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December 9, 2003

BY ELECTRONIC FILING

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

Re: WT Docket No. 02-55  
*Ex Parte Presentation*

Dear Ms. Dortch:

On Monday, December 8, 2003, Lawrence Krevor, Vice President – Government Affairs, Nextel Communications, Inc. (“Nextel”), Dr. Kostas Liopiros, Founder and Principal of the Sun Fire Group, and I met with Kathleen O’Brien Ham, Deputy Chief, Office of Strategic Planning and Policy Analysis (“OSP”); Evan Kwerel, OSP; and William Lane, Wireless Telecommunications Bureau, regarding the Commission’s above-captioned rulemaking on public safety communications in the 800 MHz band. During this meeting, we discussed the study authored by Dr. Liopiros entitled “The Consensus Plan: Promoting the Public Interest – A Valuation Study,” filed with the Commission on Thursday, November 20, 2003. In his study, Dr. Liopiros shows that the demonstrated public interest benefits of the Consensus Plan – including improved public safety communications and elimination of the 800 MHz interference that jeopardizes the lives, safety, and effectiveness of our nation’s first responders – are substantial and recurring. Dr. Liopiros’ study further demonstrates that the spectrum swaps proposed by the Consensus Plan are equitable, and will in no way give any licensee a “windfall” benefit. Attached to this letter is a copy of a slide presentation provided to Commission staff that presents the key points and findings of Dr. Liopiros’ study.

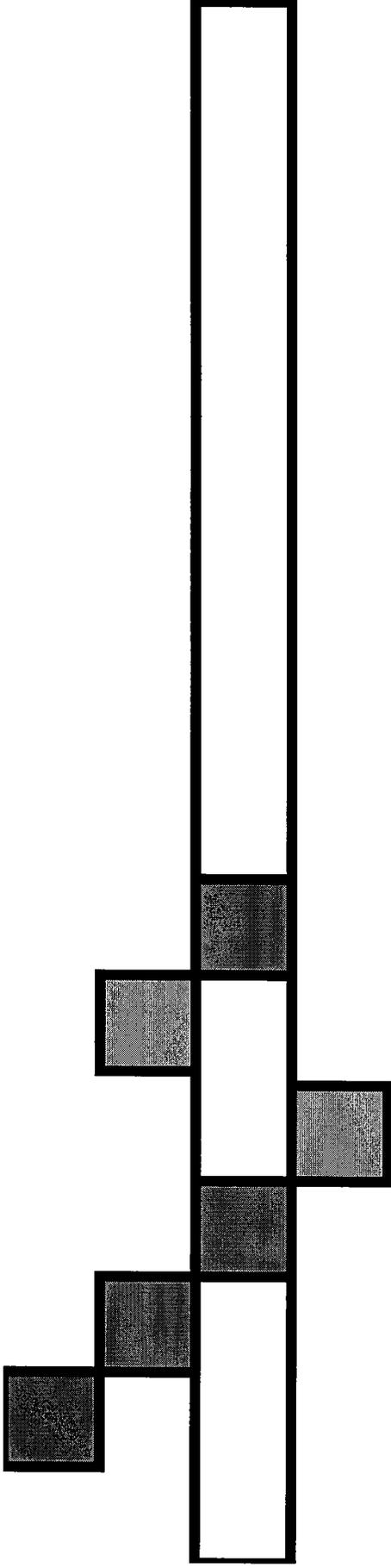
Pursuant to section 1.1206(b)(2) of the Commission’s rules, 47 C.F.R. § 1.1206(b)(2), this *ex parte* notification and the attachment are being filed electronically for inclusion in the public record of the above-referenced proceeding.

Sincerely,

/s/ Regina M. Keeney  
Regina M. Keeney

Attachment

cc: Kathleen O’Brien Ham  
Evan Kwerel  
William Lane

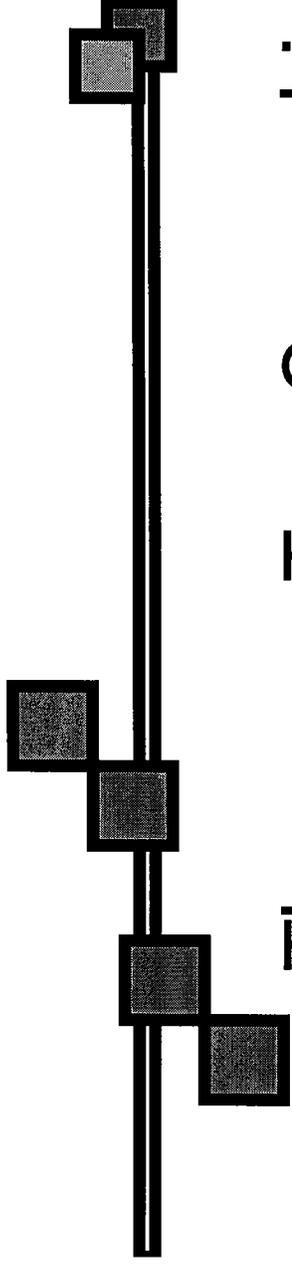


# The Consensus Plan: Promoting the Public Interest A Valuation Study



Prepared for Nextel Communications, Inc

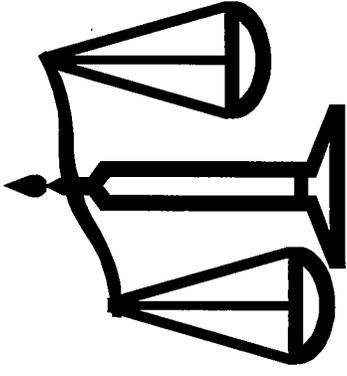
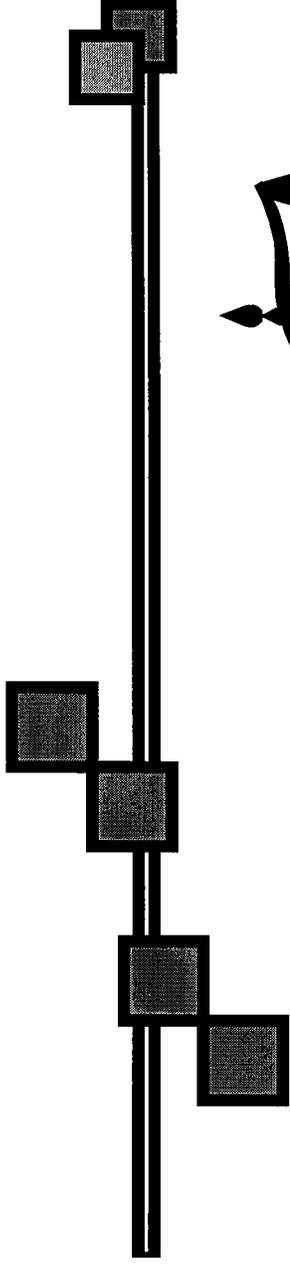
Dr. Kostas Liopiros  
Sun Fire Group LLC  
Alexandria VA 22304  
December 2003



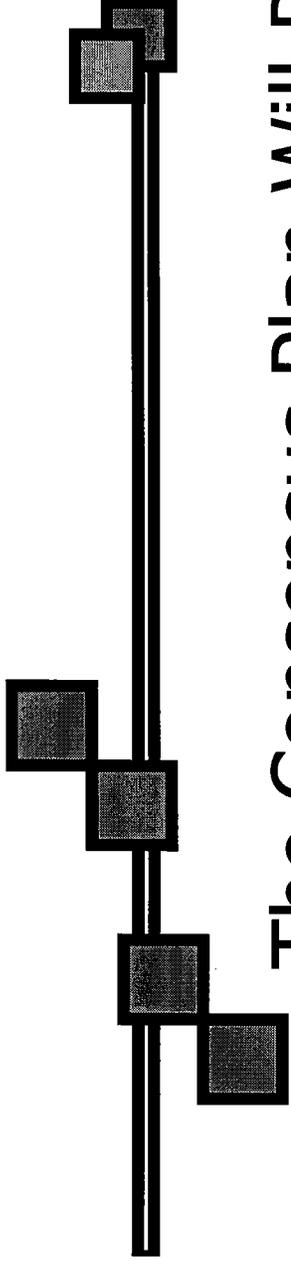
There are Two Overarching Issues in  
this Proceeding

- Public Benefits vs. Government Cost
- Nextel's Benefits vs. Consensus Plan Cost

The FCC Should Focus on the Consensus  
Plan's Substantial Public Benefits



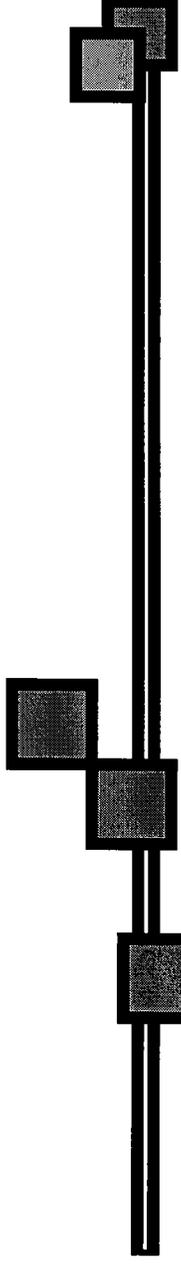
**The Substantial and Ongoing  
Public Benefits far Outweigh the  
Cost to the Government in terms  
of Forgone Spectrum Auction  
Revenues**



## The Consensus Plan Will Provide Substantial Enhancements to Public Safety Communications

- Remedying interference to Public Safety
- Providing additional spectrum for Public Safety Communications

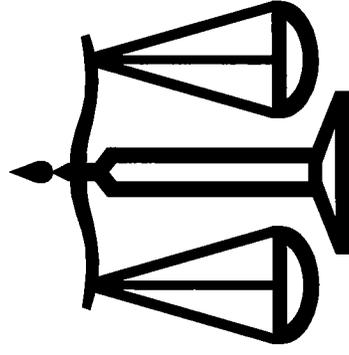
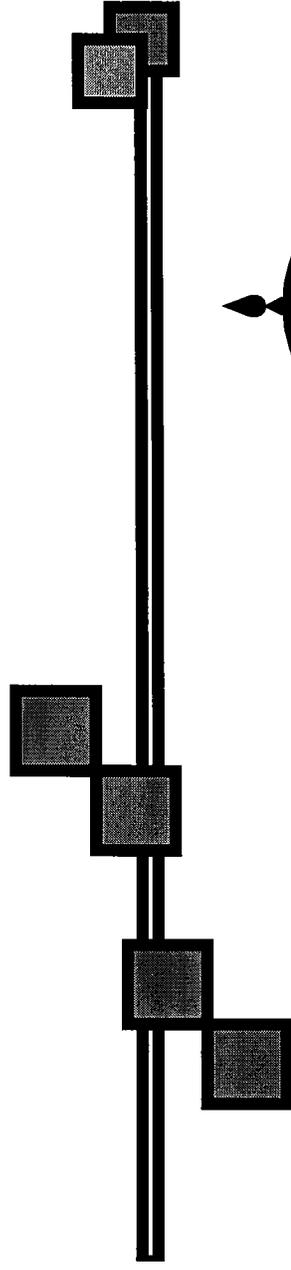
By Contrast, Case-by-Case Mitigation Would Provide Lesser Benefits and Impose Ongoing Burdens on Public Safety Operators



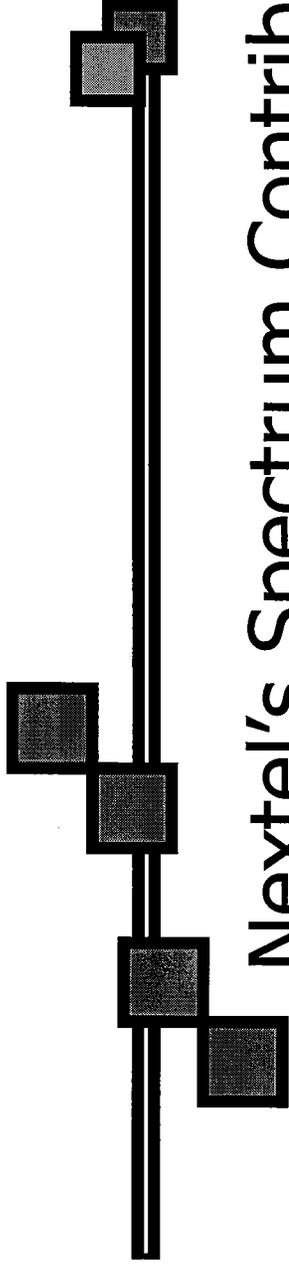
# Improvements to Public Safety Communications Will Provide Very Substantial Public Benefits

- Saving lives
- Reducing Economic Loss due to Terrorism, Crime,  
Fire and Other Disasters

Americans Demand an Effective Government  
Response to Public Safety Communications  
Problems

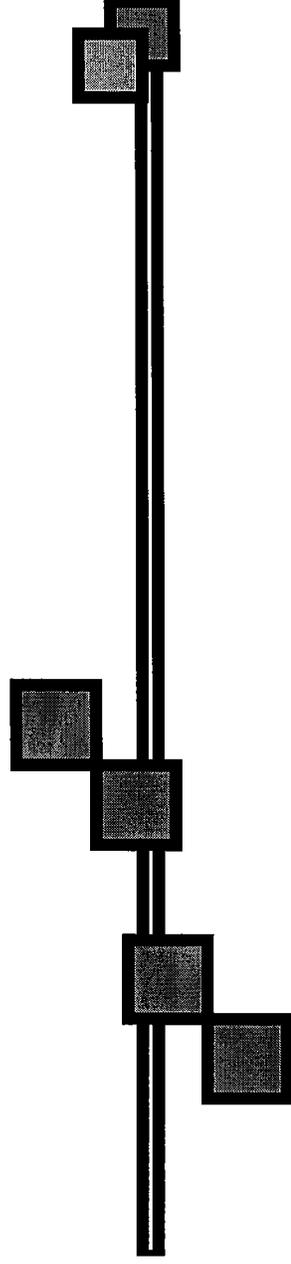


**The Spectrum Exchange Involves  
Spectrum of Comparable Value  
and Will Not Give Nextel a Windfall**



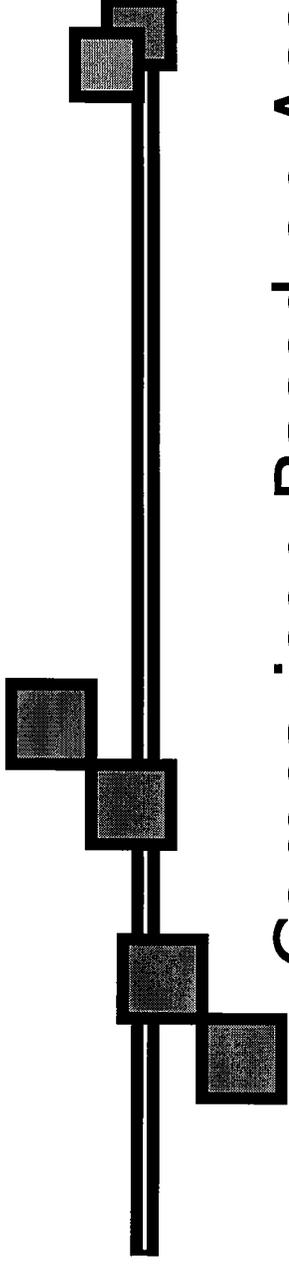
**Nextel's Spectrum Contribution is Comparable to the 1.9 GHz Spectrum Received**

- A "kHz for kHz" Comparison
- Comparison Based on Acquisition Costs and PCS A and B Block Auction Prices
- Comparison Based on Recent Private Transactions



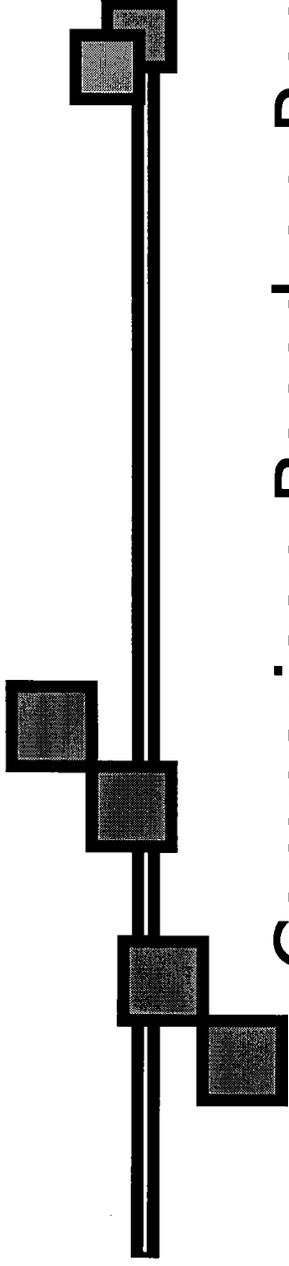
## "kHz for kHz" Comparison

- A Net Loss of Spectrum
  - 10.5 MHz of Spectrum in Exchange for 10 MHz
- A Financial Contribution Over \$1 Billion to Implement the Consensus Plan



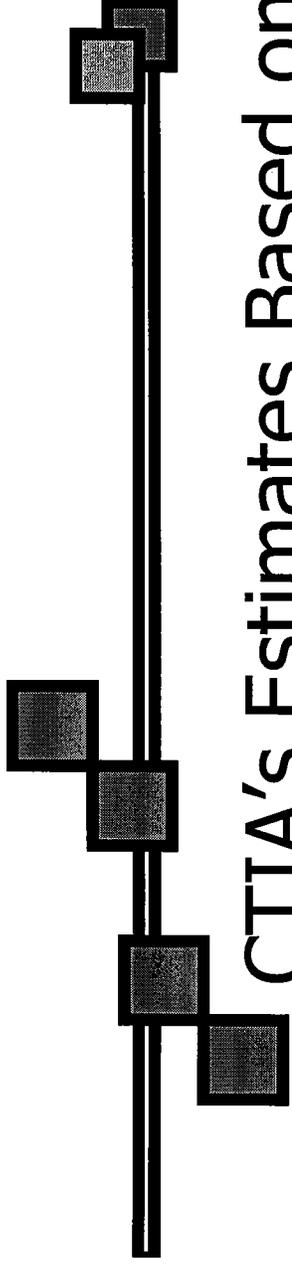
## Comparison Based on Acquisition Costs and PCS A and B Block Auction Prices

- The value of the 10.5 MHz Nextel would surrender is *greater* than the value of the 10 MHz of replacement spectrum it would receive
  - Nextel paid approximately \$2 Billion in FCC auctions and private transactions for the 10.5 MHz it would surrender
  - Based on A and B Block Auction Prices (1994), CTIA valued 10 MHz of Spectrum at approximately \$1.3 Billion
- A Financial Contribution Over \$1 Billion to Implement the Consensus Plan



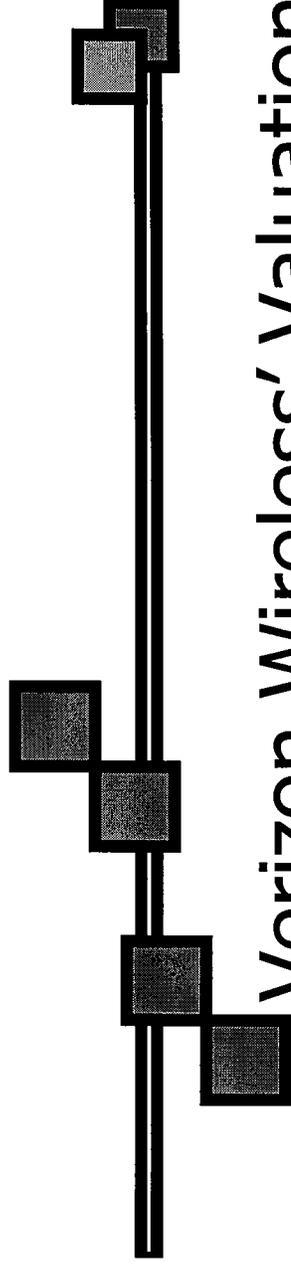
## Comparison Based on Recent Private Transactions

- Nextel's Spectrum Contributions under the Consensus Plan approximate the value of the 1.9 GHz replacement spectrum
  - Nextel Spectrum Contributions can be valued at about \$3.4 Billion
  - 1.9 GHz Replacement Spectrum can be Valued at about \$3.5 Billion
- A Financial Contribution Over \$1 Billion to Implement the Consensus Plan



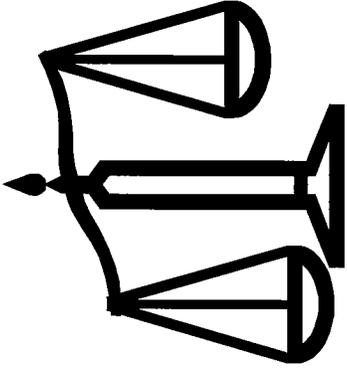
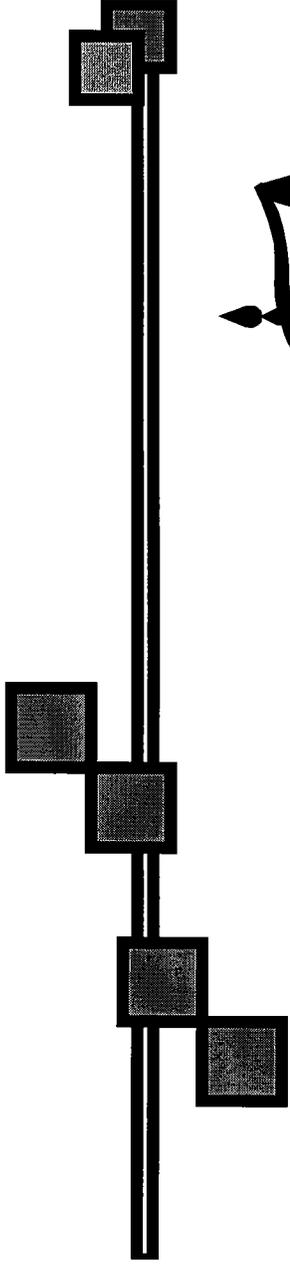
## CTIA's Estimates Based on Average Prices of Two Recent Private Transactions Significantly Overstate the Value of the G Block

- Both transactions involved primarily large markets -- inflating the average price
- A reliable estimate of the value of a nationwide license would use a representative selection of small, medium and large market transactions



## Verizon Wireless' Valuation Overvalued 1.9 GHz While Undervaluing 700/800/900 MHz spectrum

- Ignored taxes
- Underestimated value of customer relationship
- Did not take into account variation of value of spectrum license with market size
- Added an equity control premium
- Ignored current reality and future uncertainty in trend towards high speed data service



- The Demonstrated Benefits of the Consensus Plan are Substantial, Recurring and Far Outweigh One-time Costs to the Government
- Spectrum swaps proposed by the Consensus Plan are comparable in value and give no licensee a “windfall”