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By Hand Delivery

Marlene H. Dortch  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

**Re: *Ex Parte* Submission  
WT Docket No. 07-195  
Use of Satellite Services to Enhance Rural Coverage**

Dear Ms. Dortch:

Mobile Satellite Ventures Subsidiary LLC (“MSV”) hereby submits this *ex parte* letter in the above-captioned docket.<sup>1</sup> Although MSV has not previously participated in this proceeding, developments since the close of the comment period on January 14, 2008 warrant supplementing the record with additional information. Specifically, MSV believes the record should reflect the capability of integrated satellite services to extend the benefits of broadband networks to areas that cannot be reached through terrestrial networks that must be financed by providing for-profit services in a competitive market.<sup>2</sup>

The *AWS-3 NPRM* sought comment on a variety of issues, including what performance requirements should be applied to any licenses.<sup>3</sup> Recent press reports have suggested that the

<sup>1</sup> *Service Rules for Advanced Wireless Services in the 2155-2175 MHz Band*, Notice of Proposed Rulemaking, 22 FCC Rcd 17035 (2007) (the “*AWS-3 NPRM*”).

<sup>2</sup> The Commission has previously acknowledged that *ex parte* comments are appropriate means for interested parties to address developments in the 700 MHz auction, which began after the reply comment deadline in this proceeding. *Service Rules for Advanced Wireless Services in the 2155-2175 MHz Band*, Order, WT Docket No. 07-195, FCC 07-4922 (released December 12, 2007) at 5.

<sup>3</sup> *AWS-3 NPRM* at ¶¶ 111-123.

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Commission is considering imposing relatively aggressive build-out requirements as part of a licensing regime intended to promote certain policy objectives, including deployment of wireless broadband services to rural and underserved areas.<sup>4</sup>

The goal of nationwide, wireless broadband access is laudable and MSV supports adoption of policies that facilitate progress towards that goal. Simply imposing aggressive buildout requirements will not assure attainment of that policy goal if the licensee's network must be financed based on the commercial viability of its business plan. Today, the four largest mobile service providers cover, on average, 92.7% of the population. The largest carrier, AT&T, covers 95.77% of the population with an evolved network that was first deployed 25 years ago. None of the other national carriers covers 95%. Using the existing national wireless carriers networks as points of comparison, it appears that 95% is perhaps at the high end of population coverage for a network that must be financed based on a commercial business plan, compete with other national commercial carries, and be deployed on a fixed time schedule. On paper, aggressive build-out requirements promote policy goals. But if they are applied inflexibly or indiscriminately they can undermine commercial viability and ultimately reduce or delay service to the public.

MSV believes that if the Commission adopts aggressive build-out requirements for the AWS-3 band it should permit the licensee to meet the coverage goals in part by relying on a seamlessly integrated satellite component to the service offering. Doing so would provide significant insurance against burdening a licensee with obligations that turn out to be economically infeasible seven or ten years into the license term. No matter how carefully a business plan is drawn, it cannot accurately predict, years into the future, real-world conditions in a competitive market characterized by rapid technological change. Miscalculation of the impact of aggressive coverage goals can have a devastating impact on financial viability, because the economics of wireless networks reflect a typical bell curve: costs to serve less and densely populated areas grow progressively and disproportionately higher. Costs to serve three, four or five percent of the population spread over vast areas can quickly increase the cost of serving the remainder of the country disproportionately.

In order to quantify this, MSV evaluated the over 65,000 census tracts in the U.S. and discovered that the first 90% of the population (sorted by tract population density) occupy only about 14% of U.S. land area. However, the next 5% are spread over another 10% of U.S. land

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<sup>4</sup> See, e.g., TR Daily, May 23, 2008 *DRAFT FCC ORDER WOULD REQUIRE OFFERING OF FREE BROADBAND SERVICE IN AWS-3 SPECTRUM*

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area, increasing the buildout cost to cover those members of the population in less dense areas by over 70%.

In contrast to terrestrial networks, satellite networks excel at providing cost-effective communications to thinly populated areas. MSV proposes that an AWS-3 licensee be given the option to achieve up to 5% of any population-based coverage goal through a seamlessly integrated satellite service. Integration of a satellite component would provide many benefits beyond potentially tremendous reductions in network construction costs. It would provide essentially full geographic coverage, with no unserved areas, and would provide lifeline communications links when terrestrial service is interrupted.

MSV believes that, to qualify for the 5% coverage credit, the AWS-3 licensee would be required to incorporate satellite capability into every access device and to make the satellite service available on terms that are reasonably comparable to terms available within the terrestrial network coverage area.

Very truly yours,



Jennifer A. Manner

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