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March 14, 2003

VIA ELECTRONIC FILING

The Honorable Michael K. Powell
Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: Ex Parte Letter ET Docket No. 00-258

Dear Mr. Chairman:

The *RCR Wireless News* recently reported that the Commission may be contemplating using auction proceeds for purposes other than to facilitate relocation of federal spectrum users. Ericsson has advocated the creation of a fund from spectrum auction proceeds, as part of a comprehensive spectrum management policy, to be used to relocate incumbent users. Ericsson is concerned that the diversion of these proceeds for other purposes is not in the public interest.

There are numerous advantages that a relocation fund offers. First, this type of fund is an excellent means to streamline the relocation process, including the guarantee that incumbent users are timely relocated. Second, a relocation fund provides needed assurances to incumbent users that they will be adequately compensated. Third, the fund provides necessary certainty to the market about future availability of spectrum; thus, ensuring that spectrum is appropriately valued at auction. Fourth, spectrum auction proceeds provide an appropriate source of funding for spectrum management in a manner that facilitates its availability and commercial utilization.

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For these reasons, Ericsson incorporated the establishment of a relocation fund into its 3G spectrum plan, which became an integral part of the dialog in the 3G proceeding. In particular, Ericsson urged that federal entities identify the cost of their relocation upfront. This would allow industry bidders to appropriately account for these expenses in their bids. Further, full knowledge of the costs of relocation and the source of funding for relocation in advance allows for rational spectrum planning and management, and expedites the relocation of incumbents to other frequencies.

However, if auction proceeds are identified for purposes other than relocating incumbents, then the overall value of spectrum will likely be diminished from the outset. Market participants will be more cautious in their bidding because of the uncertainty surrounding the availability of the spectrum, likely resulting in substantially lower auction proceeds. Consequently, relocation may be protracted because incumbents may be less willing to timely vacate spectrum without assurances that they will be adequately or timely compensated for their efforts. Ultimately, any delay in the ability of new licensees to put spectrum to valuable commercial uses, such as for advanced wireless services, negatively affects consumers.

Because a relocation fund is an invaluable tool to stimulate market certainty, innovation, the deployment of advanced wireless services, and economic growth, it should not be used to fund other programs. Redirecting auction proceeds will introduce a level of uncertainty and require additional expenditure to relocate incumbents that is not in the public interest. For these

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reasons, Ericsson urges the Commission to designate auction proceeds to be used, first and foremost, for relocating incumbents.

Sincerely,

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cc: Commissioner Kathleen J. Abernathy
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