

Wireless World: Feds vacate airwaves

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The government is getting out of the way of next-generation mobile broadband services -- a new niche being developed by cell-phone companies -- by preparing to spend \$936 million to move its radio communications onto an obscure segment of the spectrum, experts are telling United Press International's Wireless World.

"With 90 megahertz of additional spectrum, today's cellular carriers will be tomorrow's next-generation broadband providers," Michael D. Gallagher, assistant secretary of commerce for communications and information, said in a statement.

It's something like an eminent-domain case -- except this time, the government is vacating the space in order to further the technology economy, rather than the reverse.

The U.S. Department of Commerce this week issued a report on the costs of the move, under a requirement imposed by Congress in the Commercial Spectrum Enhancement Act.

Passed a year ago this month, the act called for auctioning spectrum in the 1710- to 1755-MHz band used for fixed wireless government communications. The Commerce Department's National Telecommunications and Information Administration was given the assignment of estimating the cost of reallocating systems already operating in the band. The NTIA said the \$936 million figure is much less than the wireless industry had estimated.

"We found a way to open up a 'beach front' spectrum for key economic activity without jeopardizing our national security," Gallagher added.

The cost of moving to a new radio frequency will be paid for with money raised through the spectrum auction. The last major spectrum sale raised more than \$2 billion.

What is more, the FCC is planning to auction spectrum in the 2110- to 2155-MHz band, which is a non-government band.

According to the Commerce Department's analysis, more than 2,000 systems will be assigned new radio frequencies. Most of the work should be completed by 2009, and the work will impact the Pentagon, the Department of Homeland Security and other agencies.

The Pentagon's migration is expected to cost almost \$289 million, while at DHS the cost should be about \$91 million, according to NTIA.

The FCC allocated the spectrum and adopted the new rules for this move when President Bush signed the Commercial Spectrum Enhancement Act a year ago. The Office of Management and Budget is supposed to review the cost estimate too, experts said.

The narrow bands of spectrum that the government is vacating were not classified and were used mostly for fixed microwave communications.

The trade group, the Telecommunications Industry Association, had lobbied for the law and the follow-up report and issued a positive statement regarding the nearly \$1 billion cost estimate released by the government this week. "Proceeds of commercial spectrum auctions to fund the relocation costs of federal incumbents helps all segments of the wireless industry, creating a win-win situation for both government and industry."

The year-end report, however, isn't the only news coming from the feds regarding the future of wireless communications.

Shock Jock Howard Stern may have given up on conventional FM radio in favor of a lucrative gig on experimental satellite radio. But experts tell *Wireless World* that the U.S. government is next month auctioning 171 new licenses for FM broadcast service -- and that nearly \$1 billion in new investment is expected in this prematurely written-off wireless medium.

According to Brian O'Connor, an analyst with PA Consulting's IT Infrastructure practice, another auction is scheduled to start date Jan. 12, 2006, and will offer 171 construction permits in the FM broadcast service. Thirty of the construction permits are for radio stations that were previously offered, but not sold, he told *Wireless World*. Long story short, this auction is going to create 171 new FM radio stations. O'Connor is not expecting much in terms of new services but says it will be interesting to see how media companies bid in this auction, since the ownership rules were relaxed a couple of years back.

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