



July 9, 2013

Honorable Mignon Clyburn
Chairwoman
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: WT Docket 12-69

Dear Chairwoman Clyburn:

I write on behalf of Pharos Capital Group ("Pharos"), to urge prompt adoption of an order that will restore interoperability.

Pharos, a minority controlled private equity fund, is the largest investor in Continuum 700 LLC ("Continuum"), a licensee for 700 MHz Block A spectrum in ten markets. Continuum's licenses were acquired in FCC Auction No. 73, at a time when interoperability was standard in the United States and was affirmatively mandated in several spectrum bands. Regrettably, shortly after completion of Auction No. 73, the nation's two largest wireless carriers opted to create proprietary band classes that had the effect of voiding interoperability. They did so to better their economic and competitive position, and under the guise that the Commission had not expressly mandated interoperability in the 700 MHz band.

The effect of there now being no interoperability obligation has been to stymie investors such as Pharos. Without interoperability, there is no workable business model for A Block licensees to offer wireless service. This is because there is no viable roaming opportunity (due to technical incompatibility), and there is only limited access to cutting edge equipment, even at higher price points. Under these circumstances, Pharos simply will not be inclined to invest in business models that make no sense.

In addition to the above, the clock continues to run on the Commission's build out requirements. Thus, Continuum could be forced to construct "license saver" systems that likely will have to be discarded later. Meanwhile, underserved areas within the Continuum spectrum footprint remain lacking in service. For purposes of illustration, two of Continuum's licensed markets are Charleston, South Carolina (BEA026) and Savannah, Georgia – South Carolina (BEA028). Attached are maps depicting those rural and underserved markets. What stands out is the host of small cities and towns in these markets. They include Grover, Moncks Corner, Ridgeville, Ruffin, Summerville, Walterboro (all in BEA026), Grays, Hampton, Estill, Ridgeland, Beaufort, and Hilton Head Island (all in BEA028). Without interoperability, these small cities will not receive 4G service over A Block spectrum, and perhaps not over any spectrum, in the near future.

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In contrast, if the Commission can promptly restore interoperability, Continuum can build out its markets and offer quality service to the public, including the 14 million persons living within Continuum's licensed market areas. That will enhance service options, particularly to the underserved who are not being appropriately served by the larger carriers.

By their prior actions, Pharos and the Continuum management team have shown what they can do when interoperability is in effect. Specifically, they collectively built out 15 markets in the Southeast United States. In doing so, service was made available in markets covering 12 million persons. Many of those operations were in small markets (e.g., Selma, AL; Corbin, KY; Tupelo – Corinth, MS; and La Grange, GA) where there were few or no wireless alternatives. And, significantly, those efforts resulted in the current direct employment of more than 1,200 persons. Given that Continuum's current licensed areas cover more than 14 million persons, significant additional service and employment would be available when interoperability is restored.

There is yet another reason that the Commission should restore interoperability: it is the right thing to do. The federal government should not sell spectrum to the public, then permit the largest carriers to change the rules of engagement, as is now the case. In addition, the Commission should be forward looking and recognize that investors such as Pharos are far more likely to participate in future auctions if interoperability is known to be part of the auction process, and there is certainty the rules will not change post-auction. Without interoperability, and the process integrity associated with it, Pharos is not likely to invest in future spectrum auctions.

For all of the above reasons, I urge the Commission to restore interoperability promptly.

Respectfully submitted,



Kneeland Youngblood
Founding Partner
Pharos Capital Group

Market Map for BEA026
Charleston – North Charleston, South Carolina



Market Map for BEA028
Savannah – GA, SC

