



Making the Partnership Work:
Solutions for the 700 MHz D Block
September 16, 2008



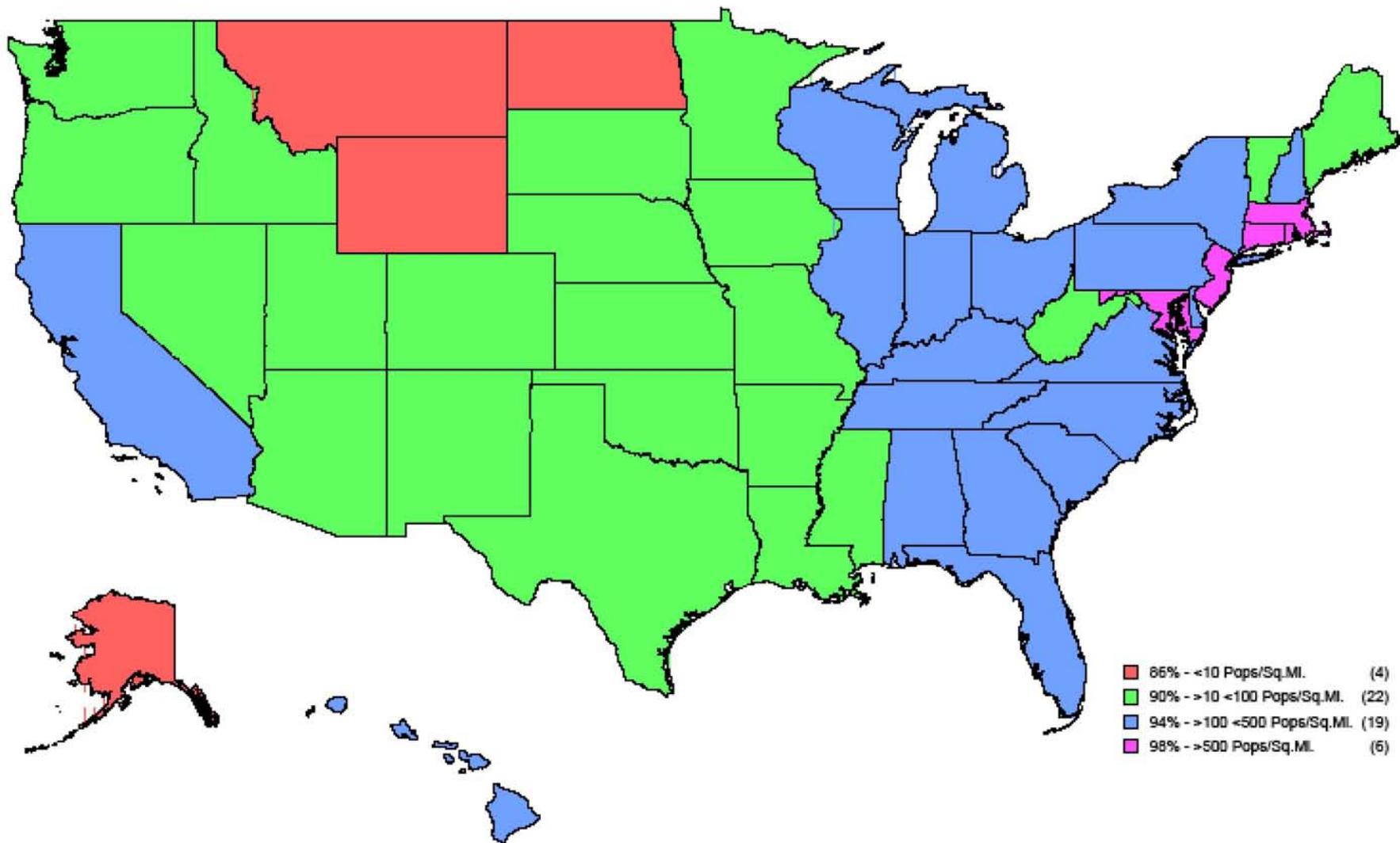
Topics

- State-level Licensing for the D Block
- NSA Development Process
- National Committee of Licensees
- Spectrum Lease Payment
- Technical Requirements and Other Rules

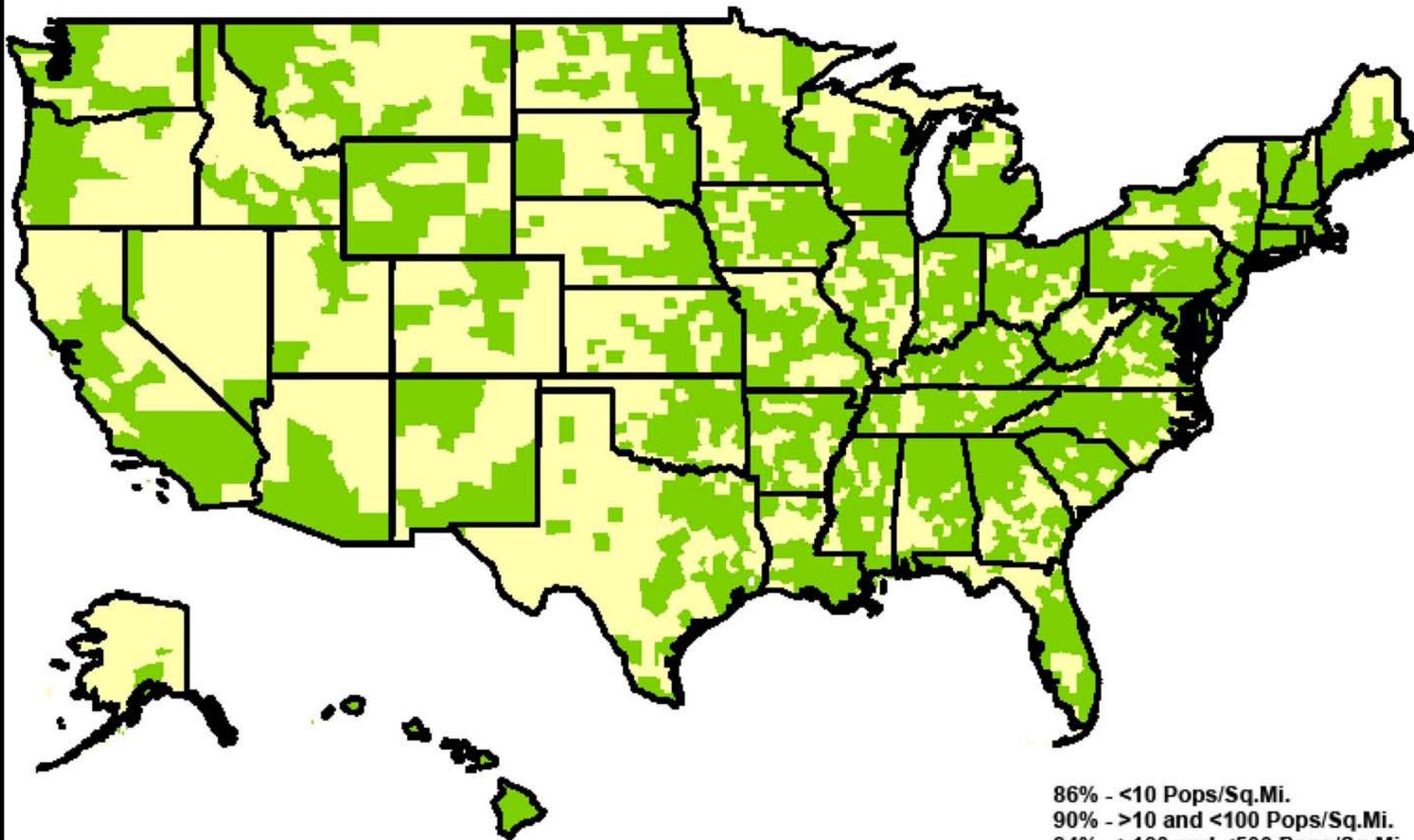
Licensing the D Block by states would best serve the public interest.

- Aligns well with the jurisdictional boundaries of public safety agencies.
- State-focused D Block licensees would likely be more responsive to the unique needs of state and local public safety agencies.
- No carrier operates mobile services on a single national license today yet the nation enjoys a thriving mobile environment with a high level of interoperability for users of wireless services.
- A multiple-carrier D Block environment will foster innovative solutions, best practices, and faster deployments, with clear interoperability standards put in place for all providers.
- State-level licensing will encourage the participation of more bidders, increase the chances of a successful auction, and mitigate risk from failure of a single licensee

Target Percentage of Population Covered By State



Meeting the State Coverage Requirements by Serving the Densest Counties



86% - <10 Pops/Sq.Mi.
90% - >10 and <100 Pops/Sq.Mi.
94% - >100 and <500 Pops/Sq.Mi.
98% - >500 Pops/Sq.Mi.

The NSA should be developed before the auction begins.

- The PSST, consulting with potential bidders, equipment manufacturers and other interested parties would draft a standard form NSA, including selection of a common air interface.
- Timeframe for drafting NSA would be three months.
- FCC would provide oversight to process and would require progress reports from PSST.
- There would be a process for final FCC approval including an opportunity for public comment.
- FCC would adopt procedures for post-auction modifications to the NSA.

A National Committee of Area Licensees (NCAL) should be formed to coordinate D Block operations.

- D Block licensee operations would be coordinated through NCAL, which would:
 - serve as a single point of contact for FCC, PSST and public safety agencies with licensees on national issues.
 - develop licensees' recommendations for any FCC rule changes.
 - negotiate changes in national NSA with PSST.
 - arrange support services for operations requiring inter-carrier coordination.
 - work in conjunction with existing standards bodies and clearing houses.

The NCAL would leverage extensive industry experience with coordinating organizations.

- Over 100 years of nationwide, interoperable telecom services through successful coordination of multiple providers:
 - Some organizations developed through industry initiatives -- USTA, CTIA, IEEE, ATIS, TIA, 3GPP, CableLabs
 - Other organizations developed from FCC orders -- NECA, USAC, NRIC, NPSPAC regions
- FCC rules on PSBL to coordinate public safety users for the D Block public/private partnership.

Major topics for NCAL Design

- Form of association
 - Delaware non-stock membership company (like NECA)
- Members
 - All D Block licensees, formed upon grant of licenses
- Authority
 - NCAL is the sole negotiator on behalf of licensees with respect to amending the national NSA. Licensees must be bound by agreements reached between PSST and NCAL.
 - Area-specific amendments complying with national NSA do not require NCAL approval.
 - NCAL not exclusive provider of support services -- efficient outsourcing to existing technical standards bodies and clearinghouses.

Major topics for NCAL Design

- Board and executive committee
 - Size of board
 - Composition -- as in NECA and USAC boards, provide for categories of directors; some nominated by largest licensees (in covered D Block POPs), some nominated by other licensees, and some independent (nominated by all licensees and subject to FCC approval) – no single class has a majority
 - Term
 - Selection and rotation of chairman, vice-chairman and secretary/treasurer (executive committee)

Major topics for NCAL Design

- Voting
 - Executive committee makes recommendations to board
 - Decisions on fundamental changes in the NSA require approval by 75% of the directors or 75% of the licensees
 - Decisions on other changes in the NSA and other actions by NCAL require majority vote of the directors
- Officers and staff
 - CEO and other appropriate officers and staff
 - Allowed to borrow or share officers and staff from members
- Expenses
 - Paid by members, based on POPs covered in licensed areas

PSST operations should be funded through a spectrum lease payment tied to the winning bid amount for each D Block license.

- D Block licensees would be required to make an annual lease payment of 3 to 5 % of the winning bid amount, with an annual escalator for inflation.
 - D block winning bid is the best benchmark of value for the corresponding public safety spectrum.
 - Full value of public safety's contribution to the network should be realized through the spectrum lease payment rather than through below-cost rates for services.
 - Would provide a predictable basis for funding PSST operations and other national policies and would provide a predictable expense for licensees.
 - In addition to supporting its general operating costs, PSST could, under FCC oversight, use some of lease payment proceeds to support participation of public safety agencies in low density areas.
 - FCC should utilize the de facto transfer lease model for this arrangement.

The FCC should make additional adjustments to its D Block service rules and should adopt appropriate auction rules.

- Population-based coverage requirements calibrated to population density of states with adequate time to meet requirements.
- Technical requirements designed to meet public safety needs while enabling commercial viability.
 - National Platform Solutions Network
 - Technical coverage requirements
 - Reliability/Network Availability
- Auction rules designed to encourage participation and decrease bidder uncertainty
 - Standard SMR auction without package bidding or anonymous bidding.
 - Minimum populations-sold threshold; if not achieved, auction is void.

In summary, the FCC should:

- Adopt state-level licensing for the D Block and calibrate coverage requirements to make each state license attractive to potential bidders.
- Require the PSST to put forward an executable NSA, approved by the FCC, before the auction.
- Require D Block licensees to form a National Committee of Licensees with appropriate responsibilities and authority.
- Require D Block licensees to enter into spectrum leases with the annual payments to the PSST calibrated to each winning bid.
- Adopt clear, reasonable, and achievable technical requirements.
- Conduct a traditional SMR auction without anonymous bidding or package bidding.