

Bidders Set for Airwaves Auction

By JOHN DUNBAR, Associated Press Writer

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More than 200 companies had qualified by Monday to bid during the auction of public airwaves that could raise as much as \$15 billion for the U.S. Treasury.

The Federal Communications Commission released a final list of 214 bidders for the much-anticipated auction set for Jan. 24. Winners will use the valuable spectrum to deliver wireless voice and data services to millions of customers.

To qualify, companies were required to submit minimum upfront payments by Jan. 4.

Among those that had initially applied to bid but did not qualify was Frontline Wireless LLC, a Greensboro, N.C.-based startup that had hoped to build a national emergency communications network that would be shared with commercial users.

Last week, a company spokeswoman announced that the company was "closed for business." The spectrum block that was designated for the shared network required an upfront payment of \$128 million. The company's withdrawal, confirmed by Monday night's FCC release, cast some doubt about the prospects for the network.

The airwaves to be auctioned are in use by television broadcasters and will become available once they switch to digital signals in February 2009.

Among the bidders that qualified was Google Inc., which lobbied successfully for a requirement that a third of the airwaves to be auctioned be open to any device or software applications.

Google or some other company will have to pony up a minimum bid of \$4.6 billion to ensure the "open access" rules remain in place.

The nation's two dominant cell phone providers both qualified to bid: Verizon Wireless and AT&T Inc. MetroPCS Wireless Inc. also qualified, as did Alltel Corp., which was recently sold to a private investor group.

A number of cable television companies qualified, though the two largest in the nation — Comcast Corp. and Time Warner Inc. — opted to sit out.

Advance/Newhouse Partnership, which operates Bright Networks, qualified — as did bidders owned by Cox Communications Inc. and Cablevision Systems Corp.

Vulcan Spectrum LLC, a company owned by Microsoft Corp. co-founder Paul G. Allen, also qualified. Among Allen's many investments is Charter Communications Inc., a cable company with 5.7 million subscribers.

EchoStar Communications Corp., which operates satellite television company Dish Network, qualified to bid under the name Frontier Wireless LLC.

One of the more interesting entrants that applied to bid but failed to qualify was Backline LLC. It's controlled by Fortress Investment Group, a private equity and hedge fund company with \$40 billion in assets.

The spectrum for auction is considered especially desirable.

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Signals in the 700 megahertz band being auctioned travel long distances and require fewer cell towers than other frequencies. It also easily passes through walls, the same characteristics that make it desirable for television broadcasters.

The spectrum should allow companies to plug holes in their networks, provide better voice service, faster Internet connections and other advanced services.

Once the auction begins, information on how it's progressing will be limited. Bids will be submitted anonymously. The winning bids will be publicized at the end of each round, but not the names of the bidders. The winners won't be announced until sometime after the auction ends.

<http://sfgate.com/cgi-bin/article.cgi?f=/n/a/2008/01/14/national/w165959S12.DTL>

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