

November 19, 2008

Chairman Kevin J. Martin  
Federal Communications Commission  
445 12<sup>th</sup> SW  
Washington, DC 20554

RE: AWS-3 Proceeding

Dear Chairman Martin:

RLJ Equity Partners (“RLJ Equity”) is a private equity firm founded by Robert L. Johnson and the Carlyle Group. The firm makes equity investments in companies focused on the media, communications business services, and aerospace/defense sectors. RLJ Equity’s investment style requires in-depth, fundamental diligence into every current and potential investment and is led by a team of seasoned portfolio managers who have extensive experience and contacts that allow them to have insight about the future shape of the markets and the companies that will be leaders in their sectors.

***It is in the Public Interest for the AWS-3 Band to be used for a Lifeline Broadband Service***

Our company recently had the opportunity to assess the investment potential of the AWS-3 spectrum band for delivering innovative nationwide broadband services as contemplated in the Commission’s June 2008 Further Notice of Proposed Rulemaking (“June FNPRM”). Based on discussions we had with M2Z Networks, Inc. and our own independent analysis of the ongoing proceeding, we believe that using the AWS-3 band for a “lifeline broadband” service will undoubtedly be in the public interest. We believe that the Commission’s innovative proposal to use the AWS-3 band to make available a free “lifeline” broadband network on an open device platform presents a historic opportunity to shift the competitive paradigm in the broadband industry. We believe that such an action will open up the broadband market to millions of consumers, especially those in historically underserved minority communities, who today cannot afford to access broadband services. This regulatory innovation will create a unique and compelling investment thesis for financial investors like RLJ Equity who are in the business of providing capital and mentoring to innovative media and telecommunications companies that plan to address the unmet needs of consumers. Thus, RLJ Equity strongly encourages you and your fellow Commissioners to support the proposed lifeline broadband service requirement for the long fallow AWS-3 band.

***AWS-3 Should Be Used to Promote New Entry In Order to Attract New Forms of Capital***

Moreover, we also encourage you and your fellow Commissioners to exclusively designate the AWS-3 band for use by new entrants to the broadband market. As discussed below, we believe that such a designation would be welcomed by the capital markets and encourage sources of entrepreneurial capital to step in and to invest in the resulting growth of the broadband access market. We do not share this view alone. Designating the AWS-3 band for new entrants is a position that is consistent with those of public interest groups such as the Minority Media and Telecommunications Council, Rainbow Push Coalition, and the Hispanic Technology and Telecommunications Partnership which advocate for expanding opportunities in broadband to

underserved communities and minority entrepreneurs.<sup>1</sup> The importance of promoting new entry into the broadband market has also been extensively discussed by companies such as Google and other members of the 4G Coalition in other proceedings that lead up to the AWS-1 and 700 MHz proceedings.<sup>2</sup> Similar to the positions advocated by these organizations, RLJ Equity believes that it would be in the public interest for the AWS-3 band to be designated exclusively for new broadband entrants and that doing so would be a critical step in encouraging non-traditional sources of entrepreneurial capital to enter the broadband market.

Our perspective on this issue is framed by the results of the recent Canadian AWS-1 auction which demonstrated the positive impact on capital formation that results from making new broadband spectrum exclusively for use by new entrants. In the Canadian AWS-1 auction, which commenced in May 2008 and involved the same AWS-1 blocks that were auctioned in the U.S. in 2006, the regulatory rules included progressive provisions setting aside 3 of the 6 blocks (accounting for 40% of the available spectrum) for new entrants along with permissive rules for aggregating the spectrum bands into a national footprint. These actions were specifically designed to promote competition and innovative new entry into the Canadian wireless marketplace which heretofore had only achieved about 60 percent consumer penetration for wireless mobile services.<sup>3</sup> The reaction of the capital markets to the new entrant designation was overwhelmingly positive with a number of new potential wireless carriers actively bidding with the support of diverse sources of capital ranging from financial investors to power companies. The positive results in Canada are in direct contrast to the US experience where the AWS-1 and 700 MHz auctions did not result in any new nationwide entry and, in fact, led to even greater concentration of broadband spectrum in the hands of incumbents. We, therefore, strongly encourage the Commission to designate the AWS-3 band for new entrants in order to help promote competition and to encourage new sources of capital to participate in building out a new nationwide broadband network using the AWS-3 band.

In conclusion, RLJ Equity believes that the Commission should rapidly move to complete the AWS-3 proceedings based on the service and technical rules that it sought comment on in its June Further Notice of Proposed Rulemaking (“FNPRM”). We also believe that it would be in

---

<sup>1</sup> See, e.g., NPRM Comments of Minority Media and Telecommunications Council and Rainbow PUSH Coalition, WT Docket No. 07-195 (filed Dec. 14, 2007)..

<sup>2</sup> See, e.g., 700 MHz Report and Order ¶¶ 293-296.

<sup>3</sup> See *Licensing Framework for the Auction for Spectrum Licenses for Advanced Wireless Services and other Spectrum in the 2 GHz Range*, Gazette Notice DGRB-011-07, (Dec. 2007) available at [http://www.ic.gc.ca/epic/site/smt-gst.nsf/vwapj/awslicensing-e.pdf/\\$FILE/awslicensing-e.pdf](http://www.ic.gc.ca/epic/site/smt-gst.nsf/vwapj/awslicensing-e.pdf/$FILE/awslicensing-e.pdf); see also News Release, Industry Canada, “Government of Canada Opens Up Wireless Industry to More Competition” (May 27, 2008) (“Industry Canada May Release”), available at <http://www.ic.gc.ca/cmb/welcomeic.nsf/261ce500dfcd7259852564820068dc6d/85256a5d006b972085257456004d567b!OpenDocument>. Industry Canada also mandated that existing carriers share towers and roaming spectrum in order to give new entrants an opportunity for achieving scale. See also, Canadian Wireless Telecommunications Association, “Canada’s Wireless Industry: A Global Success Story Continues,” (last visited Oct. 17, 2008), <http://www.cwta.ca/CWTASite/english/index.html> (noting that as of the end of March 2008, “Canadian wireless phone subscribers numbered 20.1 million, representing a national wireless penetration rate of 62%”); see also Industry Canada May Release (quoting Minister of Industry Jim Prentice statement that “[o]ur government’s intentions are clear: to achieve lower prices, better service and more choice for consumers and business”).

the public interest for the AWS-3 auction to be designated for the exclusive use of new entrants in order to promote innovative competition and new capital formation in the broadband sector.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rufus H. Rivers', followed by a long horizontal line extending to the right.

Rufus H. Rivers  
Managing Partner  
RLJ Equity Partners, LLC

cc: Commissioner Michael J. Copps  
Commissioner Jonathan Adelstein  
Commissioner Deborah Tate  
Commissioner Robert McDowell  
Mr. Charles Mathias  
Mr. Bruce Gottlieb  
Ms. Renee Crittendon  
Mr. Wayne Leighton  
Ms. Angela Giancarlo