

# South Carolina Educational Broadband Service Commission – EBS License Preservation, Spectrum Valuation and Request for Proposals for Use of Excess Capacity

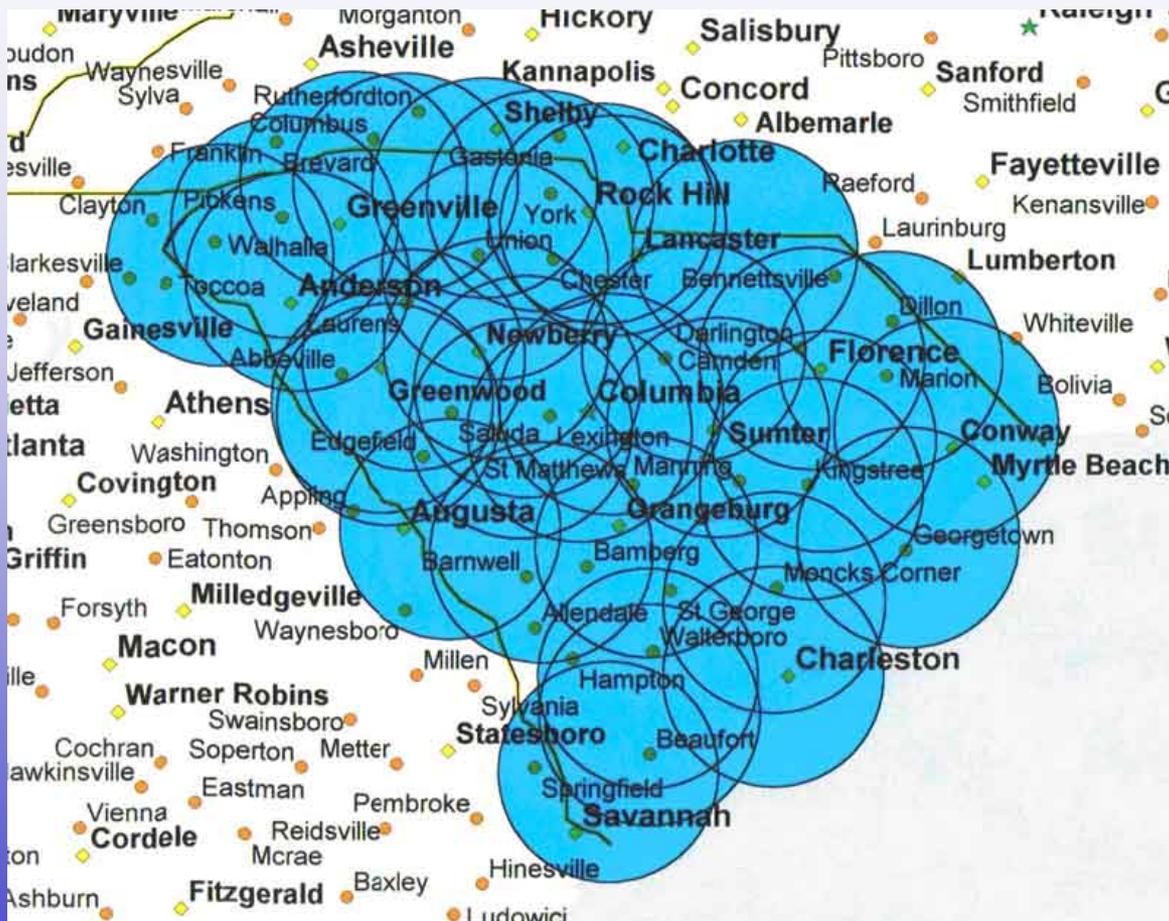
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# Preservation of FCC Licenses

- SCETV: 67 Educational Broadband Service licenses comprising 266 channels and 1596 MHz of spectrum
- Effective coverage of the entire state of South Carolina

# Statewide coverage



# A unique opportunity ...

- to bring wireless broadband services to consumers and businesses;
- to create revenue for the people of South Carolina to offset costs; and
- to promote public, governmental and/or educational broadband applications.



# Three Overarching FCC Issues

- Renewal in the ordinary course
- EBS transition obligations
- Provision of “Substantial Service”

# EBS License Renewal

- 2009 license expiration dates
  - March 12, 2009: WHN714, WHR957
  - March 23, 2009: WHR961
  - July 1, 2009: WHR980
  - July 19, 2009: WHR974
  - October 6, 2009: WLX222
  - December 16, 2009: WND532, WND533, WND534
- File renewal application within 90 days prior to license expiration
- Demonstrate qualifications



# Goals of EBS Bandplan Transition

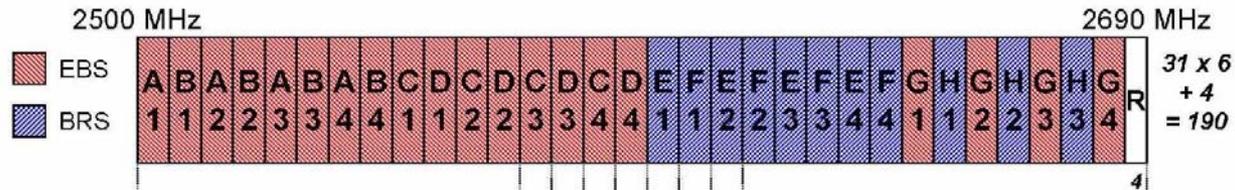
- Incent EBS licensees to migrate services to new band plan.
- Enhance new broadband opportunities
- Facilitate new licensing of “white space”



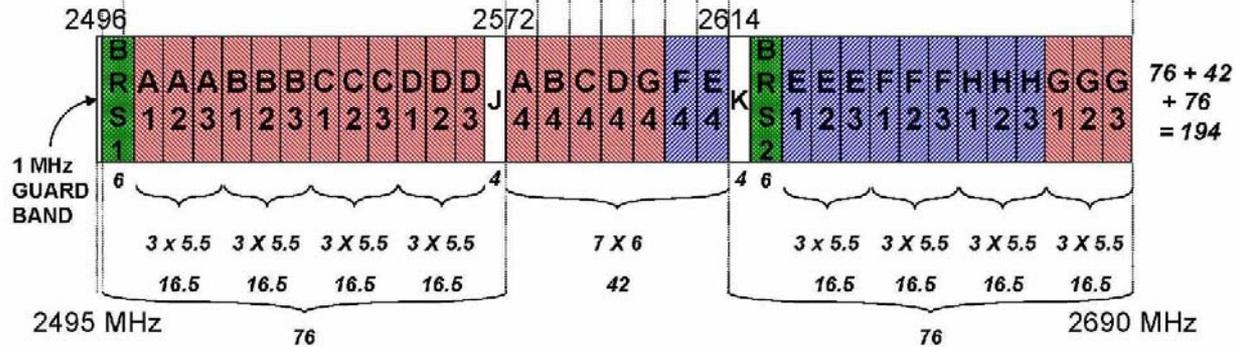
# EBS/BRS Post-Transition Bandplan

## BRS-EBS BAND PLANS: PRE-TRANSITION AT 2500–2690 MHz & POST-TRANSITION AT 2495–2690 MHz

### PRE-TRANSITION



### POST-TRANSITION



# Key Transition Deadline #1: January 21, 2009

- Deadline for proponents to initiate transitions by filing a transition plan with the FCC.
- Also the first date that EBS licensees may self-transition.

# **Key Transition Deadline #2: April 21, 2009**

- Deadline for licensees to notify the FCC that they are self-transitioning.

# Key Transition Deadline #3: July 21, 2010

- Licensees in markets where no transition plan is filed will not be required to cease existing operations until at least 18 months after the deadline for proponents to file Initiation Plans – i.e., July 21, 2010.

# Key Transition Deadline #4: October 20, 2010

- Deadline for completion of transitions, whether proponent-driven or self-transitioned.

# Key Transition Deadline #5: May 1, 2011

- Deadline for EBS licensees to demonstrate substantial service
- The FCC defines “substantial service” as service which is sound, favorable, and substantially above a level of mediocre service which just might minimally warrant renewal.”

# Self-Transition Process Obligations

- Prohibited before January 21, 2009.
- Notify other licensees in BTA and must send pre-transition data requests.
- Coordinate interference with adjacent licensees that are also self-transitioning.
- File modification applications to complete self-transitions.



# Self-Transition Process Obligations

- Self-transition obligations may be delegated by contract.

# Reimbursement for Cost of Self-Transitions

- EBS licensees may request reimbursement from all BRS licensees and lessees, entities that lease EBS spectrum for a commercial purpose, commercial EBS licensees located in the same BTA and licensees whose GSAs overlap with the self-transitioning licensee.
- Pro-rata share based on MHz Pops.
- Avoids free riders

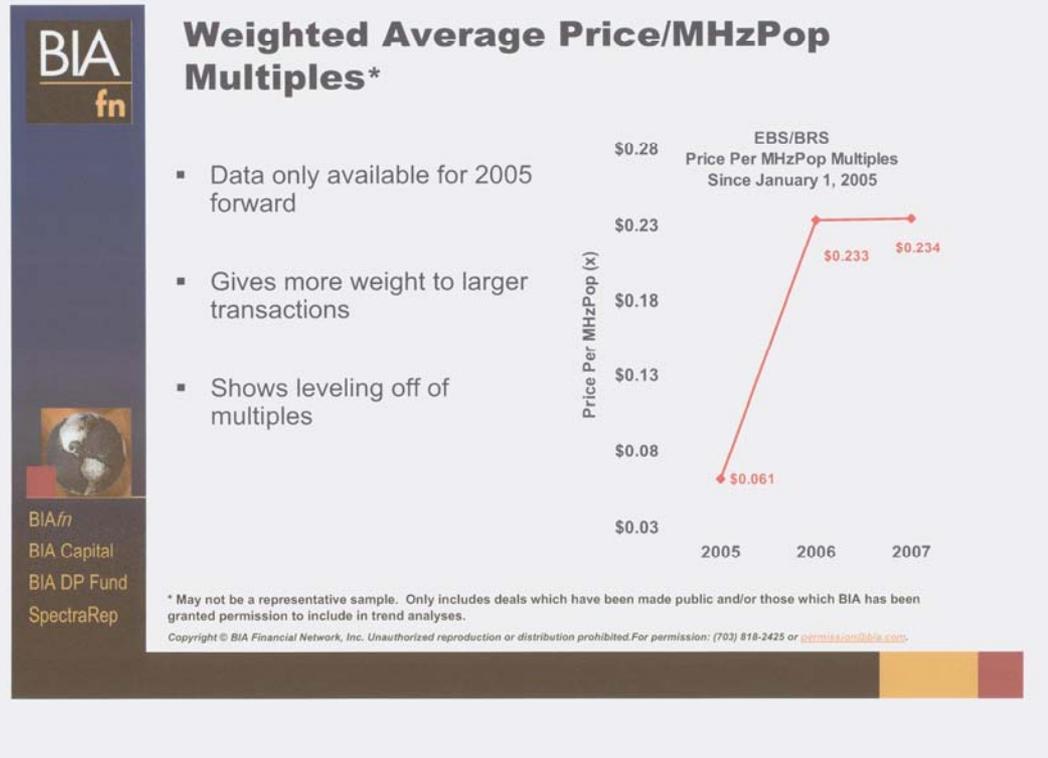
# Spectrum Valuation Issues

- Determination of Geographic Service Areas (GSAs)
- Valuation by MHz Pops
- Comparison to industry benchmarks

# Geographic Service Areas and MHz Pops

- POPs calculated by reference to census population covered by GSA, accounting for “splitting the football”
- Spectrum valuation -- price per MHz POP is a standard valuation yardstick
- Assume 6 MHz/channel
- Estimated MHz POPs for 67 SCETV licenses – approximately 88 million

# BIA reports range of MHz POP multiples from \$0.03 to \$0.32



# Valuation Scenario #1

- Total payment of \$10,065,000 to lease all Licenses in Top 3 most populous BTAs (35 Channels).
- Payments: \$1,235,000 upfront and monthly payments of \$15,250 (Years 1-5) and \$30,500 (Years 6-30).
- Price/MHz Pop: \$0.03 (95% Lease) and \$0.04 (75% Lease)
- NPV of Price/MHz Pop: \$0.01 (95% Lease) and \$0.02 (75% Lease)

# Valuation Scenario #2

- Total payment of \$85,500,000 to lease all 67 Licenses.
- Payments: \$7.5 million upfront and monthly payments of \$150,000 (Years 1-5), \$170,000 (Years 6-10), \$195,000 (Years 11-15), \$225,000 (Years 16-20), \$260,000 (Years 21-25) and \$300,000 (Years 26-30).
- Price/MHz Pop: \$0.17 (95% Lease) and \$0.21 (75% Lease)
- NPV of Price/MHz Pop: \$0.06 (95% Lease) and \$0.07 (75% Lease)

# Valuation Scenario #3

- Payment of \$0.30/MHz Pop for Top Four BTAs and \$0.10/MHz Pop for the remaining BTAs yields a current value of \$70,365,286 for all 67 Licenses.
- Top Four BTAs: \$57,144,013
- Remaining BTAs: \$13,221,273

# Bid Process and Scenarios

- RFP Process
  - Analog video service in the midband
  - Consumer/Business Network in the upper/lower band – impose service milestones (time, place)
  - monetizing excess capacity
  - “PEG” Network in the mid-band; separate RFP Process in the future for promoting state public safety, education and governmental service objectives.

# Thank you!

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