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John B. Muleta, Chief
Wireless Telecommunications Bureau
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: Improving Public Safety Communications
In the 800 MHz Band, WT Docket No. 02-55

Dear Mr. Muleta:

At our meeting on February 19, FCC staff asked how much Verizon Wireless would offer to pay in return for being granted the 10 MHz of nationwide spectrum in the 1.9 GHz band that Nextel wants.

My February 26 letter to you responded that no company should be granted spectrum through such a "private sale." Verizon Wireless fully supports your efforts to address interference to public safety communications in the 800 MHz band through band realignment or other in-band solutions. But no solution can or should include a grant of spectrum in an entirely separate band to Nextel, or anyone else, to the exclusion of other parties who may seek the spectrum to serve their customers. The fact that Nextel has demanded this spectrum as its price for promising to rectify interference to public safety operations does not justify the Commission's acquiescence in Nextel's demand. The only proper action for the 1.9 GHz spectrum is to auction it to the highest bidder. I thus advised you that Verizon Wireless was willing to participate in an immediate auction of the 1.9 GHz spectrum.

I understand that at a subsequent meeting with you and your staff on March 26, Verizon Wireless was again asked to "name a price" for the 1.9 GHz spectrum. I must again reiterate that in the company's view, it would be unlawful as well as ill-advised public policy for the Commission to circumvent the statutory auction requirement. We have repeatedly stated that the FCC has no legal authority to grant Nextel the 10 MHz of spectrum but must open that spectrum up for competitive bidding. On March 31, to expedite the competitive bidding process, we filed a petition asking the Commission to complete the steps necessary to make the 1.9 GHz spectrum available for auction.

In response to your staff's further request, however, I am advising you that Verizon Wireless remains ready to participate in an immediate auction of a nationwide license for the 10 MHz (specifically, the 1910-1915 and 1990-1995 MHz bands). **We are prepared to submit an initial, opening round bid of $5.0 billion.** Our willingness to bid depends on the Commission's

designation of the bands for a nationwide Broadband PCS license and the adoption of the PCS rules for the spectrum, as requested in our petition. The Commission should have no issue with taking these actions immediately. It has already proposed to use the Broadband PCS rules for this spectrum, and parties supported that approach. Using the PCS rules is appropriate given that the 1.9 GHz spectrum is adjacent to existing licensed PCS bands, and using these rules will enable the fastest rollout of services on that spectrum to benefit the public.

Our willingness to specify an opening bid amount of $5 billion once again shows why the 1.9 GHz spectrum must be licensed through an auction. No private sale can be expected to yield as much value to the Government, or place spectrum with the party that will put it to the highest and best use. Moreover, earmarking this spectrum for auction would still allow Nextel to receive a significant windfall from the in-band realignment of 800 MHz spectrum that public safety has sought, because Nextel will receive contiguous spectrum within the 800 MHz band in place of its existing non-contiguous and interleaved spectrum. Both the Commission and Nextel, as well as many outside analysts, have repeatedly stated that contiguous 800 MHz spectrum is worth considerably more than non-contiguous and interleaved spectrum. That windfall is more than sufficient for Nextel to pay public safety's relocation costs, particularly on the four-year realignment schedule that Nextel has proposed.

This approach would comply with the law, guarantee full funding for public safety and reap the maximum value of the 1.9 GHz spectrum for the Government. It would yield far more cash to the U.S. Treasury than the plan the Commission is apparently considering. Among other flaws, that plan would apparently credit Nextel for the estimated costs of relocating public safety – even though it will be several years before anyone can possibly know how much Nextel will actually have spent to relocate public safety. Arbitrarily selecting such an amount, before one dime has been spent, and then crediting that amount toward an arbitrary purchase price for the 1.9 GHz spectrum, makes absolutely no economic or legal sense. Worse, the plan would "compensate" Nextel for in-band realignment in the face of a clear record that shows Nextel is in fact gaining significant value within the 800 MHz band through realignment.

I urge you again to address public safety interference by solving that problem, without creating many more problems by engaging in a private sale of spectrum. Verizon Wireless and other parties have, in filings dating back more than a year, demonstrated how the Commission could address interference to public safety without granting the 1.9 GHz band to Nextel. Auctioning that spectrum is the required, and responsible, course of action.

Best regards,

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