

FCC says Dish can't use \$3.3B in credits in airwaves auction

August 17 2015, byTali Arbel

The Federal Communications Commission said Monday that Dish Network Corp. can't apply \$3.3 billion in small-business credits toward the purchase of airwaves it gained in a government auction.

The government sells spectrum to carriers like AT&T and Verizon so they can add more capacity for wireless Internet. Dish is a satellite TV company that has stocked up on airwaves although it has no cellphone business.

Dish has reportedly been in talks to acquire wireless carrier T-Mobile. But on an earnings call earlier this month, Dish Chairman and CEO Charlie Ergen said that the prospect of losing the discount had caused difficulties in the negotiations.

In the latest auction that ended in January, Dish won \$13.3 billion worth of spectrum through two small companies it invested in. It paid \$10 billion, with the small-business credit saving it \$3.3 billion.

The FCC said Monday the two companies aren't eligible for credit. Dish owns 85 percent of each company, which it has called a non-controlling interest.

The FCC found that Dish, which is based in Englewood, Colorado, does have a controlling interest in the companies and denied them the credit.

That means they are on the hook for the rest of the money. They can also

appeal, or not pay the \$3.3 billion and instead pay a penalty.

In a statement Monday, Dish General Counsel R. Stanton Dodge said that the company is "disappointed" and that it had followed FCC precedent. The company said it will consider its options.

This story has been corrected to clarify that Dish originally won \$13.3 billion worth of spectrum, not \$10 billion.

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