



November 18, 2010

FILED ELECTRONICALLY

Marlene H. Dortch
Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street SW
Washington, DC 20554

Re: LightSquared/integrated service

Dear Ms. Dortch:

LightSquared Subsidiary LLC (“LightSquared”)¹ hereby provides an update of its plans for offering an integrated service consisting of mobile satellite service (“MSS”) and MSS-ancillary terrestrial component service (“ATC”) service.

I. INTRODUCTION AND SUMMARY

At the time LightSquared’s predecessor applied for ATC authority, the company, in order to demonstrate compliance with the Commission’s integrated service requirements, planned to use dual-mode handsets exclusively. In this context and throughout this filing, “dual-mode” has the same meaning as in the Commission’s rules

¹ LightSquared previously was known as SkyTerra Subsidiary LLC, and before that it was known as Mobile Satellite Ventures Subsidiary LLC. See Letter from Jeffrey J. Carlisle, Executive Vice President, LightSquared GP Inc., to Marlene H. Dortch, Secretary, FCC (July 20, 2010) (notifying the Commission of the corporate name changes affecting various SkyTerra-named entities). To simplify matters, “LightSquared” is used in this filing to refer to the company even if the reference involves a time period when the company was under a former name.

- a device “that can communicate with both the MSS network and the MSS ATC component.”²

In the six years since LightSquared’s ATC application was granted, control of the company has been transferred³ and its business plans have evolved. Indeed, the Commission has found there is a substantial public interest benefit in LightSquared’s deploying a high-capacity terrestrial network as part of its satellite-terrestrial service and has held LightSquared to a rigorous terrestrial network construction timetable.⁴

LightSquared has invested billions of dollars and years of development to provide an integrated MSS-ATC service featuring a substantial satellite service. LightSquared recently launched a \$600 million next generation satellite that will dramatically enhance satellite capabilities. LightSquared also is investing tens of millions of dollars in a dual-mode device ecosystem even though, as a wholesale provider of integrated capacity, it will not offer devices itself.⁵

LightSquared will have an integrated pricing structure under which the retailers that purchase services from LightSquared will pay for both satellite air time and terrestrial air time regardless of whether they choose to offer dual-mode or terrestrial-

² 47 C.F.R. § 25.149(b)(4)(i).

³ See *In the Matter of SkyTerra Communications Inc., Transferor, and Harbinger Capital Partners Funds, Transferee, Applications for Consent to Transfer of Control of SkyTerra Subsidiary LLC*, Memorandum Opinion and Order and Declaratory Ruling, IB Docket No. 08-184 (March 26, 2010) (“LightSquared MO&O”).

⁴ See LightSquared MO&O, ¶¶ 70, 72 and Appendix B.

⁵ Although in theory the Qualcomm dual-mode chipset could be modified for terrestrial-only use, LightSquared has made no investment in a terrestrial-only chipset, and to the best of LightSquared’s knowledge its customers have not, either. Accordingly, and because of the lead time required to develop such chipsets and devices which use them, it is expected that during the first year of commercial operations at a minimum only dual-mode devices will be available to users of the LightSquared network.

only devices.⁶ This pricing structure gives LightSquared's customers ample incentive to make dual-mode devices available to end users.

There has been no change in the plan for all users to be served by LightSquared's integrated satellite and terrestrial network. LightSquared's network also will continue to have substantial satellite capabilities, which will continue to be used to serve customers who rely on them heavily, including local, state and federal government agencies, healthcare entities, first responders, and similar high-value satellite communications customers.

II. LIGHTSQUARED WILL PROVIDE AN INTEGRATED SERVICE.

In addition to launching its new satellite, LightSquared is constructing a nationwide 4G LTE network. Constructing this network will require an investment of billions of dollars over the next several years and, LightSquared estimates, will support over 16,000 jobs.

LightSquared will operate its network on a wholesale basis and make capacity on the network available to customers serving end users. The central features of the network will be the SkyTerra satellite system and a terrestrial component that will be provided via a nationwide network of 40,000 terrestrial base stations.

LightSquared's service will be integrated in every sense. It will be technically integrated because LightSquared's satellite and terrestrial components will comprise a single network. It will be integrated from the perspective of LightSquared's customers because they will be able to offer their end users dual-mode devices. It will be

⁶ LightSquared also will offer satellite-only rates.

economically integrated because, except for satellite-only service, LightSquared will only offer rate cards with integrated MSS/ATC pricing. LightSquared will not offer terrestrial-only pricing or subscriptions.

Integrated network. The satellite and terrestrial components of LightSquared's network will be integrated technically. All traffic, whether it passes through the satellite or terrestrial conduits, will be processed and handled by the same integrated core network and business/operations support systems ("B/OSS"). Similarly, a single set of Regional Aggregation Centers and National Data Centers will be used for satellite and terrestrial traffic. From an operational perspective, therefore, there is no separate "satellite network" or "terrestrial network." There is only a single "integrated network," making for a seamless customer experience and thus a technically integrated network.

Dual-mode devices. LightSquared has made a substantial investment to ensure that dual-mode devices will be available to users of its network. It is underwriting - in the amount of over \$50 million -- the cost of developing a Qualcomm dual-mode chipset, related components, and an associated satellite ground station infrastructure. The dual-mode chipset will make it possible for a single device to communicate with LightSquared's L-band satellites and with its L-band ATC base stations.

The satellite and terrestrial components of the Qualcomm dual-mode chipset will be fully integrated: There will be no separate satellite chip. Rather, L-band capability with satellite protocol will be embedded as software within commercial chipsets that also are capable of providing access to terrestrial service.

Through its agreement with Qualcomm, a leading chipset supplier, LightSquared has ensured that an initial range of dual-mode chipsets will be available to device manufacturers on pricing terms equal to those which apply to the same chipsets without the satellite protocol software. The agreement, whose term is 15 years, also provides for the availability of the satellite protocol in future chipsets on commercially reasonable terms. The aim of these provisions and LightSquared's investments in chipset and infrastructure development is to ensure that manufacturers are able to produce dual-mode devices employing the same components and having the same costs as those without satellite capability. As such, manufacturers will be able to offer satellite-capable devices to the company's retailers at prices equal to those of functionally identical devices without satellite capability.

LightSquared is taking and will continue to take commercially reasonable measures to ensure that dual-mode MSS/ATC component parts (*e.g.*, chipsets and RF elements) are available from one or more mainstream component suppliers. LightSquared will ensure that its investment in dual-mode chipsets and devices result in readily available dual-mode data cards by the third quarter of 2011 and dual-mode smartphones by the second quarter of 2012. LightSquared anticipates that a variety of dual-mode handsets incorporating the integrated Qualcomm chipset will be manufactured. In order to assure the Commission that MSS/ATC components such as chipsets and RF elements continue to be available from mainstream component suppliers, LightSquared will file status reports with the Commission every calendar

quarter once dual-mode devices are commercially available, reporting the availability of dual-mode MSS/ATC component parts.

LightSquared's subsidization of dual-mode technology has given, and will continue to give, its retailer customers ample incentive to make dual-mode devices available to end users. Moreover, as described in further detail in the following section, by offering only an integrated price to its customers LightSquared will make satellite service over dual-mode devices substantially more attractive to end users than it might otherwise be absent integration into a terrestrial network.

Integrated pricing. LightSquared operates under a unified cost structure for its integrated network. The only price available to customers not selecting LightSquared's satellite-only price will be an integrated MSS/ATC price. LightSquared will ensure that the public and all of its actual and potential customers are notified of the availability of integrated service offerings to its retailer customers by posting descriptions of its integrated devices, pricing and technology to its website and updating these descriptions as necessary to capture any changes over time.

LightSquared's integrated MSS/ATC service offerings will be commercially competitive and will include a substantial satellite component. The company will have both a satellite-only and an integrated rate. When a LightSquared customer pays the integrated rate, the customer will have access to both the terrestrial and satellite networks for that single rate. For each GB of terrestrial usage, the customer will receive 500 kb of satellite usage, with a competitively-priced, usage-sensitive charge for satellite usage above this amount.

LightSquared's integrated pricing structure thus allows the user to pay a single price for satellite and terrestrial network access while reasonably reflecting the relative capacity of the satellite and terrestrial segments.⁷ While LightSquared may offer volume discounts similar to those typically offered by telecommunications service providers, LightSquared will not offer exceptions or carve-outs from integrated pricing. Any customer that does not wish to buy satellite-only service will only have the option of buying the integrated service - LightSquared will not offer terrestrial-only subscriptions.

Although LightSquared's retailer customers will have the ability to offer terrestrial-only plans to their own end users, LightSquared will not provide any preferential terms for customers that offer such service. To the contrary, under LightSquared's integrated pricing, customers acquiring terrestrial capacity from LightSquared will have to pay for the satellite capacity that comes with it, whether they use the satellite capacity or not. Moreover, LightSquared commits that it will not institute policies or practices that would discourage its customers from offering integrated MSS/ ATC service.

III. LIGHTSQUARED WILL CONTINUE TO PROVIDE SUBSTANTIAL SATELLITE SERVICE.

An upgrade of LightSquared's satellite capabilities is underway. LightSquared has spent \$600 million to construct, launch, and insure SkyTerra-1, which will inaugurate LightSquared's next generation system. The satellite was launched on

⁷ LightSquared estimates that the capacity of its fully deployed terrestrial network across all base stations will be tens of thousands of times the capacity of either of the SkyTerra satellites.

November 14. This launch represents the culmination of seven years of project development and spectrum coordination.

SkyTerra-1 represents a major advance in satellite technology. Its 23 meter reflector is the largest reflector ever launched on a commercial satellite. When SkyTerra-1 enters into service, customers will see a revolutionary improvement in the size and cost of the satellite-enabled devices they use. What once was a 40-pound device the size of a suitcase that bore a \$4,000 price tag will have been reduced to a smartphone that can be purchased for a few hundred dollars or a data card that will cost under \$100.

LightSquared plans to grow its satellite business and make its satellite offerings more attractive to traditional satellite users. Satellite customer segments include the rural, public safety, and homeland security markets. In addition, LightSquared has made a commitment to the Indian Health Service to provide satellite service to American Indian and Alaska Native communities. The features that will become available once LightSquared's next generation system is in place are particularly attractive to public safety customers, because they make it possible to put an affordable device in the hands of every first responder. LightSquared anticipates that the number of devices that are enabled to communicate with its satellite network will double between 2011 and 2015.

By any standard, the range of satellite services that will be available to customers using the LightSquared network will be substantial. As a further demonstration of

LightSquared's commitment to substantial satellite service, LightSquared pledges the following:

First, LightSquared will allocate L-band spectrum nationwide to satellite service to ensure that the full capacity of LightSquared's satellite system will be available to its customers. This allocation will include a minimum of 6 MHz dedicated exclusively to the provision of satellite service, and the actual amount used will be well in excess of this level.

Second, LightSquared's satellites will be capable of providing service across all of the L-band MSS frequencies the Commission has authorized LightSquared to operate on in the United States. The same will be true for satellite-only and dual-mode devices accessing LightSquared's satellites. These commitments will ensure that LightSquared's L-band spectrum can enable satellite communication during times and in places in which LightSquared's terrestrial network is not available (*e.g.*, rural areas not within range of LightSquared base stations, disaster events).

Third, LightSquared will actively market its satellite service and will offer commercially competitive rates for the service.

Finally, once commercial MSS/ATC operations have begun, LightSquared will file reports with the Commission every six months providing the number of terminals in service falling into each of three categories: MSS only, dual-mode MSS/ATC, and terrestrial-only.

IV. REQUEST FOR PERMIT BUT DISCLOSE TREATMENT

LightSquared requests that the Commission designate the *ex parte* status of this filing as “permit-but-disclose” under the Commission’s rules.⁸ Doing so will facilitate the development of a complete record and is consistent with Commission decisions in other ATC proceedings.⁹

CONCLUSION

The information provided in this filing demonstrates that LightSquared’s revised business plan satisfies the Commission’s integrated service requirements for L-band MSS systems. LightSquared’s network is integrated. LightSquared’s pricing is integrated. LightSquared’s customers can offer dual-mode devices. And LightSquared’s satellite service is substantial. If notwithstanding these integrated service features the Commission believes that any element of LightSquared’s showing requires a waiver, there is ample basis for granting one under applicable standards.¹⁰

Sincerely,

/ s / Jeffrey J. Carlisle
Executive Vice President
Regulatory Affairs and Public Policy

⁸ See 47 C.F.R. §§ 1.1200 et seq.

⁹ See, e.g., *Mobile Satellite Ventures Subsidiary LLC, Application for Minor Modification of Space Station License for AMSC-1*, Order and Authorization, 19 FCC Rcd 22144 (Int’l Bur. 2004) at ¶ 8 & n. 14.

¹⁰ See *WAIT Radio v. FCC*, 418 F.2d 1153 (D.C. Cir. 1969) (grant of a waiver request is appropriate if: (1) a waiver would not undermine the underlying policy objectives of the rule(s) in question; and (2) a denial of the waiver request would not be in the public interest.).