



PUBLIC NOTICE

FEDERAL COMMUNICATIONS COMMISSION
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WT Docket 97-82
DA 97-679

June 2, 1997

WIRELESS TELECOMMUNICATIONS BUREAU SEEKS COMMENT ON BROADBAND PCS C AND F BLOCK INSTALLMENT PAYMENT ISSUES

The Wireless Telecommunications Bureau ("Bureau") has received a request from several broadband Personal Communications Services ("PCS") licensees requesting that the Commission modify the payment frequency for broadband PCS C and F block licensees from quarterly to annual installments.¹ As a result of the pendency of this request and other issues regarding certain debt functions, the Bureau released an Order which suspended the deadline for broadband PCS C block installment payments.² PCS F block installment payments were later suspended as well.³

The Bureau subsequently received several letters that propose alternative financing arrangements for broadband PCS C and F block licensees.⁴ The Bureau also recently received a

¹ See Letter from Thomas Gutierrez, Esq., *et al* to Michele C. Farquhar, Esq., Chief, Wireless Telecommunications Bureau (March 13, 1997) ("Gutierrez Letter"). Petitioners include Alpine PCS, Inc.; DCR PCS, Inc.; Eldorado Communications, L.L.C.; Indus, Inc.; KMTel L.L.C.; Mercury PCS, L.L.C.; Microcom Associates; NextWave Communications, Inc.; and R&S PCS, Inc.

² See *Order*, In the Matter of Installment Payments for PCS Licenses, DA 97-649 (released: March 31, 1997).

³ See Public Notice, "FCC Announces Grant of Broadband Personal Communications Services D, E, and F Block Licenses," DA 97-883 (released: April 28, 1997) at p. 2.

⁴ See Letter from Leonard S. Sawicki, Director, FCC Affairs, MCI Telecommunications Corporation, to Mr. William F. Caton, Secretary, Federal Communications Commission (May 1, 1997) ("Sawicki Letter"). In this proposal, MCI requests that the Commission allow C block licensees to defer payment and accrue interest for the first five years of the license term. MCI also suggests that the Commission modify the PCS ownership and attribution rules to encourage additional investment in C block licensees. Finally, MCI suggests that such changes be available to all broadband PCS C block licensees. See also Letter from James H. Barker and Michael S. Wroblewski, Counsel to Fortunet Communications, L.P., to Mr. William F. Caton, Secretary, Federal Communications Commission (May 9, 1997) ("Barker Letter"). In its proposal, Fortunet requests that the Commission (1) suspend interest payments until year five of the license term; (2) extend the license term to 20 years; (3) modify the C block control group rules; (4) allow the transfer of C block licenses before the expiration of the five year holding period with modified unjust enrichment payments; and, (5) increase the level of foreign equity permitted.

petition for rulemaking regarding the issue of broadband PCS C and F block payments.⁵ In order to consider which options would be most appropriate for a restructuring of broadband PCS C and F block debt, the Bureau seeks comment on the proposals received to date, as set forth in the Gutierrez Letter, the Sawicki Letter, the Barker Letter, and the Cook Inlet Petition. In addition, we note that other proposals have been informally raised with the Bureau.⁶

The Bureau invites any additional proposals for addressing the C and F block broadband PCS financing terms. Comments received in response to this Public Notice will be incorporated into the record for the WT Docket No. 97-82 proceeding.⁷ Copies of the cited proposals are attached to this Public Notice as Appendices A through H. These proposals can also be found in the Wireless Telecommunications Bureau Reference Room, Room 5608, 2025 M Street, N.W., Washington D.C. 20554.

In addition, the Bureau will hold a public forum to discuss the issues of C and F block restructuring and the current capital markets for financing these licenses. The Bureau plans to conduct the forum on June 30, 1997 in Washington, D.C. Further information concerning this event will be provided in a subsequent Public Notice.

Finally, the Bureau has received numerous refund requests from licensees that submitted timely payments prior to the suspension of the installment payments. The Bureau seeks comment on whether these licensees should be offered any credit for the time value of their payments⁸ as a means to compensate these licensees for the cost of retaining their money during the period of payment suspension. The Bureau seeks comment on how such compensation could be formulated.

⁵ See Cook Inlet Region, Inc., Petition for Rulemaking, filed May 7, 1997 (RM-9093). Cook Inlet requests that the Commission initiate a rulemaking to establish the requirements and procedures for the disposition of the installment payment obligations of Commission licensees who obtained their licenses by competitive bidding. Additionally, Cook Inlet requests that the Commission lift the stay of the deadline for broadband PCS C and F block installment payments. ("Cook Inlet Petition").

⁶ See, e.g., General Wireless Inc., Informal Proposal (May 6, 1997). In its proposal, General Wireless recommends that the Commission reduce the principal amount of its debt from an average C block price of \$40/pop to \$15/pop, consistent with A/B block prices. The Bureau seeks comment on whether PCS licensees would be able to prepay their installment debt if any such discount were to occur. Are there alternative proposals for calculating the present value of the broadband PCS C and F block debt to the government that would permit licensees to prepay the debt based on the net present value?

⁷ Amendment of Part 1 of the Commission's Rules -- Competitive Bidding Proceeding, *Order, Memorandum Opinion and Order, and Notice of Proposed Rule Making*, WT Docket No. 97-82, FCC 97-60 (released: Feb. 29, 1997). In this Notice of Proposed Rulemaking the Commission seeks comment on numerous installment payment issues, including various options for installment payments structures, and input on improvements in the installment payment program.

⁸ See, e.g., Letter from Michael S. Wroblewski, Latham & Watkins, Counsel for Southeast Wireless Communications, L.P., to Regina Dorsey, Billings and Collections Branch, Office of Managing Director (April 7, 1997) ("Wroblewski Letter"); Letter from Sylvia Lesse, Kraskin & Lesse, LLP, for Comtel PCS Mainstreet Limited Partnership, to A. Jerome Fowlkes, Auctions Division, Wireless Telecommunications Bureau (April 4, 1997) ("Lesse Letter"); Letter from Julia F. Kogan, Hogan & Hartson L.L.P., for Americall International LLC, to Linda King Friedman, Financial Operations Division, Office of Managing Director (April 2, 1997) ("Kogan Letter").

Parties should file comments by June 23, 1997 and replies to comments by July 8, 1997, with the Secretary, Federal Communications Commission, 1919 M Street, N.W., Room 222, Washington, DC 20554. In addition, two copies should be hand delivered to: (1) Auctions and Industry Analysis Division, Wireless Telecommunications Bureau, Room 5322, 2025 M Street, N.W., Washington, D.C. 20554, Attention: Sande Taxali. Copies of the petitions, comments, and reply comments may be obtained from the Commission's duplicating contractor, International Transcription Service, Inc. (ITS), 2100 M Street, N.W. Suite 140, Washington, D.C., 20037, (202) 857-3800. Copies are also available for public inspection during regular business hours in Room 5608, 2025 M Street, N.W., Washington, D.C. 20554. When requesting copies, please refer to DA-679.

For further information contact Rachel Kazan or Sande Taxali, Auctions and Industry Analysis Division, Wireless Telecommunications Bureau at (202) 418-0660.

Action by the Acting Chief, Wireless Telecommunications Bureau.