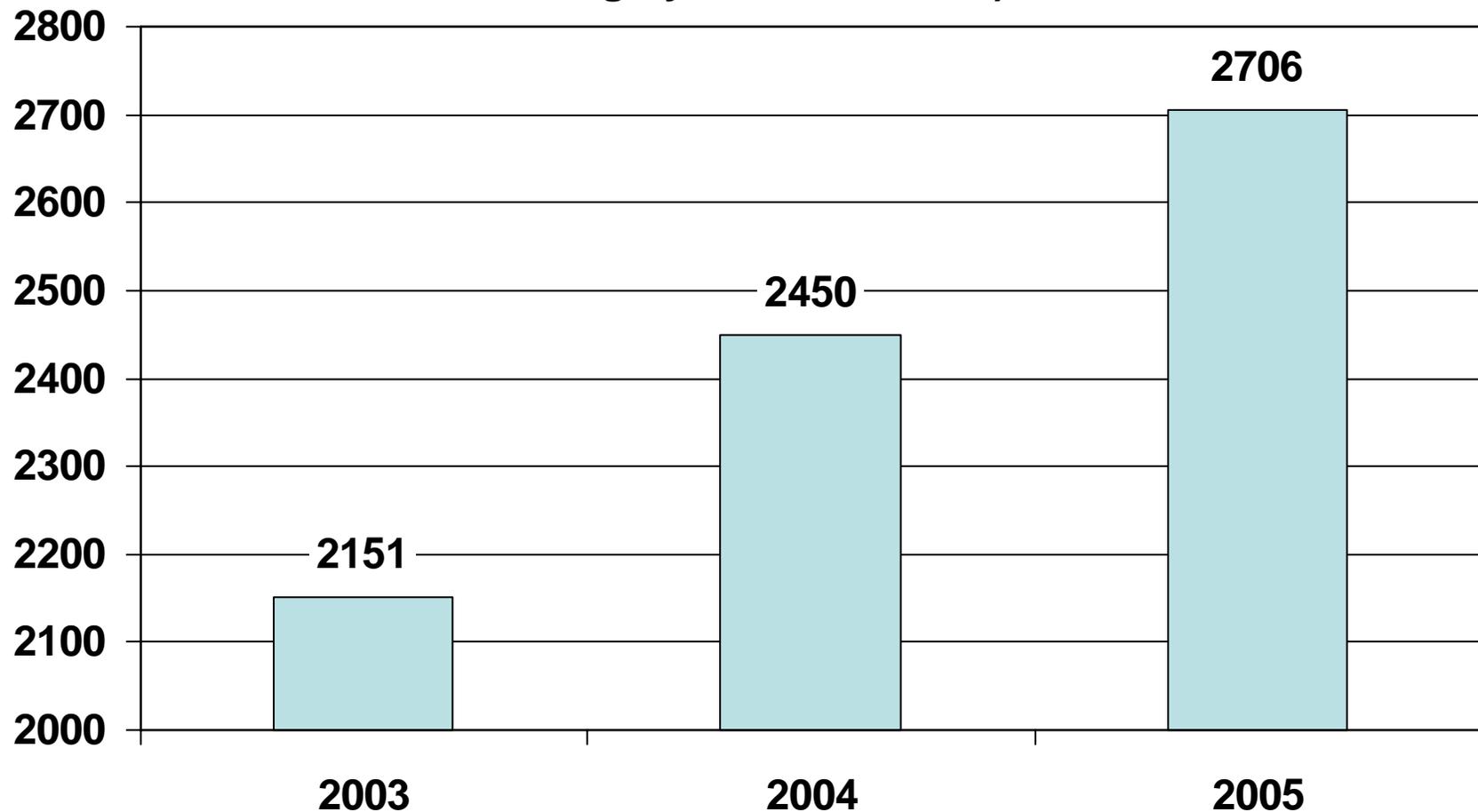


Source: CTIA

...And Concentrating

Average Market HHI

(DOJ Defines HHI > 1800
as “Highly Concentrated”)



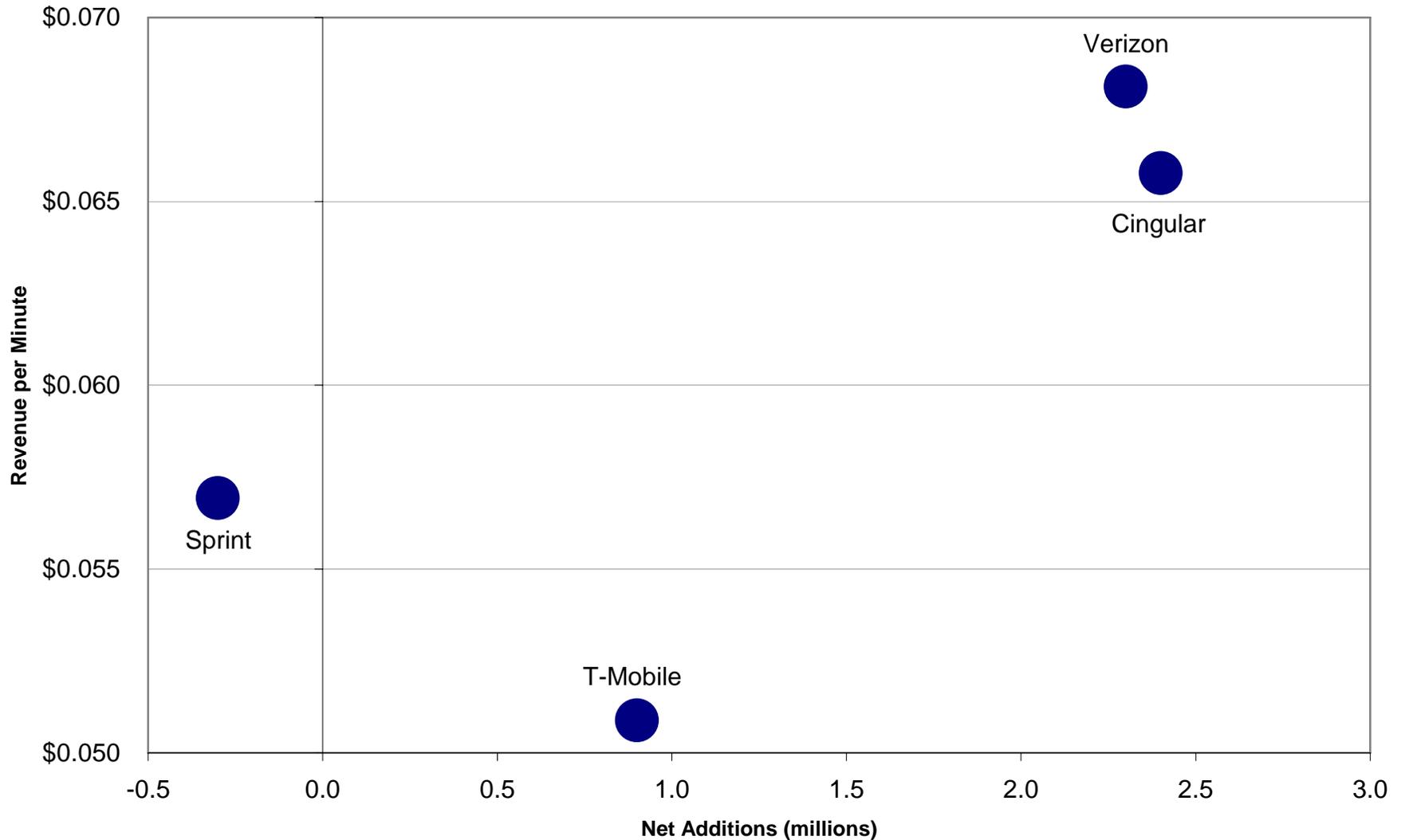
Two firms dominate

	Verizon	AT&T	Combined
Average Spectrum	60 MHz	75 MHz	135 MHz
Wireless Subs	59 Million	61 Million	120 Million
Subscriber Share	25%	26%	51%
Share of Net Additions	32%	32%	64%
Operating Cash Flow	\$22.6 Billion	\$17.8 Billion	\$40.4 Billion

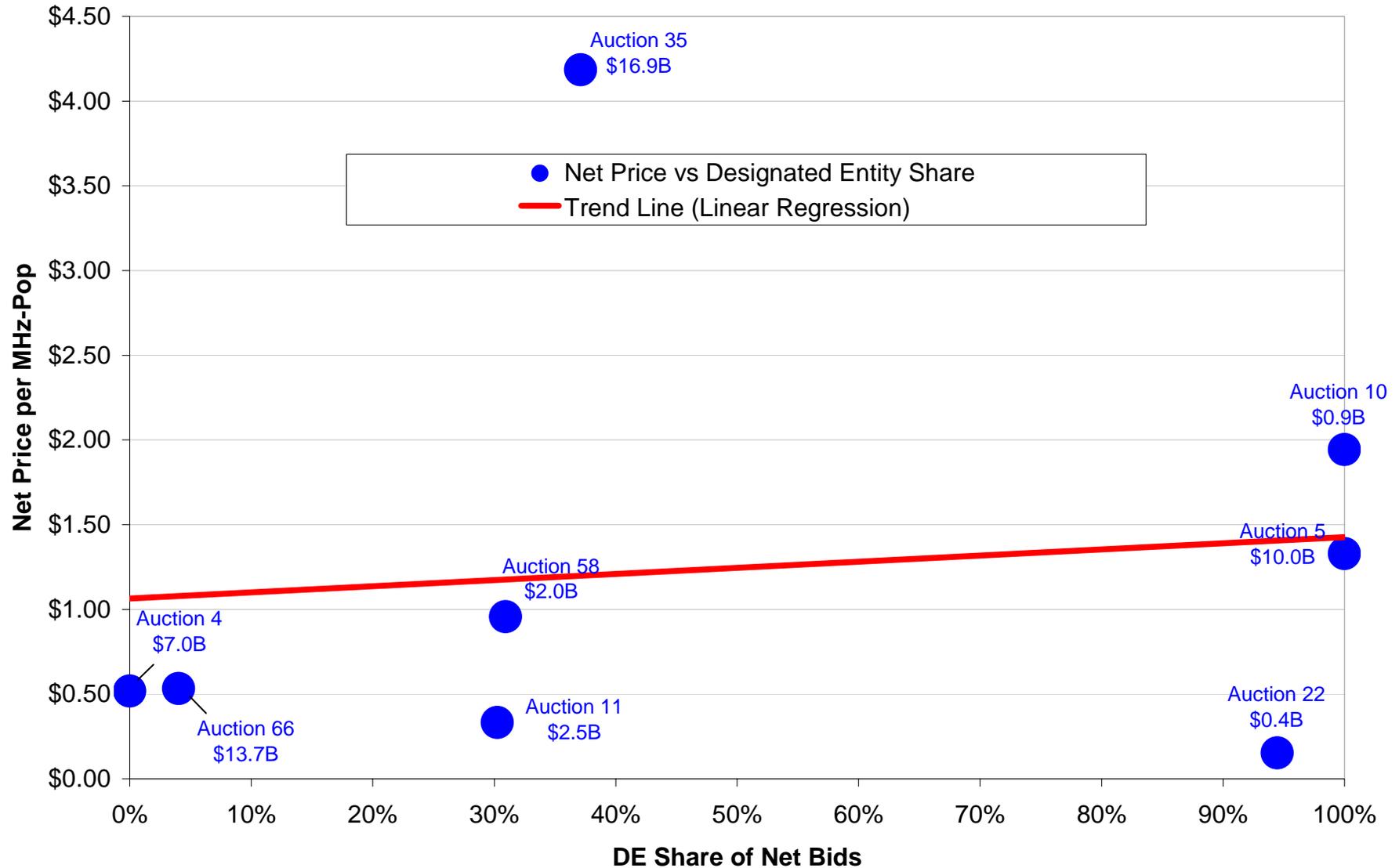
- Inheritors of original 800 MHz Cellular licenses, given by government via lottery (not auction), which provide a big coverage and quality advantage
- Aim to warehouse spectrum, especially 700 MHz low frequency licenses, to block competitors.
- Support any public policy (e.g., large license sizes, open bidding) that allows them to use their scale to advantage.

VZ and AT&T Dominant on Price and Share

Key Operator Metrics, Q4 2006

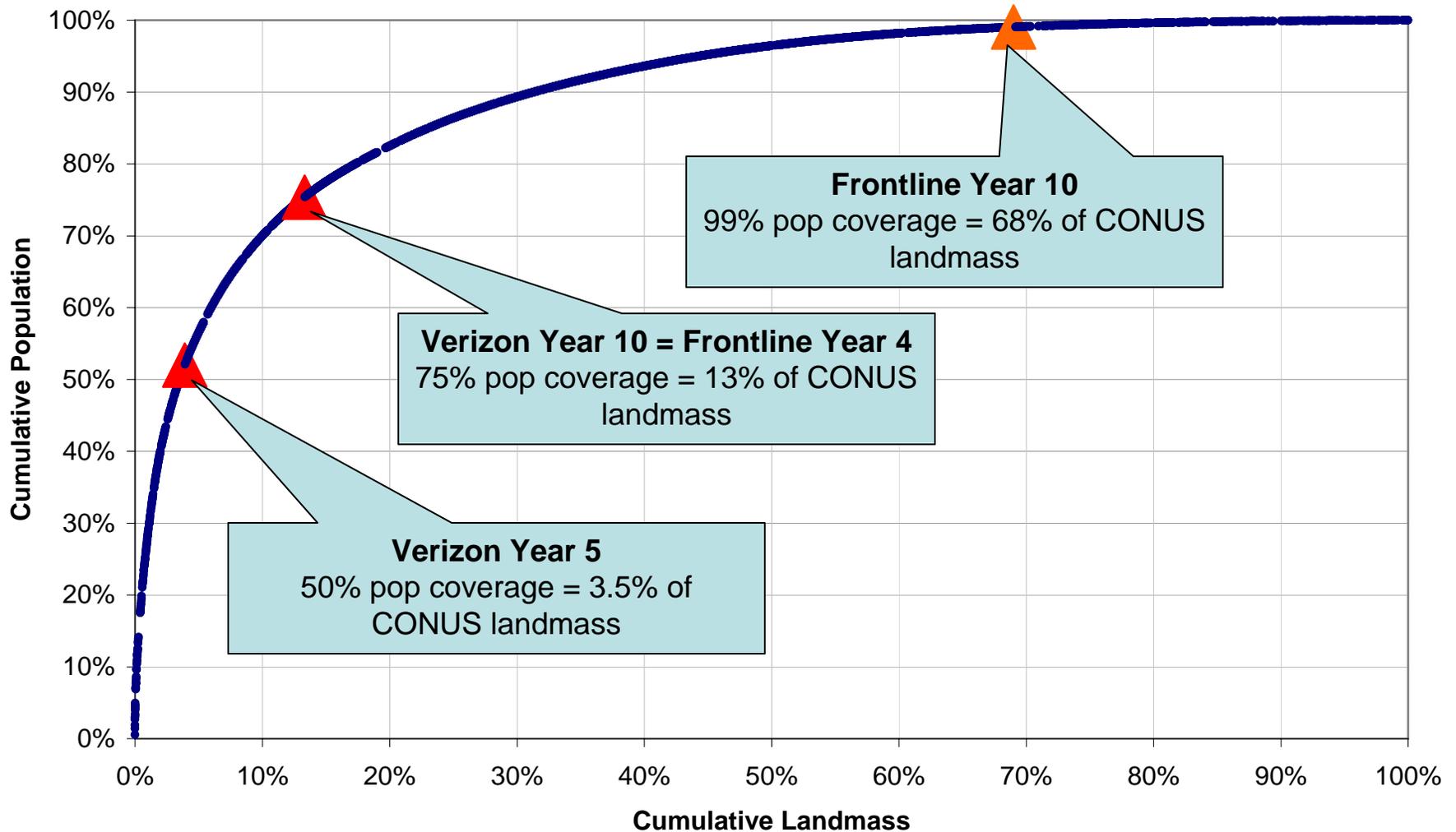


More bidding credit bidders leads to more competition and higher prices

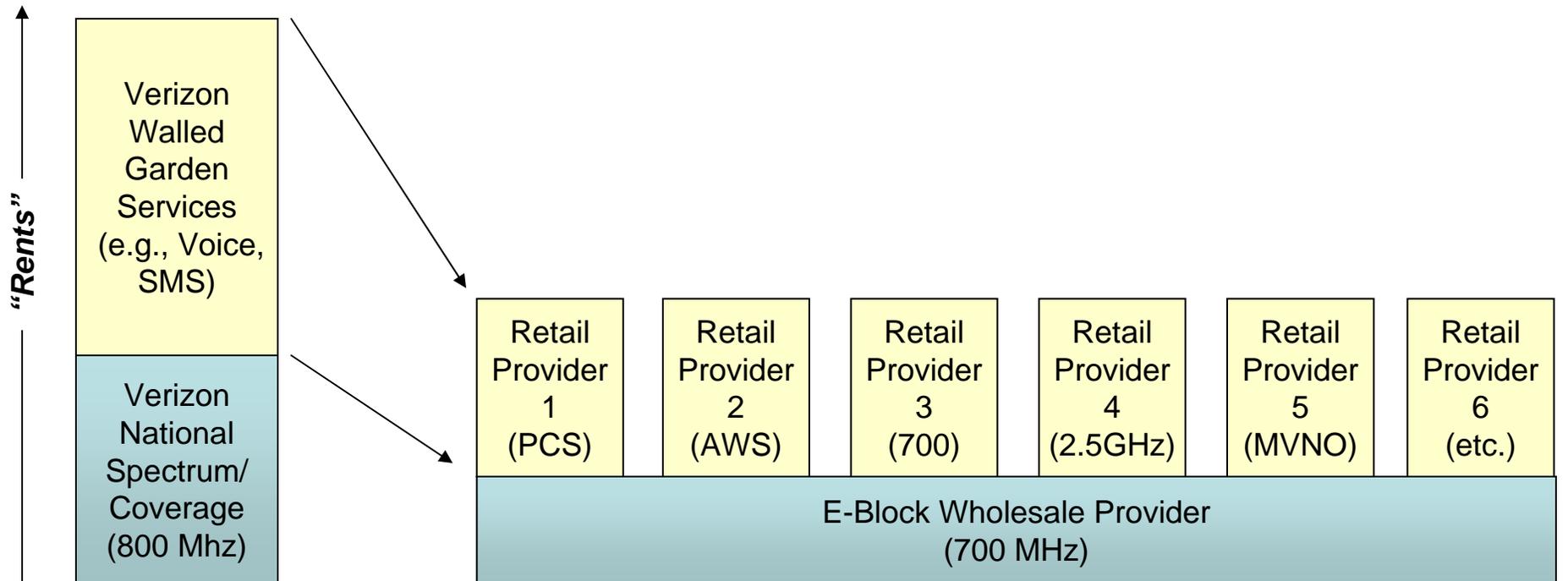


Contrasting coverage proposals

Continental US counties sorted by population density



Open Access Model Promotes Competition



E block removes barriers to competition, decreases incumbent economic rents:

1. Decreases rents at retail services layer by providing wholesale access to bottleneck resource, i.e., national low-frequency coverage
2. Decreases rents at network layer via open auction, open pricing, etc.

Open Rule

E block licensee

- Must be open as to standards,
- Open as to content,
- Open as to devices,
- Open as to customers

To the degree commercially and technically reasonable.

Open Rule Good for Public Safety

- Lets any first responder select its own handsets and other equipment
- Lets any first responder decide what information to share or not share with other first responders
- Maximizes backwards compatibility to save money for first responders
- Gives public safety more control and visibility into network operations
- Creates choice by enabling multiple sellers to use E block service to provide retail service to public safety
- Creates an alternative to existing carriers that sell to public safety

Conditions on Licenses

NPSL

- Must negotiate design of national interoperable bb network, and
- Model service contract
- Must reach agreement on design and model contract with someone: E block or some other provider
- Must convey secondary use of public safety spectrum in return for such agreement

E block licensee

- Must negotiate design with NPSL, and
- Model service contract
- Must accept FCC arbitration of disputes
- Must allow priority use of E block if NPSL venter agreement on design and model contract
- Must execute model contract with any local or regional public safety entity that chooses to accept the contract