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October 10, 2001

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Ms. Magalie Roman Salas
Commission Secretary
Office of the Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, DC 20554

RE: IB Docket Number 01-185 and ET Docket No. 95-18

Dear Ms. Salas:

Enclosed is an original plus 11 copies of my comments on the proposed rulemaking proceeding for the above-referenced docket numbers. Also included is a 3.5 inch computer disk with a copy of the document in Word 97 format.

Please do not hesitate to contact me with any issues concerning this submission.

Sincerely,

David A. Montanaro

Enclosures

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of	
Flexibility for Delivery of Communications by Mobile Satellite Service Providers in the 2 GHz Band, the L-Band and the 1.6/2.4 GHz Band	IB Docket No. 01-185
Amendment of Section 2.106 of the Commission's Rules to Allocate Spectrum at 2 GHz for Use by the Mobile Satellite Service	ET Docket No. 95-18

COMMENTS OF DAVID A. MONTANARO

The following are the comments of David. A. Montanaro a satellite, telecommunications and general business consultant and former officer and shareholder of Teledesic Corporation.

Introduction: It is a privilege to offer my comments for consideration by the Commission in determining the regulations for matters so important to the United States' domestic and global interests. This document will address the following four areas: 1) support of recent requests before the Commission to grant satellite operators access to terrestrial use of their spectrum, 2) extension of the terrestrial use concept to other satellite operators, mobile or otherwise, 3) general policy considerations for the proposal currently under evaluation by the Commission and future requests of a similar nature, and 4) disclosure of relationships involving myself, Teledesic Corporation and some of the parties with requests before the Commission.

Support of the New ICO and Motient proposals: As an industry veteran and shareholder in satellite communications companies, I encourage the Commission to

support any and all requests that will expedite the introduction of cost effective satellite communications services on a global basis. Both the New ICO and Motient requests along with many other testimonials already submitted to the Commission clearly express the benefits to all U.S. citizens that can be provided by the timely deployment of these global, satellite-based systems and services. As such, it will be of no incremental value to reiterate those arguments here other than to affirm my concurrence that these satellite services do, in fact, provide capabilities vital to our national economic and security interests that cannot be cost effectively duplicated by other means.

In addition, the Commission and many other government agencies have already demonstrated vision and leadership in support of these systems by expending considerable effort both alone and in partnership with U.S. industry and the domestic and international communities to establish the regulatory framework to enable these global satellite communications systems. Notable examples are the 1992 World Administrative Radio Conference ("WARC"), where the regulatory environment supporting the forerunners to the New ICO system (Iridium, Globalstar and others) was agreed upon, and WARCs 1995 and 1997, where the regulatory framework for the broadband Low-Earth Orbit ("LEO") system named Teledesic was established. A decision by the Commission not to grant the New ICO and Motient requests would be a decision to ignore the enormous effort expended to date by government and industry alike. To deny these requests at this time, we run the risk of setting back much of the collective progress in the field of satellite telecommunications that has been made in the past decade.

Extending the Concept of Allowing Terrestrial Use of Satellite Spectrum to Other Satellite Operators: In the Commission's Notice of Proposed Rulemaking ("NPRM") the question is posed as to whether "the preliminary approach we outline for permitting terrestrial operations in the 2 GHz band could be adopted also for permitting similar terrestrial operations in the Big LEO bands."[1] The answer to this question is an overwhelming "YES" for the following reasons. First, the services offered by the Big

[1] Federal Communications Commission Notice of Proposed Rulemaking, IB Docket 01-185 and ET Docket No. 95-18, Released August 17, 2001, page 2

LEO operators (Iridium, Globalstar, et. al.) and the underlying technology and service offerings proposed by New ICO and Motient, notwithstanding marketing claims to the contrary, are for all practical purposes the same. Second, the fact that these two families of similar systems operate in different spectrum bands and are therefore subject to different regulations is largely an artifact of previous spectrum assignments and not a result of some deliberate plan to distinguish among these services from a regulatory perspective.

While not a question directly proposed by this NPRM, I encourage the Commission to extend the policies decided upon here, to the extent practicable, to all satellite communications services and more specifically, to the broadband LEO system: Teledesic. There are three main reasons for this suggestion: 1) the economic challenges of deploying a system like Teledesic are not materially different than those of deploying any of the Big LEO, New ICO or Motient systems, 2) there is an ever-blurring distinction, at least with respect to end user utilization, between mobile satellite services ("MSS") and fixed satellite services ("FSS"), and 3) there has been no time like the present when a system like Teledesic has been more positively positioned to impact the well-being of all the world's citizens.

LEO-based MSS and FSS Share the Same Economic Deployment Challenges: Central to the request before the Commission to allow MSS operators to use portions of their spectrum terrestrially is the desire to offset the costs of deploying these systems with revenues from terrestrial services. The Teledesic system uses the same general satellite architecture, LEO, as the New ICO and other Big LEO systems, Iridium and Globalstar, and therefore faces the same challenges in that it must deploy from the beginning of operations as a global system. While there are inherent humanitarian and egalitarian benefits associated with the broad geographical reach of these systems, this deployment challenge, as argued by New ICO and Motient, poses significant financial hurdles associated with rapidly establishing the sales, distribution and other support systems necessary to complement a viable global communications network.

The financial challenges associated with the deployment of these systems have been well articulated in the New ICO and Motient requests to the Commission. Should these be compelling enough to convince the Commission to act favorably on the New ICO and Motient requests, then they should be compelling enough to persuade the Commission to extend the policies decided upon in this proceeding to include Teledesic or, to look favorably on a future request by Teledesic or other similarly situated entities.

Blurring Distinctions Between Uses of MSS and FSS Systems: As any technology proliferates in both use and capability, the distinctions that were once helpful in classifying the derivative products and their uses often begins to blur. A perfect example of this occurred in the computer industry. The terms "minicomputer" and "microcomputer" were once useful ways to classify the relative power of a computer as well as to define with some clarity what uses these respective systems could address. As the technology progressed these terms became increasingly meaningless as a way to distinguish products or their applications.

Similarly, the telecommunications industry uses "Cellular" and "PCS" services to describe various mobile telephony offerings. In today's deployment of these systems this has become a distinction without a difference. Furthermore, as the cost effectiveness and capability of "Cellular" and "PCS" systems increase so does their replacement of traditional fixed telephony. A growing number of individuals now choose to utilize mobile phone technology as their primary communications medium – a situation that was just not possible a short 10 years ago.

This phenomenon will repeat as both MSS and FSS systems deploy and their uses evolve. As such, it is highly probably that the distinctions in how individuals and organizations actually use MSS and FSS systems will begin to blur. Therefore, to entrench a regulatory environment based on distinctions that are likely to become artificial in the future places the longevity of that policy in danger. For the purposes of this particular discussion, a distinction based on system architecture (Big LEO for example) is a more prudent choice.

Under that method of classification any policy decisions relating to LEO-based MSS systems should be extended, as practicable, to LEO-based FSS systems.

A System Like Teledesic is Desperately Needed: It is no longer disputed that information technology and access to that technology goes hand-in-hand with securing, maintaining and enhancing our basic standard of living. Likewise, it has been widely accepted that a system like Teledesic would provide global access to information technology and that the necessary satellite, communications and general computing technologies have reached a point where a system like Teledesic is technologically viable. What has been called into question in the last five years is the economic viability of being able to deploy such a system and to offer competitively priced services on an ongoing basis. This situation has been exacerbated by the financial difficulty of other satellite operators such as Iridium, Globalstar and the original ICO and the industry pundits' overly optimistic projections that in just a few years low cost, high-speed connections would become ubiquitous.

Even with the billions of dollars of capital that was poured into the global telecommunications industry, the build out of advanced telecommunications capability, especially the last mile to the customer, has lagged significantly below expectations. Now that this source of capital has evaporated along with many of the companies it supported, extending this advanced capability even in the most advanced urban areas will slow even further.

Likewise, during the past five years the end-user's cost of advanced telecommunications services has been subsidized by the same free capital that was poured into the industry's infrastructure investments. As a result, pricing bore no relationship whatsoever to the true economic costs of deploying and supporting those services. New or complementary services like Teledesic, when proposed, had their cost of service compared against the unrealistic and untenable prices of terrestrial high-speed communications services. Now, with no more capital to fund end-user subsidies, pricing for these services, where available, is rising and is projected to do so for the foreseeable future.

The impact of this situtation is that a void has been created. Despite our industry's best intentions and occasional rhetoric to the contrary, the gap between the information "haves" and "haves nots" continues to widen. Demand and recognition for access to advanced information services continues to grow while deployment of advanced communications capabilities lags behind. For these reasons among others (including national security) a system like Teledesic is more needed than ever. I urge the Commission to take this into consideration when establishing policies for the future.

General Policy Considerations for the Commission in Evaluating This and Similar Proposals: As a result of the increasing importance of the telecommunications industry in world affairs, regulatory policy concerning radio frequency spectrum directly impacts the U.S. economy, technology policy, security interests and international relations. For this reason, these decisions can no longer be made along a single agency's technology or policy perspective.

For example, when a securities offering or a merger involving a U.S. company with radio frequency licenses occurs, that transaction is often reviewed independently by both the Securities and Exchange Commission ("SEC") and the Federal Communications Commission ("FCC"). Given the complexities and interrelationships between the economic and spectrum policy posed by the New ICO and Motient requests, a joint and collaborative review undertaken by the federal agencies that would normally be involved in reviewing the transactions described above would be in the public's best interest. With this in mind, the New ICO and Motient requests before the commission should receive joint scrutiny from both the SEC and the FCC.

A favorable decision by the Commission on the New ICO and Motient requests will provide a significant boost to their viability as corporate entities. If these entities are going to be the beneficiaries of such a valuable action on the part of the Commission, it is plausible to suggest that there be sufficient scrutiny to ensure that these entities are in order from a corporate or securities perspective. As a minimum they should be held to the same standard of corporate financial and organizational disclosure as they would be if

involved in a SEC regulated transaction. I urge the Commission to consider this call for more collaborative and cross organization review of these items of national economic, technological and security interest.

Disclosure: In considering these comments the Commission should be aware that I am a former officer of Teledesic Corporation and a present shareholder of the company. Teledesic Corporation is, in turn, linked to New ICO in several ways.

Teledesic's resources have been deployed in support of New ICO interests from as early as fall of 1999. Teledesic is also linked to New ICO through a $200 million loan that was granted in May of 2000 to ICO Teledesic Global Limited ("ITGL"). ITGL is the controlling shareholder in New ICO. Several of Teledesic's current and former Directors are Directors of New ICO, ITGL or both. Finally, the above-mentioned loan as well as other transactions among Teledesic, ITGL and New ICO are the subject of a derivative action lawsuit initiated by myself on behalf of Teledesic shareholders against the Board of Directors of Teledesic.[2]

Respectfully submitted,

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Dated: October 10, 2001

[2] Full text of the Complaint is available at www.teledesiclitigation.com or from the Clerk's Office of the Superior Court of the State of Washington, King County, Docket No. 01-2-10194-3 SEA, David A. Montanaro on behalf of Teledesic Corporation v. Craig O. McCaw et. al.

DOCKET NO. 01-277 Attachment A

1 DOCUMENT OFF-LINE

This page has been substituted for one of the following:

o An oversize page or document (such as a map) which was too large to be scanned into the ECFS system.

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