

Market-Based Solutions for Realignment Spectrum Use in the 800 MHz Band

Lee L. Selwyn and Helen E. Golding
Economics and Technology, Inc.

Ex Parte Presentation on behalf of James A. Kay, Jr.
June 24-25, 2003

A Market-Based Relocation Process:

- Step one: Identify public safety spectrum affected by interference
- Step two: Establish “fair market value,” payable in bidding credits, of licenses being encouraged to relocate
- Step three: Auction off 10 MHz of nationwide spectrum at 1.9 GHz – Nextel and other interested bidders would establish “market price” via auction
- Step four: Depending upon results of auction, interference would either be largely resolved by relocation of Nextel to 1.9 GHz (if it wins auction), or FCC would have auction proceeds to compensate affected 800 MHz licensees for cost of relocation

Advantages over Consensus Proposal

- More consistent with overall direction of FCC’s spectrum policies:
Reduces reliance on “command and control”
- Value of 1.9 GHz spectrum over and above relocation costs offered under Consensus proposal would be captured via public auction
- Commercial licensees in 800 MHz band would not be required to bear the costs of an involuntary relocation