

In the Matter of )  
 ) FCC Docket No. 03-103  
 )

Reply Comments by Stratophone LLC

#### BACKGROUND

Stratophone LLC is the licensee and operator of a number of Air-Ground General Aviation ground stations license in the 454 MHz band under Part 22. The stations are national in scope but predominantly in the Northeast.

The Commission has proposed several changes in the Part 22 rules to streamline those rules, and de-regulate aspects of licensee operations to reflect the changing technical and competitive landscape. Stratophone supports meaningful revisions which result in better service to the public and which foster competition.

#### THE INDUSTRY NOW

As noted in the Report and Order, telephone service is now provided to aircraft by a number of technologies. These are:

Air-ground service to General Aviation in the 454 MHz band (AGRAS group of independent station owners)

Air-Ground service to Commercial and General Aviation in the 800 MHz range (Verizon)

Air-Ground service to General Aviation over 800 MHz cellular, but with restricted radiation and polarization (Aircell)

Air-Ground Service to General and Commercial aircraft over LEO satellites (Iridium and Globalstar) (Several resellers including Aircell)

Air-Ground Service to General and Commercial aircraft over geostationary satellites (Inmarsat, ARINC and SITA)

Illegal use of cellular and PCS phones while in flight, in contradiction of federal regulations

#### THE RULES FAVOR 800 MHz CARRIERS

As might be noted above, the 450 Mhz service is limited to General Aviation, a situation which we believe is unfair and anti-competitive. The other services have tremendous flexibility to cross-subsidize the various market segments in a

manner patently unfair to the 454 MHz service. We urge to Commission to level the playing field by allowing 454 Mhz use by commercial carriers.

#### THE 454 MHZ SERVICE ACCOUNTS FOR A SIGNIFICANT SEGMENT

Unfortunately, the Air-Ground business is much smaller than the cellular universe, with the number of General Aviation aircraft at about 300,000, of which 12,000 are turbine aircraft...the type of user that utilizes Air-Ground service. Of these, approximately 4400 aircraft have 454 MHz "Flitefones" installed, and of these 3147 are "active customers". those with whom AGRAS had a financial transaction in the past 12 months. (The manufacturers, of which there were several, report over 14,000 units built over the last 15 years).

It is important to note that AGRAS users are only billed for calls made or received; there is no monthly fee collected, or a monthly usage minimum imposed. Therefore our subscriber numbers are more closely indicative of actual airtime used. If Aircell has 1400 users, as mentioned in its Comments, and Verizon Airphone has 4500 aircraft it serviced (1500 of which are airliners), and AT&T had 350 General Aviation subscribers, this means that the turbine-class Air-Ground business is pretty much saturated. Although the cost of an aircraft telephone might seem expensive (from \$3500 to over \$100,000), the expense is not a significant amount in relation to the total cost of the aircraft. What is significant is that many aircraft have highly customized interiors, and any changes to hardware are difficult to accomplish.

#### AS THE MOST SUCCESFUL A/G SERVICE, AGRAS SHOULD SURVIVE

ANTA proposes that the 454 MHz band be retired, and the 4400 AGRAS units be replaced by Aircell units, which could cost an average of \$10,000 per aircraft, or about \$44 Million. But this ignores the indirect costs of aircraft being taken out of service, cost of personnel idled, etc, so that a more realistic cost could reach \$100 Million.

But what would the users get? Slower data speeds, less coverage, no Canadian coverage, and a system that Aircell apparently is planning to abandon, as its Comments reflect a strong interest in the 800 Mhz band. It also is marketing Iridium satellite hardware as well as its cellular-based product.

#### AGRAS DESERVES TECHNOLOGICAL PARITY

The 454 MHz service utilizes a single technical standard ("AGRAS") which, as in the early days of cellular, enabled rapid deployment and acceptance by users. But as the cellular subscriber base expanded, the Commission wisely opened up additional spectrum and relaxed the technical requirements to permit multiple technologies.

Verizon, which operates Airfone (formerly GTE), has asked the Commission to allow it greater flexibility in utilizing the 4 Mhz of the 800 Mhz band allocation so that newer data services can be offered, primarily to commercial craft. We support flexibility of the 800 Mhz spectrum so long as 454 MHz licensees are offered similar flexibility. We would utilize access to the entire AGRAS band in a non-interefering manner with centralized dynamic channel allocation to permit hand-offs, data offerings, and dispatch-like services.

Only by offering such regulatory parity can the Commission encourage competition.

And what of the Air-Ground station licensees? We have millions of dollars invested in equipment, have a system-wide upgrade in the RFQ stage, and a positive cash flow. Are we not entitled to continue our livelihood. Are the thousands of current AGRAS subscribers who obviously are largely satisfied with our service not entitled to some protection? They and the AGRAS ground station licensees should not be punished for providing a service, when other competitors have failed financially, shut down, and straddled aircraft owners with obsolete subscriber equipment.

AIR-GROUND SERVICE IS INTERNATIONAL IN NATURE

Finally, we concur with Able Communication's comments regarding the international nature of the 454 Mhz (as well as the 800 MHz services). These frequencies are co-allocated with Canada (and possibly other countries) because of the "reach" of airborne radio signals. Shutting down, limiting, or allowing interference on these frequencies should be very carefully considered.

Respectfully submitted,

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