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Robert Kaminski
robert.kaminski@capalphadc.com
(202) 548-0464

James Lucier
james.lucier@capalphadc.com
(202) 548-0072

DISH -- ATC Concerns will Contribute to Delay in DBSD/TerreStar Docket

Key Takeaways

Based on new filings in the DISH DBSD/TerreStar dockets, we think concerns over FCC ATC policy will contribute to a delay in final decisions on the applications for license transfer and integrated service waiver.

We maintain that criticism over FCC process in the LightSquared docket already pointed to slower consideration of DISH.

Discussion

We have checked back on the FCC docket for DISH's applications to transfer spectrum licenses from DBSD and TerreStar and to waive integrated service rules and other regulations.

Monday was the deadline for petitions to deny and we wrote yesterday on the comments filed so far (see our [*No Surprises Yet!*](#)¹ note).

Since then, critical filings by [Sprint](#),² [T-Mobile](#),³ [MetroPCS](#),⁴ and [CTIA - The Wireless Association](#)⁵ have been uploaded to the FCC's system.

The groups identify specific issues with the DISH plan, including CTIA's statement that there may be interference with 2 GHz PCS licensees, but we interpret that the thrust of the new filings express more concern with the broad policy implications of the FCC granting another ATC waiver.

Commenters question the integrity of FCC ATC rules if the FCC is inclined to waive them.

¹ <http://www.capalphadc.com/wp-content/uploads/2011/10/2011-10-18-dish.pdf>

² <http://fjallfoss.fcc.gov/ecfs/document/view?id=7021714918>

³ <http://fjallfoss.fcc.gov/ecfs/document/view?id=7021714889>

⁴ <http://fjallfoss.fcc.gov/ecfs/document/view?id=7021714887>

⁵ <http://fjallfoss.fcc.gov/ecfs/document/view?id=7021714889>

Tickers:

DISH, DTV, CMCSA, CVC, TWC, T, VZ, S, PCS, LEAP, CLWR, GSAT

As we have written, we think LightSquared's GPS problems make DISH look good, but criticism over FCC process in that docket will serve to slow down a DISH decision. Now, we think concerns over FCC ATC policy will also contribute to that delay.

We note that Sprint has asked for approval conditioned on competitive protections, MetroPCS is requesting more detail from DISH, and T-Mobile and CTIA are petitioning for a broader rulemaking on MSS services in the 2 GHz and ATC gating.

We will be checking the docket periodically and will be particularly looking for replies by DISH.

Investment Thesis

We think DISH is positioned well for a positive outcome at the FCC on the transfer of spectrum licenses bought from DBSD and TerreStar in bankruptcy and waiver of requirements for dual-mode handsets and other rules.

We believe that approval is more likely than not, but it would come with SkyTerra-like conditions to prevent spectrum flipping by requiring DISH to build and operate a network.

We think LightSquared's ongoing GPS troubles make DISH look good, but criticism over FCC process in that docket as well as broader policy concerns over ATC waivers will serve to slow down a DISH decision.

A positive waiver decision at the FCC would significantly increase the value of DISH's new spectrum and allow it to launch a satellite broadband services in competition to existing wireless carriers **T, VZ, S, PCS, LEAP, and CLWR** and video providers **DTV, CVC, CMCSA, and TWC**.

Recent Memos on this Topic:

[No Surprises Yet in FCC DBSD/TerreStar Docket](#),⁶ October 18

[First Deadline Today in Terrestrial/DBSD and ATC Waiver Applications](#),⁷
Capital Alpha Outlook, October 17

[More Hill Noise Not Helpful for LightSquared](#),⁸ *Telecom Roundup*, October 14

[DISH benefits from LightSquared's Slow Death by Testing](#),⁹ September 15

⁶ <http://www.capalphadc.com/wp-content/uploads/2011/10/2011-10-18-dish.pdf>

⁷ <http://www.capalphadc.com/wp-content/uploads/2011/10/outlook-note-10-17-11.pdf>

⁸ <http://www.capalphadc.com/wp-content/uploads/2011/10/2011-10-14-telecom-roundup.pdf>

⁹ <http://www.capalphadc.com/wp-content/uploads/2011/09/2011-09-15-lightsquared.pdf>

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