



October 22, 2004

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

Re: WT Docket No. 03-103

Dear Chairman Powell:

I am writing to express my deep conviction and concern about the current course and potential outcome of the FCC's Air-to-Ground (ATG) proceeding (WT Docket No. 03-103). As the anticipated time for a Commission decision nears, indications are that the Commission staff has proposed a single auction of the entire 4 MHz ATG band as the culmination of this proceeding.

This is, in AirCell's view, the *de facto* award of that band to the incumbent, Verizon Airfone. This would be a deeply flawed result, one that flies in the face of the goals of the Notice of Proposed Rulemaking (NPRM) to promote and deploy innovative, spectrum-efficient technologies, and that ignores one of the fundamental concerns expressed in the NPRM that "there is only one licensee remaining." Moreover, the FCC would cede a significant and growing market – with more than 600 million commercial aviation enplanements per year and over 8,000 commercial aircraft – to a single provider. AirCell estimates that the potential revenue from this market will approach \$1 billion per year within five years.

Verizon Airfone, as the ATG incumbent, starts off with a very significant edge by virtue of (i) its legacy presence in several major airline customers, (ii) its aggressive assertion that its existing legacy system must be protected for an indefinite transition period, (iii) its huge terrestrial wireless subscriber base and current bundling of ATG and terrestrial service offerings, and (iv) its extremely deep pockets. This combination will almost certainly exert a chilling effect on other prospective bidders in a single-license auction. Such an advantaged position simply has not been earned. By every reasonable criteria the legacy Airfone service has been a failure -- underutilized and at a technological dead end. It would be absolutely inequitable for this history of failure and lack of innovation to be bootstrapped into a windfall broadband monopoly.

We urge the Commission to adopt a solution that will provide real, meaningful competition within the ATG band. Airlines have asked for that outcome. All participants other than Verizon Airfone have asked for that outcome. Real competition requires that a minimum of two licenses be issued -- thus assuring that at least one competitor other than Verizon Airfone will have the opportunity to provide service in the ATG band.

The breadth of the market, the number of different -- and different types of -- airlines, and the diverse needs of general aviation all point to the demand for competitive solutions from more than one provider, as shown on the attached one-page slide. The need for that competition to be *within the ATG band* is clear from the record and is indisputable. The intermodal competition from satellite carriers that Verizon Airfone touts simply doesn't exist in the domestic aviation market.

AirCell and Boeing have presented a new joint proposal that will accomplish the Commission's NPRM goals. After extensive discussions with the Commission staff and a significant joint technical effort, AirCell and Boeing have converged on a common position. (As a result, Boeing withdrew its original proposal and now supports the AirCell approach.) Earlier this week we submitted a simplified, compromise proposal to the staff that would provide for full broadband capability in a shared use of the ATG spectrum by two licensees. Again, this proposal has been developed in consultation with Boeing and has its support.

In contrast, Verizon Airfone has made it absolutely clear on the record and in staff sessions that it is totally and exclusively committed to its position that only a single service provider should be licensed in the ATG band. Its uncompromising pursuit of a monopoly license is coupled with its entrenched advantage as the surviving incumbent. Given those facts, any approach that provides for the possibility of a single licensee for the entire ATG band is tantamount to extending the franchise of the current monopolist.

I urge the Commission to put in place a renewed and revised licensing structure for the ATG band that meets the objectives of the NPRM, that meets the needs of the airlines (and the consumers in the seats), that promotes true, effective competition in a wide and varied market, and that precludes the elevation of an anachronistic *de facto* monopoly into a *de jure* one.

Sincerely,

*/s/ Jack W. Blumenstein*

Jack W. Blumenstein,  
Chairman and Chief Executive Officer

cc: Marlene Dortch, Secretary

Attachment

## Majority of U.S. carriers have elected to not provide Airfone or satellite passenger telecom services

**Alaska Airlines**

**American Airlines**

**America West**

**ATA**

**AirTran**

Plus all Regional Airlines with the exception of United Express and Midwest Express

**Frontier Airlines**

**Independence Air**

**JetBlue Airways**

**Northwest Airlines**

**Southwest Airlines**

- ➔ **More than 6,400 aircraft are un-served (~79% of the U.S. fleet)**
- ➔ **Airlines need competitive offerings and have made that request known to the FCC**
- ➔ **Verizon Wireless customers pay \$0.10 per minute with \$10 Monthly fee or \$0.69 without fee. Everyone else pays \$4.00/minute, plus a \$4.00 set-up charge**



October 22, 2004

The Honorable Kathleen Q. Abernathy  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

Re: WT Docket No. 03-103

Dear Commissioner Abernathy:

I am writing to express my deep conviction and concern about the current course and potential outcome of the FCC's Air-to-Ground (ATG) proceeding (WT Docket No. 03-103). As the anticipated time for a Commission decision nears, indications are that the Commission staff has proposed a single auction of the entire 4 MHz ATG band as the culmination of this proceeding.

This is, in AirCell's view, the *de facto* award of that band to the incumbent, Verizon Airfone. This would be a deeply flawed result, one that flies in the face of the goals of the Notice of Proposed Rulemaking (NPRM) to promote and deploy innovative, spectrum-efficient technologies, and that ignores one of the fundamental concerns expressed in the NPRM that "there is only one licensee remaining." Moreover, the FCC would cede a significant and growing market – with more than 600 million commercial aviation enplanements per year and over 8,000 commercial aircraft – to a single provider. AirCell estimates that the potential revenue from this market will approach \$1 billion per year within five years.

Verizon Airfone, as the ATG incumbent, starts off with a very significant edge by virtue of (i) its legacy presence in several major airline customers, (ii) its aggressive assertion that its existing legacy system must be protected for an indefinite transition period, (iii) its huge terrestrial wireless subscriber base and current bundling of ATG and terrestrial service offerings, and (iv) its extremely deep pockets. This combination will almost certainly exert a chilling effect on other prospective bidders in a single-license auction. Such an advantaged position simply has not been earned. By every reasonable criteria the legacy Airfone service has been a failure -- underutilized and at a technological dead end. It would be absolutely inequitable for this history of failure and lack of innovation to be bootstrapped into a windfall broadband monopoly.

We urge the Commission to adopt a solution that will provide real, meaningful competition within the ATG band. Airlines have asked for that outcome. All participants other than Verizon Airfone have asked for that outcome. Real competition requires that a minimum of two licenses be issued -- thus assuring that at least one competitor other than Verizon Airfone will have the opportunity to provide service in the ATG band.

The breadth of the market, the number of different -- and different types of -- airlines, and the diverse needs of general aviation all point to the demand for competitive solutions from more than one provider, as shown on the attached one-page slide. The need for that competition to be *within the ATG band* is clear from the record and is indisputable. The intermodal competition from satellite carriers that Verizon Airfone touts simply doesn't exist in the domestic aviation market.

AirCell and Boeing have presented a new joint proposal that will accomplish the Commission's NPRM goals. After extensive discussions with the Commission staff and a significant joint technical effort, AirCell and Boeing have converged on a common position. (As a result, Boeing withdrew its original proposal and now supports the AirCell approach.) Earlier this week we submitted a simplified, compromise proposal to the staff that would provide for full broadband capability in a shared use of the ATG spectrum by two licensees. Again, this proposal has been developed in consultation with Boeing and has its support.

In contrast, Verizon Airfone has made it absolutely clear on the record and in staff sessions that it is totally and exclusively committed to its position that only a single service provider should be licensed in the ATG band. Its uncompromising pursuit of a monopoly license is coupled with its entrenched advantage as the surviving incumbent. Given those facts, any approach that provides for the possibility of a single licensee for the entire ATG band is tantamount to extending the franchise of the current monopolist.

I urge the Commission to put in place a renewed and revised licensing structure for the ATG band that meets the objectives of the NPRM, that meets the needs of the airlines (and the consumers in the seats), that promotes true, effective competition in a wide and varied market, and that precludes the elevation of an anachronistic *de facto* monopoly into a *de jure* one.

Sincerely,

*/s/ Jack W. Blumenstein*

Jack W. Blumenstein  
Chairman and Chief Executive Officer

cc: Marlene Dortch, Secretary

Attachment

## Majority of U.S. carriers have elected to not provide Airfone or satellite passenger telecom services

**Alaska Airlines**

**American Airlines**

**America West**

**ATA**

**AirTran**

Plus all Regional Airlines with the exception of United Express and Midwest Express

**Frontier Airlines**

**Independence Air**

**JetBlue Airways**

**Northwest Airlines**

**Southwest Airlines**

- **More than 6,400 aircraft are un-served (~79% of the U.S. fleet)**
- **Airlines need competitive offerings and have made that request known to the FCC**
- **Verizon Wireless customers pay \$0.10 per minute with \$10 Monthly fee or \$0.69 without fee. Everyone else pays \$4.00/minute, plus a \$4.00 set-up charge**



October 22, 2004

The Honorable Kevin J. Martin  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

Re: WT Docket No. 03-103

Dear Commissioner Martin:

I am writing to express my deep conviction and concern about the current course and potential outcome of the FCC's Air-to-Ground (ATG) proceeding (WT Docket No. 03-103). As the anticipated time for a Commission decision nears, indications are that the Commission staff has proposed a single auction of the entire 4 MHz ATG band as the culmination of this proceeding.

This is, in AirCell's view, the *de facto* award of that band to the incumbent, Verizon Airfone. This would be a deeply flawed result, one that flies in the face of the goals of the Notice of Proposed Rulemaking (NPRM) to promote and deploy innovative, spectrum-efficient technologies, and that ignores one of the fundamental concerns expressed in the NPRM that "there is only one licensee remaining." Moreover, the FCC would cede a significant and growing market – with more than 600 million commercial aviation enplanements per year and over 8,000 commercial aircraft – to a single provider. AirCell estimates that the potential revenue from this market will approach \$1 billion per year within five years.

Verizon Airfone, as the ATG incumbent, starts off with a very significant edge by virtue of (i) its legacy presence in several major airline customers, (ii) its aggressive assertion that its existing legacy system must be protected for an indefinite transition period, (iii) its huge terrestrial wireless subscriber base and current bundling of ATG and terrestrial service offerings, and (iv) its extremely deep pockets. This combination will almost certainly exert a chilling effect on other prospective bidders in a single-license auction. Such an advantaged position simply has not been earned. By every reasonable criteria the legacy Airfone service has been a failure -- underutilized and at a technological dead end. It would be absolutely inequitable for this history of failure and lack of innovation to be bootstrapped into a windfall broadband monopoly.

We urge the Commission to adopt a solution that will provide real, meaningful competition within the ATG band. Airlines have asked for that outcome. All participants other than Verizon Airfone have asked for that outcome. Real competition requires that a minimum of two licenses be issued -- thus assuring that at least one competitor other than Verizon Airfone will have the opportunity to provide service in the ATG band.

The breadth of the market, the number of different -- and different types of -- airlines, and the diverse needs of general aviation all point to the demand for competitive solutions from more than one provider, as shown on the attached one-page slide. The need for that competition to be *within the ATG band* is clear from the record and is indisputable. The intermodal competition from satellite carriers that Verizon Airfone touts simply doesn't exist in the domestic aviation market.

AirCell and Boeing have presented a new joint proposal that will accomplish the Commission's NPRM goals. After extensive discussions with the Commission staff and a significant joint technical effort, AirCell and Boeing have converged on a common position. (As a result, Boeing withdrew its original proposal and now supports the AirCell approach.) Earlier this week we submitted a simplified, compromise proposal to the staff that would provide for full broadband capability in a shared use of the ATG spectrum by two licensees. Again, this proposal has been developed in consultation with Boeing and has its support.

In contrast, Verizon Airfone has made it absolutely clear on the record and in staff sessions that it is totally and exclusively committed to its position that only a single service provider should be licensed in the ATG band. Its uncompromising pursuit of a monopoly license is coupled with its entrenched advantage as the surviving incumbent. Given those facts, any approach that provides for the possibility of a single licensee for the entire ATG band is tantamount to extending the franchise of the current monopolist.

I urge the Commission to put in place a renewed and revised licensing structure for the ATG band that meets the objectives of the NPRM, that meets the needs of the airlines (and the consumers in the seats), that promotes true, effective competition in a wide and varied market, and that precludes the elevation of an anachronistic *de facto* monopoly into a *de jure* one.

Sincerely,

*/s/ Jack W. Blumenstein*

Jack W. Blumenstein  
Chairman and Chief Executive Officer

cc: Marlene Dortch, Secretary

Attachment

## Majority of U.S. carriers have elected to not provide Airfone or satellite passenger telecom services

**Alaska Airlines**

**American Airlines**

**America West**

**ATA**

**AirTran**

Plus all Regional Airlines with the exception of United Express and Midwest Express

**Frontier Airlines**

**Independence Air**

**JetBlue Airways**

**Northwest Airlines**

**Southwest Airlines**

- **More than 6,400 aircraft are un-served (~79% of the U.S. fleet)**
- **Airlines need competitive offerings and have made that request known to the FCC**
- **Verizon Wireless customers pay \$0.10 per minute with \$10 Monthly fee or \$0.69 without fee. Everyone else pays \$4.00/minute, plus a \$4.00 set-up charge**



October 22, 2004

The Honorable Jonathan S. Adelstein  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

Re: WT Docket No. 03-103

Dear Commissioner Adelstein:

I am writing to express my deep conviction and concern about the current course and potential outcome of the FCC's Air-to-Ground (ATG) proceeding (WT Docket No. 03-103). As the anticipated time for a Commission decision nears, indications are that the Commission staff has proposed a single auction of the entire 4 MHz ATG band as the culmination of this proceeding.

This is, in AirCell's view, the *de facto* award of that band to the incumbent, Verizon Airfone. This would be a deeply flawed result, one that flies in the face of the goals of the Notice of Proposed Rulemaking (NPRM) to promote and deploy innovative, spectrum-efficient technologies, and that ignores one of the fundamental concerns expressed in the NPRM that "there is only one licensee remaining." Moreover, the FCC would cede a significant and growing market – with more than 600 million commercial aviation enplanements per year and over 8,000 commercial aircraft – to a single provider. AirCell estimates that the potential revenue from this market will approach \$1 billion per year within five years.

Verizon Airfone, as the ATG incumbent, starts off with a very significant edge by virtue of (i) its legacy presence in several major airline customers, (ii) its aggressive assertion that its existing legacy system must be protected for an indefinite transition period, (iii) its huge terrestrial wireless subscriber base and current bundling of ATG and terrestrial service offerings, and (iv) its extremely deep pockets. This combination will almost certainly exert a chilling effect on other prospective bidders in a single-license auction. Such an advantaged position simply has not been earned. By every reasonable criteria the legacy Airfone service has been a failure -- underutilized and at a technological dead end. It would be absolutely inequitable for this history of failure and lack of innovation to be bootstrapped into a windfall broadband monopoly.

We urge the Commission to adopt a solution that will provide real, meaningful competition within the ATG band. Airlines have asked for that outcome. All participants other than Verizon Airfone have asked for that outcome. Real competition requires that a minimum of two licenses be issued -- thus assuring that at least one competitor other than Verizon Airfone will have the opportunity to provide service in the ATG band.

The breadth of the market, the number of different -- and different types of -- airlines, and the diverse needs of general aviation all point to the demand for competitive solutions from more than one provider, as shown on the attached one-page slide. The need for that competition to be *within the ATG band* is clear from the record and is indisputable. The intermodal competition from satellite carriers that Verizon Airfone touts simply doesn't exist in the domestic aviation market.

AirCell and Boeing have presented a new joint proposal that will accomplish the Commission's NPRM goals. After extensive discussions with the Commission staff and a significant joint technical effort, AirCell and Boeing have converged on a common position. (As a result, Boeing withdrew its original proposal and now supports the AirCell approach.) Earlier this week we submitted a simplified, compromise proposal to the staff that would provide for full broadband capability in a shared use of the ATG spectrum by two licensees. Again, this proposal has been developed in consultation with Boeing and has its support.

In contrast, Verizon Airfone has made it absolutely clear on the record and in staff sessions that it is totally and exclusively committed to its position that only a single service provider should be licensed in the ATG band. Its uncompromising pursuit of a monopoly license is coupled with its entrenched advantage as the surviving incumbent. Given those facts, any approach that provides for the possibility of a single licensee for the entire ATG band is tantamount to extending the franchise of the current monopolist.

I urge the Commission to put in place a renewed and revised licensing structure for the ATG band that meets the objectives of the NPRM, that meets the needs of the airlines (and the consumers in the seats), that promotes true, effective competition in a wide and varied market, and that precludes the elevation of an anachronistic *de facto* monopoly into a *de jure* one.

Sincerely,

*/s/ Jack W. Blumenstein*

Jack W. Blumenstein  
Chairman and Chief Executive Officer

cc: Marlene Dortch, Secretary

Attachment

## Majority of U.S. carriers have elected to not provide Airfone or satellite passenger telecom services

**Alaska Airlines**

**American Airlines**

**America West**

**ATA**

**AirTran**

Plus all Regional Airlines with the exception of United Express  
and Midwest Express

**Frontier Airlines**

**Independence Air**

**JetBlue Airways**

**Northwest Airlines**

**Southwest Airlines**

- **More than 6,400 aircraft are un-served (~79% of the U.S. fleet)**
- **Airlines need competitive offerings and have made that request known to the FCC**
- **Verizon Wireless customers pay \$0.10 per minute with \$10 Monthly fee or \$0.69 without fee. Everyone else pays \$4.00/minute, plus a \$4.00 set-up charge**