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July 20, 2007

57739-000020

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

Re: Service Rules for the 698-746, 747-762 and 777-792 MHz Bands (WT Docket No. 06-150, 06-169, 96-86 and PS Docket No. 06-229)

Dear Ms. Dortch:

On July 19, 2007, Mark Stachiw, Senior Vice President, General Counsel and Secretary of MetroPCS Communications, Inc. ("MetroPCS"), accompanied by Carl Northrop and Michael Lazarus of Paul, Hastings, Janofsky & Walker LLP, participated in a meeting with Fred Campbell, Jim Schlichting, Margaret Wiener, Walt Strack, and Martha Stancill. The oral presentation in this meeting was consistent with the pleadings and *ex partes* filed on behalf of MetroPCS in the above-referenced proceedings.

In addition, MetroPCS made an oral presentation as summarized in the attached handout, copies of which were distributed.

Kindly refer any questions in connection with this letter to the undersigned.

Respectfully submitted,

/s/ Michael Lazarus

Michael Lazarus
of PAUL, HASTINGS, JANOFSKY & WALKER LLP

cc: (via email) Fred Campbell
Jim Schlichting
Margaret Wiener
Walt Strack
Martha Stancill

**PRESENTATION OF
METROPCS COMMUNICATIONS, INC.**

700 MHz Service Rules

WT DOCKET NO. 06-150

WT DOCKET NO. 06-169

PS DOCKET NO. 06-229

WT DOCKET NO. 96-86

METROPCS COMMUNICATIONS, INC.
8144 WALNUT HILL LANE, SUITE 800
DALLAS, TEXAS, 75231

July 19, 2007

ACCORDING TO RECENT MEDIA REPORTS, THE DRAFT 700 MHZ ORDER CONTAINS THE FOLLOWING PERFORMANCE REQUIREMENTS FOR THE 700 MHZ COMMERCIAL SPECTRUM:

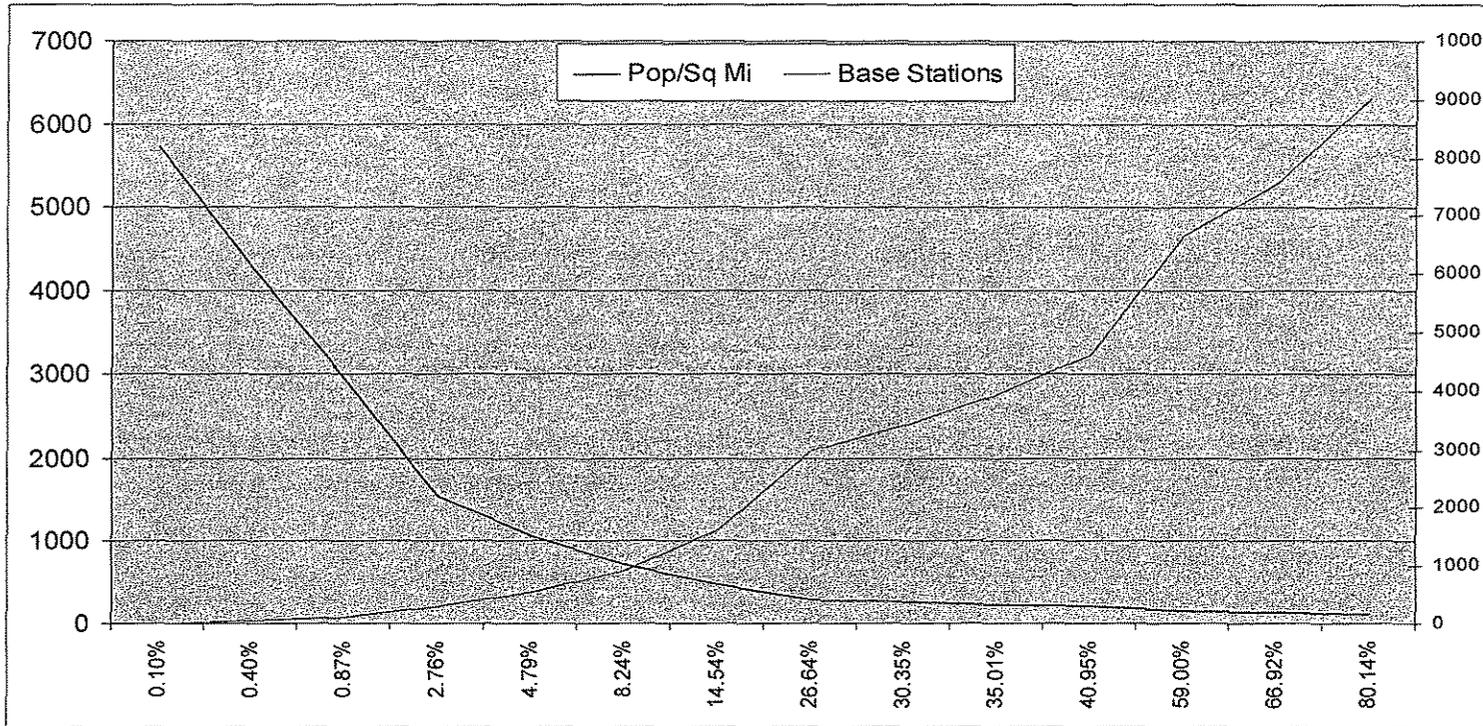
- **Geographic performance requirements for CMA/EA licenses**
 - **35% geographic build-out in 4 years**
 - **70% geographic build-out in 10 years -- however, if the 35% benchmark is not met in 4 years, the 70% benchmark must be met in 8 years rather than 10 years**
 - **Licensees only get to “keep-what-they-use” after the build-out period (8 years or 10 years as the case may be)**

- **Population-based coverage requirements for REAG licenses**
 - **40% of Population in 4 years**
 - **75% of Population in 10 years – if 40% benchmark is not met in 4 years, the 75% benchmark must be met in 8 years rather than 10 years**

IN TRYING TO FASHION THE MOST STRINGENT BUILD-OUT REQUIREMENTS EVER, THE DRAFT ORDER HAS ALLOWED THE PENDULUM TO SWING TOO FAR

- **35% geographic coverage equates to approximately 94% of the population, which is too high compared to the 25% (10 MHz PCS), 33.33%/66.67% (30 MHz PCS), and 40%/75% (700 MHz REAG) population standards applicable to other bands**
- **70% geographic coverage equates to approximately 99.6% of the population, which means that a carrier would have to more than double its coverage area (from 35% to 75%) to pick up only a little more than 5% of the pops**
- **The chart on the next page demonstrates the inverse relation between population covered and cost to provide service resulting in ever diminishing returns**
- **Setting the coverage standard too high will not foster build-out**
 - **Applicants will be discouraged from bidding on licenses with large portions of low density population with the result that more CMAs and EAs will go unacquired, resulting in less service**
 - **The winning bidder, who is in the best position, and has the greatest economic incentive to expand coverage to low population density areas, will be forced to forfeit the ability to serve those very areas they can serve most economically**
- **Since the incremental population picked up by the second benchmark is so small, secondary licensing opportunities are unlikely to emerge**

Inverse Relationship of Base Stations to Population



Demonstrates that cross-over point is around 8.24% of geography or 70% of population

SEVERAL STEPS CAN BE TAKEN TO MITIGATE THE HARSHNESS OF THE PROPOSED GEOGRAPHIC BUILD-OUT STANDARD

- **Reduce the standard to a realistic level**
 - **10% geography (70+% pops) by year 4 (more than double the PCS standard)**
 - **35% geography (90+% pops) by year 10 (year 8 if first 10% benchmark is missed)**
- **Allow the original licensee to retain an expansion area above and beyond the “use it or lose it” area in order to encourage continued service improvements**
 - **Licensee should be able to define an expansion area of no greater than 15% larger than the calculated service area of the existing network**
- **The original licensee would only lose unserved territory if a credible third party application was filed for unserved area after the 8/10 year benchmark was missed**
 - **The new applicant would need to make an upfront payment to demonstrate seriousness**
 - **The incumbent would be allowed to continue to expand pending receipt of an unserved area application and would be able to keep any area served prior to unserved area application**
 - **Incumbent would be allowed to bid for the unserved area to retain it**
 - **Minimum bid should be the minimum opening price of Auction 66 (\$0.03/MHz/pop)**
 - **If no bidder on unserved area, incumbent would retain right to continue to expand until another credible application is filed**

- **The following areas should not be counted in ascertaining the percentage of geographic coverage**
 - **Bodies of water**
 - **Federal and state lands**
 - **Historic districts**
 - **Areas completely surrounded by licensee's system**
 - **Zip codes with population density less than 5 persons per square mile**
 - **Cyren Call indicated that areas this sparsely populated are best served by satellite**
 - **These low density areas include only approximately 0.7 % of the population**