

**Press Statement
of
Commissioner James H. Quello**

August 25, 1997

Re: PCS C-Block

I am heartened that Chairman Reed Hundt supports "doing something" to ease the pressure felt by some PCS C-Block licensees. Today, he is reported in the press to have expressed these sentiments in a press briefing in his office last Friday. I am further heartened that he concurs with the three Commissioners that we should conclude this matter as soon as possible. We had been working toward a mid-August deadline.

The Congressional leadership of both the House and Senate has contacted the FCC to express its opinion that we treat our licensees equitably by considering a plan for delayed payments but also reminded this Commission of the importance of protecting the integrity of the auction process. I share these Congressional concerns.

I favor a plan that would allow our licensees to seek additional financing in the private markets by suspending the installment payments of principle and interest for some period of time. This is within our existing discretion, would be minimally intrusive, and comply with Congressional intent. I will continue to work with my fellow Commissioners to arrive at a consensus on this important topic.

I am acutely aware of the benefits in efficiency that licensing by auctions has brought to our processes. I was serving as Chairman when Congress decided to entrust the FCC with auctioning authority. The responsibility to translate this authority into practice by writing the auction rules was handled capably by the FCC under the leadership of Chairman Hundt.

I fervently believe that all parties -- applicants, auction winners and losers, licensees and this Commission -- should always "play by the existing rules." This is particularly true in the context of auctions where the applicants themselves make the business judgments that determine success or failure. It could be considered bureaucratic irresponsibility to change the rules after the fact. This would subject the rewritten rules to challenge in the courts. Nevertheless, the rules should be and are flexible enough to accommodate unforeseen circumstances.

For these reasons, I am working with the other Commissioners to determine whether we can structure a plan to allow some "breathing room" for those licensees who are facing a cash flow crunch. I would do so only if this can be done within our existing rules. I do not favor re-writing our general rules to favor any particular class of licensees. Additionally, I do not favor having the government re-structure our licensees' debt involuntarily. Anything that we do ought to apply generally to all similarly situated licensees and to take into account the disappointed bidders who were not successful in the C-Block auction.

Accordingly, I do not favor a mandatory reauction. I am reminded that this Commission resisted the pressure to intervene during the conduct of the C-Block auction when some critics opined that the bids were "too high" or "out of line." I believed that the Chairman spoke for us all when he stated that the Commission would not interfere with private sector decision making regarding monetary value of spectrum and that all parties were aware of and would be held to the full measure of our rules.

1007a