



March 15, 2001

Magalie R. Salas, Secretary
Federal Communications Commission
445 12th Street, SW
Room TW-B204
Washington, D.C. 20554

EX PARTE

RE: In the Matter of Motorola, Inc.; Motorola SMR, Inc.; Motorola Communications and Electronics, Inc., Application for Consent to Assign 900 MHz SMR Licenses to FCI 900, Inc., DA 00-2352

In the Matter of Automatic and Manual Roaming Obligations Pertaining to Commercial Mobile Radio Services, WT Docket No. 00-193

In the Matter of FCI 900 Inc.'s Expedited Request for 3-Year Extension of 900 MHz Band Construction Requirements, DA 01-121

Dear Ms. Salas:

On behalf of Nextel Communications, Inc. ("Nextel"), and pursuant to Section 1.1206 of the Federal Communications Commission's ("Commission") Rules, this letter constitutes notice that Robert S. Foosner, Lawrence R. Krevor, and Laura Holloway of Nextel; Quyen Truong, Counsel to Nextel; and Dr. Gregory L. Rosston of Stanford University, met yesterday with James D. Schlichting, Walter Strack, David Furth, Bill Kunze, Lauren Kravetz, Susan Singer, Monica Desai, Pieter van Leeuwen, and Joseph Cipolla of the Wireless Telecommunications Bureau; and James R. Bird and Nandan Joshi of the Office of General Counsel, to discuss the above-referenced proceedings.

Nextel and Dr. Rosston provided information, including the attached documents, to further demonstrate that the appropriate public interest analysis of Nextel's acquisition of Specialized Mobile Radio ("SMR") licenses, including those of Motorola, Inc. in the above-referenced transaction, is a review of the transaction's competitive impact on the Commercial Mobile Radio Services ("CMRS") marketplace. Contrary to the position of Southern Communications Services ("Southern"), which proposes a dispatch-only "marketplace" analysis,¹ Nextel (and Southern) provides CMRS services, such as mobile

¹ Southern claims there is a dispatch market within which it competes with Nextel despite the fact that it provides CMRS services that include mobile telephone services and wireless Internet.

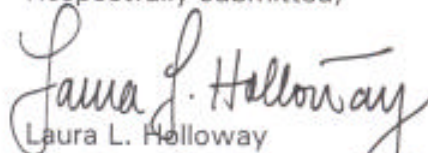
telephone, wireless Internet, mobile data and short messaging, and competes with other CMRS providers such as Verizon Wireless and AT&T Wireless, which provide a menu of integrated wireless service options. The licenses at issue in this proceeding will be deployed in the competitive CMRS marketplace and will enhance Nextel's ability to aggressively compete in that marketplace. As a result, the transaction is in the public interest.

Nextel and Dr. Rosston also addressed Southern's request that the Commission impose a mandatory roaming obligation on Nextel as a condition of approving the license assignments. Nextel reiterated the regulatory disparity this would create by imposing a regulatory mandate only on the fifth largest provider of CMRS services, Nextel, leaving all other CMRS providers free to enter into only economic and efficient roaming agreements with other CMRS providers. Additionally, Dr. Rosston explained the economic disincentives and unnecessary pricing regulation that would result from a roaming mandate.

Finally, Nextel addressed the Commission's pending proceeding considering its and other licensees' requests for an extension of time to construct 900 MHz SMR licenses. Nextel stressed the need for a timely decision in light of the impending construction deadlines.

An original and two copies of this letter (and attachments) have been filed with the Secretary pursuant to Section 1.1206. Should any questions arise in connection with this notification, please do not hesitate to contact the undersigned.

Respectfully submitted,


Laura L. Holloway
Director - Government Affairs

cc: James D. Schlichting
Walter Strack
David Furth
Bill Kunze
Lauren Kravetz

Monica Desai
Pieter van Leeuwen
Susan Singer
James Bird
Nandan Joshi
Joseph Cipolla

*Competitive Analysis of the
Proposed Nextel-Motorola
Transaction*

Gregory Rosston

March 14, 2001

CMRS is the Relevant Market

- Spectrum can be used for any service
- Market demands integrated services
- Competitors provide integrated services
- No analysis shows Nextel in dispatch-only market

Spectrum is Fungible

- No technical barriers
- No legal barriers
- Firms are taking advantage of flexibility

Public Interest Benefits from Efficient Spectrum Use

- Better service to consumers
- Incorporation of spectrum in iDEN system
- Increase in quantity and quality

Enhanced Competition for CMRS

- Spectrum is key input
- Nextel has 5th or 6th most spectrum
- Major carriers want more than 30 MHz

Competition for Nextel Services

- New customers previously used cellular (82%)
 - Most lost customers went to cellular/pcs
- Few used 2-way dispatch (19%)
 - Tiny amount of customers lost to dispatch alone
- Customers have alternatives

Table 2

CMRS Market Concentration in Major Urban Areas

Includes Cellular, PCS, 800 MHz (less public safety), 800 MHz SMR, 220 MHz, and 700 MHz Guard Band spectrum.

Region ¹	AT&T	Cingular	PCS	Sprint	Verizon	Stream	Voice	Other	Motorola ²	Southern	Nextel ³	220 MHz ⁴	Other 700	Other 800	Other 900	Total	Total Pre-	Total			
	MHz	MHz	MHz	MHz	MHz	MHz	MHz	MHz	MHz	MHz	MHz	MHz	MHz	MHz	MHz	CMRS	Transfer	Post-			
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	Spectrum	HH	Transfer	HHI	Δ HHI	
New York	45.00	10.00	0.00	30.00	45.00	30.00	10.00	10.00	1.00	0.00	19.90	1.55	4.00	10.35	2.25	209.1	1,482	1,491	9		
Total Spectrum (MHz)																					
As % of Total Spectrum	22%	5%	0%	14%	22%	14%	5%	5%	0%	0%	10%	1%	2%	5%	1%						
Los Angeles	45.00	30.00	0.00	30.00	45.00	20.00	0.00	0.00	0.50	0.00	21.85	1.55	4.00	9.15	2.00	209.1	1,645	1,550	5		
Total Spectrum (MHz)																					
As % of Total Spectrum	22%	14%	0%	14%	22%	10%	0%	0%	0%	0%	10%	1%	2%	4%	1%						
Chicago	30.00	35.00	0.00	20.00	65.00	30.00	0.00	0.00	0.25	0.00	20.70	1.55	4.00	9.60	2.75	209.1	1,718	1,720	2		
Total Spectrum (MHz)																					
As % of Total Spectrum	14%	12%	0%	10%	31%	14%	0%	0%	0%	0%	10%	1%	2%	5%	1%						
San Francisco	35.00	20.00	30.00	30.00	35.00	20.00	0.00	0.00	0.75	0.00	19.83	1.55	4.00	10.80	2.13	209.1	1,253	1,260	7		
Total Spectrum (MHz)																					
As % of Total Spectrum	17%	10%	14%	14%	17%	10%	0%	0%	0%	0%	9%	1%	2%	5%	1%						
Detroit	30.00	35.00	0.00	30.00	25.00	40.00	10.00	10.00	0.25	0.00	18.75	1.55	4.00	1.00	1.50	107.1	1,471	1,473	2		
Total Spectrum (MHz)																					
As % of Total Spectrum	15%	18%	0%	15%	13%	20%	5%	5%	0%	0%	10%	1%	2%	1%	1%						
Dallas	45.00	35.00	0.00	30.00	30.00	30.00	0.00	0.00	0.50	0.00	23.90	1.55	4.00	6.60	2.50	209.1	1,496	1,502	5		
Total Spectrum (MHz)																					
As % of Total Spectrum	22%	17%	0%	14%	14%	14%	0%	0%	0%	0%	11%	1%	2%	3%	1%						
Philadelphia	30.00	35.00	0.00	30.00	45.00	30.00	0.00	0.00	0.75	0.00	22.20	1.55	4.00	7.60	2.75	209.1	1,480	1,487	8		
Total Spectrum (MHz)																					
As % of Total Spectrum	14%	17%	0%	14%	22%	14%	0%	0%	0%	0%	11%	1%	2%	4%	1%						
Washington	40.00	35.00	0.00	30.00	45.00	20.00	0.00	0.00	0.50	0.00	20.20	1.55	4.00	10.30	2.50	209.1	1,568	1,512	5		
Total Spectrum (MHz)																					
As % of Total Spectrum	19%	17%	0%	14%	22%	10%	0%	0%	0%	0%	10%	1%	2%	5%	1%						
Atlanta	30.00	35.00	30.00	10.00	25.00	30.00	10.00	10.00	0.25	12.00	18.75	1.55	4.00	0.00	2.50	209.1	1,203	1,205	2		
Total Spectrum (MHz)																					
As % of Total Spectrum	14%	17%	14%	5%	12%	14%	5%	5%	0%	6%	9%	1%	2%	0%	1%						

¹ Geographic regions are those used in Southern Linc's analysis.

² Includes 10 MHz of PCS spectrum in Washington, DC held by Dobson Communications Corp. (DCC).

³ Other PCS spectrum is held by a single licensee in New York (Northcoast), Detroit (Northwest), and Atlanta (Alltel).

⁴ Source: Updated Attachment 1 to Exhibit B of the Assignment Applications, submitted in an ex parte letter to Lauren Kravets, Feb. 22, 2001.

⁵ Assumes Southern Linc holds licenses in Atlanta for all 800 MHz channels not held by Nextel.

⁶ Includes Nextel's 700 MHz Guard Band, 800 MHz and 900 MHz spectrum. Nextel spectrum is not contiguous; cellular and PCS licenses were assigned in blocks of at least 5 MHz (and up to 30 MHz).

Source for 800 and 900 MHz spectrum: Updated Attachment 1 to Exhibit B of the Assignment Applications, submitted in an ex parte letter to Lauren Kravets, Feb. 22, 2001. Source for 700 MHz Guard Band spectrum: FCC Results of Guard Band Auction.

⁷ Source: Baumann and Siewert Affidavit Tables EL 7.1-EL 7.2.

⁸ Source: FCC Results of Guard Band Auction. Includes 1 MHz "A" band license, 1 MHz "B" band unaffiliated user. Assumes unaffiliated users do not hold other spectrum in the same urban area.

⁹ Assumes spectrum not held by Nextel or Southern Linc is evenly divided among 5 firms who do not hold any other spectrum in the same urban area.

¹⁰ Assumes 900 MHz commercial spectrum (200 channels) not held by Nextel or Motorola is held by firms with 50 channels of spectrum (e.g. if 140 channels available after accounting for Nextel and Motorola, assume two firms each with 50 channels, one firm with the remainder, 20 channels).

Source for Cellular and PCS spectrum holdings: Nextel.

Competitive Effects in Dispatch

- CMRS carriers
- Stand alone dispatch providers
- Most of Nextel's spectrum is used for interconnect

Table 3

Dispatch Concentration in Major Urban Areas Excluding PCS and Cellular Spectrum

Total Spectrum includes 220 MHz, 450 MHz, 700 MHz, 800 MHz (less public safety), and 900 MHz (less public safety) but excludes PCS and Cellular band dispatch communications.

Region ¹	Southern		Nextel ³	220 MHz	450 MHz ⁴	Other 700 MHz	Other 800 MHz	Other 900 MHz	Total Spectrum Used for Dispatch	Total Pre-Transfer HHI	Total Post-Transfer HHI	Δ HHI
	Motorola	Linc ²										
New York												
Total Spectrum (MHz)	1.00	0.00	7.50	1.55	20.00	4.00	10.35	7.25	51.6	498	554	56
As % of Total Spectrum	2%	0%	15%	3%	39%	8%	20%	14%				
Los Angeles												
Total Spectrum (MHz)	0.50	0.00	8.10	1.55	20.00	4.00	9.15	7.00	50.3	540	572	32
As % of Total Spectrum	1%	0%	16%	3%	40%	0.08	18%	14%				
Chicago												
Total Spectrum (MHz)	0.25	0.00	7.74	1.55	20.00	4.00	9.80	7.75	51.1	515	530	15
As % of Total Spectrum	0%	0%	15%	3%	39%	8%	19%	15%				
San Francisco												
Total Spectrum (MHz)	0.75	0.00	7.48	1.55	20.00	4.00	10.80	7.13	51.7	501	543	42
As % of Total Spectrum	1%	0%	14%	3%	39%	0.08	21%	14%				
Detroit												
Total Spectrum (MHz)	0.25	0.00	7.15	1.55	20.00	4.00	1.00	5.75	39.7	657	680	23
As % of Total Spectrum	1%	0%	18%	4%	50%	10%	3%	14%				
Dallas												
Total Spectrum (MHz)	0.50	0.00	8.73	1.55	20.00	4.00	6.60	7.50	48.9	585	622	37
As % of Total Spectrum	1%	0%	18%	3%	41%	0.08	14%	15%				
Philadelphia												
Total Spectrum (MHz)	0.75	0.00	8.21	1.55	20.00	4.00	7.80	7.75	50.1	540	589	49
As % of Total Spectrum	1%	0%	16%	3%	40%	8%	16%	15%				
Washington												
Total Spectrum (MHz)	0.50	0.00	7.59	1.55	20.00	4.00	10.30	7.50	51.4	505	534	29
As % of Total Spectrum	1%	0%	15%	3%	39%	0.08	20%	15%				
Atlanta												
Total Spectrum (MHz)	0.25	5.64	7.15	1.55	20.00	4.00	0.00	7.50	46.1	742	759	17
As % of Total Spectrum	1%	12%	16%	3%	43%	9%	22%	16%				

¹ Geographic regions are those used in Southern Linc's analysis.

² Excludes the 53% of Southern Linc's 800 MHz spectrum used for interconnect, based on the assumption that Southern Linc has same proportion of interconnect and dispatch calls as Nextel.

³ Includes Nextel's 700 MHz Guard Band, 800 MHz, and 900 MHz spectrum. Excludes the 69% of Nextel's 800 MHz and 900 MHz spectrum used for interconnect.

⁴ Assumes that spectrum is divided evenly among ten firms who do not hold any other spectrum in the same urban area.

See footnotes to Table 2 for description of my analysis of 220 MHz, 700 MHz Guard Band, 800 MHz, and 900 MHz bands.

Source: Sources as in Table 2.

Roaming Analysis

- Interconnect vs. Dispatch roaming
- Alternatives for interconnect roaming
- Buildout incentives
- Costs to a mandate

Creative



Creative



