

Satellite Phone Firms Win Ruling

*FCC Says Providers Can
Use Ground Spectrum*

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Some satellite phone operators got a big break from federal regulators yesterday and will now be able to transmit calls in urban areas where their signals had been too weak to penetrate the walls of buildings.

The Federal Communications Commission said it will permit those companies to reuse spectrum on the ground that was originally intended to beam information to and from space, so satellite phone users will be able to get cell-phone-like service in metropolitan areas.

Satellite phones are easy to use in deserts or on the ocean, where there is a clear line of sight to the sky. But they encounter problems when a building or roof gets in the way. The new ruling allows satellite firms to solve the problem by retransmitting the signal on the ground.

Satellite firms such as Reston-based Mobile Satellite Ventures LP and Arlington-based Iridium Satellite LLC, as well as Ico Global Communications of London and Globalstar Telecommunications Ltd. of San Jose—all of which lobbied for the change—will now be able to install network equipment on the ground.

The FCC's ruling allows any mobile satellite service provider to reuse its spectrum on the ground, as long as it has the technical capability and gains FCC approval to offer that service.

"It's fundamental," Lon C. Levin, vice president of Mobile Satellite Ventures, said of the FCC's long-awaited decision. "This is the only path for success for mobile satellite services," because no one wants to buy satel-

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lite phone service that doesn't work in cities. Many satellite phone firms have already gone bankrupt, including Mobile Satellite's parent firms Motient Corp. and TMI Communications, he noted. "This is one tough business, but if we can do [ground transmission], it makes sense."

Although this means satellite phones could function like normal cell phones, satellite companies aren't likely to become head-to-head competitors with existing cell phone carriers. FCC rules specify that the ground signals can only be used to augment satellite service. Satellite phones and service also remain significantly more expensive than cell phones.

"You would be crazy to try to be the seventh national [cell phone] carrier in the U.S.," Levin said. The primary goal for Mobile Satellite Ventures is to have a network without gaps so satellite phones will be more attractive to customers, he said.

Cell phone companies opposed the deal the FCC approved, claiming it is unfair to allow satellite firms to reuse the spectrum free. Spectrum is considered the most valuable commodity in the wireless industry; some cell phone companies paid billions of dollars for spectrum licenses.

The FCC "should've let everyone have a chance to bid on it," said Steve Barry, senior vice president for government affairs at industry group the Cellular Telecommunications & Internet Association. The group also charged that the satellite carriers' signals could interfere with cell phone signals, degrading the quality of regular cell phone service.

The FCC set limits on how satellite firms will be able to use the spectrum, and it freed up airwave capacity by reclaiming the licenses from three other satellite operators that did not meet the FCC's



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Mobile Satellite Ventures executives, from left: CFO Eric A. Swank; Lon C. Levin, regulatory vice president; Carson E. Agnew, president and COO; and Peter D. Karabinis, chief technical officer.

licensing requirements. The FCC plans to distribute that spectrum to cell phone companies, public-safety networks or high-speed wireless services.

The CTIA was not placated by these moves and said it would file for reconsideration and possibly other legal action.

Mobile Satellite Ventures, which launched service in 1996 and has about 200,000 subscribers, said it will be able to offer service comparable to cellular service by 2005. But it has no intention of going head-to-head with the more established wireless carriers, Levin said.

The company wants to fill the gaps in its network so it can better market itself to existing customers, including clients who work in the maritime industry, the mining industry and emergency services, where communications in remote areas is more common, he said.