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Broadcasters Would Be Paid To Surrender Spectrum For Wireless Use Under FCC Plan

As part of the FCC's National Broadband Plan, FCC Chairman Julius Genachowski said the FCC will seek to free up an additional 500 MHz of spectrum for wireless broadband use by encouraging television broadcasters and other current licensees to surrender unused or underused spectrum voluntarily in exchange for a share in the auction proceeds. In a speech before the New America Foundation on Wednesday, Genachowski offered yet another preview of the broadband plan, which the FCC will present to Congress in just three weeks. Describing spectrum as "the oxygen of mobile broadband service," Genachowski told his audience that, over the next decade, the FCC will seek to double the amount of spectrum that is currently available for wireless use today. Noting that only half of the 300 MHz of spectrum currently allotted to the broadcast industry is in use, Genachowski said the national broadband plan would suggest a "mobile future auction" that would compensate broadcasters and other licensees that voluntarily surrender spectrum to be reallocated and auctioned for wireless use. According to Genachowski, the broadband plan will also propose the establishment of a "mobility fund" as part of the Universal Service Fund to provide "one-time support for deployment of infrastructure" needed to develop wireless broadband networks capable of supporting "a minimum level of mobile availability" across all states. Genachowski said the plan will also recommend adoption of flexible use strategies that would give wireless and mobile satellite licensees the option to use their current channels for mobile broadband or to transfer their licenses to other parties for that purpose. Although the 500 MHz of spectrum the FCC hopes to reclaim falls short of the 800 MHz that wireless association CTIA asserts is needed to meet surging consumer demand, CTIA President Steve Largent nevertheless applauded Genachowski's speech, declaring: "we remain committed to working with policy makers . . . to identify additional spectrum—as soon as possible—for reallocation to meet the needs of the U.S. wireless ecosystem." Ben Scott, the director of policy at Free Press, commented: "the notion that we would buy back spectrum from broadcasters who got it for free doesn't sit well with me."

Network Operators Warn FCC Against Title II Regulation Of The Internet

In an *ex parte* letter delivered to FCC Chairman Julius Genachowski, the nation's top providers of phone and cable-based Internet services took aim at proposals to reclassify broadband as a Title II service that is subject to common carrier regulation, warning that such a move would "plunge the industry into years of litigation and regulatory chaos" and betray "decades of bipartisan support for keeping the Internet unregulated." Filed on Monday, the letter responds to comments filed by advocacy groups Free Press and Public Knowledge in the FCC's ongoing proceeding to codify the agency's 2005 net neutrality principles as part of the FCC's rules. In their comments, Free Press and Public

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Knowledge in the FCC's ongoing proceeding to codify the agency's 2005 net neutrality principles as part of the FCC's rules. In their comments, Free Press and Public Knowledge argue that the FCC should invoke its ancillary authority to regulate the Internet under Title II of the 1934 Communications Act and thus subject cable and phone-based ISPs to open access rules that apply to telecommunications carriers under Title II. The commenters believe that broadband services offered by phone and cable companies constitute a stand-alone transmission service to which e-mail, web hosting and similar offerings are no longer functionally tied. Decrying as "dubious" the groups' assertion that "the data-processing and transmission components of broadband Internet access are no longer integrated," AT&T, Verizon Communications, the National Cable & Telecommunications Association, Time Warner Cable and various other signatories told Genachowski that the groups' proposal would "suppress the private innovation and investment—at both the core and the edge of the network—that have made the Internet the most powerful engine of economic growth in our time." AT&T and its co-signers also noted that "tens of millions of consumers continue to view ISP-provided e-mail and similar applications as integral components of the broadband and Internet access services offered to them," as they recalled previous Supreme Court findings that "Internet access service inherently involves information processing and interaction with stored data" that are "the hallmarks" of unregulated Title I information services.

Fraternal Order Of Police Recommends D-Block Reauction

Taking a stance at odds with other law enforcement groups that are urging the FCC and Congress to reallocate the 700 MHz D-block to the public safety sector, the National Fraternal Order of Police (NFOP) told FCC Chairman Julius Genachowski that D-block spectrum "should be publicly auctioned and not used to grant two companies a virtual monopoly over public safety broadband communications." Together with supporters Verizon Communications and AT&T, the Public Safety Spectrum Trust (PSST) and other public safety groups that include the International Association of Chiefs of Police and the Association of Public-Safety Communications Officials-International (APCO) endorse a plan that envisions direct allocation and licensing of D-block frequencies to the public safety community. That community, in turn, would work with commercial wireless carriers through a request for proposals process to build out a series of regional, interoperable wireless broadband networks for public safety use. Originally, the FCC had envisioned auctioning a single license for the 10 MHz D-block, which was to form the basis of a nationwide wireless broadband network that would be managed by the PSST and shared by commercial and public safety users. Commercial bids for the D-block failed, however, to reach the established reserve price during the FCC's 2008 auction of 700 MHz licenses, prompting the FCC to consider regional license auctions and other D-block rule amendments in further proceedings that remain in progress. APCO and other public safety entities contend that reallocation of the D-block would give public safety entities full control of spectrum that is intended primarily for their use and permit them to decide how best to use that spectrum to meet regional and local needs. NFOP claimed, however, that the AT&T/Verizon-backed proposal "envisions partitioning the public safety spectrum into fifty or more state or regional networks, which is at odds with public safety's goal to create a nationwide interoperable broadband system." NFOP added that "having individual agencies . . . negotiate separately with AT&T and Verizon to build out broadband services is a recipe for complexity, delay, and bureaucratic waste." Voicing surprise at NFOP's position, a spokesman for APCO challenged the NFOP to "engage with the public safety community to gain a full understanding of our goal."

Cablevision To Roll Out PC-To-TV Service

Customers of Cablevision will soon be able to stream online video, photos, e-mail and other data to their living room televisions through the company's new "PC to TV Media Relay" service that was unveiled on Wednesday. Dubbed a "first of its kind" service by Cablevision, the service would only require a software download that would permit subscribers to display content showing on their PC screens on their TV sets via a dedicated cable channel. As the quality and quantity of Internet video offerings continue to grow, experts predict that Cablevision's service may provide cable operators with a key weapon in their fight to keep customers who may otherwise cancel their cable subscriptions in favor of web-based video services. Cablevision, which serves more than three million subscribers in New York, said it would launch the service on a trial basis starting in June. Although rates for the trial service were not disclosed,

Cablevision said the service will be offered only to customers that purchase both a cable and a broadband Internet subscription. Aside from the required software, customers will not need to obtain any additional equipment, as online content will be streamed directly to television sets through Cablevision's network lines. The company also hopes to expand the service to handheld and other consumer devices. Observing that the new service "will make it easy for our television customers to take broadband services including Internet video, as well as family photos or anything else displayed on a computer screen and move it to the television with the click of a mouse," Cablevision CEO Tom Rutledge declared, "we are putting an end to the need for families to huddle around their laptops or PCs to watch content together."

Top German Cable Operator Plans \$1.36 Billion IPO

Kabel Deutschland—Germany's largest cable system operator with 8.9 million subscribers—unveiled plans on Tuesday to conduct an initial public offering (IPO) of shares instead of selling itself in a private deal. Slated to raise in excess of €1 billion (US \$1.36 billion), the offering would rank as Germany's largest IPO in three years and is expected to encompass shares that equate to a 25% stake in the company. Kabel's IPO comes on the heels of Liberty Global's recent \$3 billion acquisition of Unitymedia, the second largest cable operator in Germany. Unitymedia had planned an IPO late last year before BC Partners and Apollo Management, the company's private equity owners, agreed to sell the company to Liberty. Although several private equity firms had expressed an interest in paying as much as \$6.8 billion for Kabel, recent volatilities in the market for high-yield bonds (which Kabel's prospective buyers would need to sell to refinance bank loans needed for the purchase) induced Kabel to opt instead for an IPO, which Kabel's controlling shareholder, Providence Equity Partners, believes will result in a higher valuation of the company.

Japanese Wireless Carrier Declares Bankruptcy

Japanese mobile phone service operator Willcom has filed for bankruptcy protection after failing to reach agreement with creditors on the restructuring of the company's US \$2.3 billion debt load. Filed late last week under Japan's corporate rehabilitation law, the petition ranks as the largest bankruptcy to affect a Japanese telecom carrier. It is expected to wipe out the investment of the Carlyle Group, the U.S.-based private equity firm that, in 2004, paid US \$330 million for a 60% controlling stake in what was then the mobile phone unit of KDDI Corp. In all, Carlyle has invested more than \$1 billion in twelve Japanese firms that include Willcom, the fourth largest wireless carrier in Japan with 4.3 million customers. Although Willcom's subscriber base grew from 2.9 million at the time of the Carlyle acquisition to more than 4.6 million in 2007, Willcom has since lost market share to competitors that have lured customers away with less expensive and more advanced service offerings. Observers also say that recent failed efforts on Willcom's part to attract new investment that would offset Willcom's ballooning debt load and provide funds needed to develop competitive high-speed wireless Internet services also factored into the company's decision to seek bankruptcy protection. Brushing off these setbacks, a Carlyle spokesman promised, "we will continue to seek investment opportunities in Japan."

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