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June 10, 1992

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Ms. Donna Searcy
Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: RM - 7986

Dear Ms. Searcy:

Transmitted herewith on behalf of Paging Network, Inc. are an original and five (5) copies of its Comments in Support of the Petition for Rulemaking filed by the Association for Private Carrier Paging in the above-captioned proceeding.

Should any questions arise in connection with this filing, kindly contact the undersigned counsel directly.

Sincerely,


Kathleen A. Kirby

Enclosures

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of

Amendment of Section 90.494 of)
the Commission's Rules and) RM-7986
Regulations Concerning Shared Use)
of 900 MHz Paging Frequencies)

To: The Commission

**COMMENTS OF PAGING NETWORK, INC.
IN SUPPORT OF PETITION FOR RULEMAKING FILED BY
THE ASSOCIATION FOR PRIVATE CARRIER PAGING**

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Dated: June 10, 1992

SUMMARY

Paging Network, Inc. ("PageNet"), the largest and fastest growing paging company in the United States, submits these comments in support of the Petition for Rulemaking filed by the Association for Private Carrier Paging Section of the National Association of Business and Educational Radio, Inc. ("APCP"). The Petition seeks to amend Section 90.494 of the Commission's Rules to provide for exclusive use of certain Private Carrier Paging ("PCP") channels in the 900 MHz band.

Presently, there are frequencies in the 150, 460, and 900 MHz bands allocated for PCP services. In allocating these channels, the Commission provided that they be used on a shared basis. Congestion on the frequencies below 470 MHz has resulted in service degradation, including unacceptable interference and transmission delays, for end-users. While spectrum crowding is not yet a significant problem on the more recently allocated 900 MHz channels, PCP growth trends indicate that similar congestion could be imminent unless the Commission substantially modifies its shared licensing rules.

To prevent the problems associated with the lower frequency bands from recurring, APCP proposes earned channel exclusivity for 900 MHz PCP licensees satisfying specific construction criteria. The proposal sets out differing local, regional and national criteria for 900 MHz licensees to qualify for exclusivity.

Adoption of APCP's proposal will promote the continued growth and expansion of 900 MHz PCP systems, and will prevent the channel sharing problems which have developed on paging channels below 470 MHz. PageNet believes that "earned exclusivity," as defined in APCP's Petition, will allow both large and small carriers to exist side by side while maximizing spectral, technical, and operational efficiencies. Moreover, the efficiencies resulting from this new regulatory framework will serve the public interest by providing consumers with higher quality, diverse communications services at a lower price.

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FEDERAL BUREAU OF INVESTIGATION
OFFICE OF THE SECRETARY

In the Matter of

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the Commission's Rules and) RM-7986
Regulations Concerning Shared Use)
of 900 MHz Paging Frequencies)

To: The Commission

**COMMENTS OF PAGING NETWORK, INC.
IN SUPPORT OF PETITION FOR RULEMAKING FILED BY
THE ASSOCIATION FOR PRIVATE CARRIER PAGING**

Paging Network, Inc. ("PageNet"), by its attorneys, and pursuant to Section 1.405 of the Commission's rules, hereby submits its comments in support of the Petition for Rulemaking ("Petition") filed April 24, 1992 by the Association for Private Carrier Paging Section of the National Association of Business and Educational Radio, Inc. ("APCP"). The Petition seeks to amend Section 90.494 of the Commission's Rules to provide for exclusive use of certain Private Carrier Paging ("PCP") channels in the 900 MHz band. PageNet supports APCP's proposal and urges the Commission to initiate a proceeding proposing to expeditiously adopt APCP's proposal.

PageNet is the largest and fastest growing paging company in the United States, providing paging services through

both PCP and common carrier systems nationwide. As an APCP member, PageNet, along with other private carriers, both large and small, participated in the discussions reflected in APCP's Petition.

PageNet has a longstanding commitment to offer state of the art paging services to businesses and individuals at the lowest possible cost. PageNet believes that adoption of APCP's proposal will facilitate this goal, and will encourage technological innovation, spectral efficiency, and the development of new and improved services while eliminating the danger of speculative abuses.

I. BACKGROUND

Presently, there are frequencies in the 150, 460, and 900 MHz bands allocated for PCP services. In allocating these channels, the Commission provided that they be used on a shared basis. As explained more fully below, congestion on the frequencies below 470 MHz has resulted in service degradation, including unacceptable interference and transmission delays, for end-users. While spectrum crowding is not yet a significant problem on the more recently allocated 900 MHz channels, PCP growth trends indicate that similar congestion could be imminent unless the shared licensing rules are substantially modified for this band.¹

¹ The Commission is not unmindful of the need to consider licensing schemes to avoid congestion at 900 MHz. Last year it imposed a freeze on additional licensing at 900 MHz to permit it to consider alternative licensing arrangements

Continued on following page

To prevent the problems associated with the lower frequency bands from recurring, APCP proposes that the Commission amend Section 90.494 to award earned channel exclusivity to 900 MHz PCP licensees satisfying specific construction criteria. This exclusivity would apply regardless of whether the licensee operates on channels in the PCP pool or the noncommercial pool as a result of inter-pool sharing.²

Continued from previous page

which could prevent recurrence of the congestion present in lower frequencies. The Commission's actions in that regard served as a catalyst for APCP's renewed discussion on how best to utilize these frequencies. APCP's Petition is the direct result of these discussions.

² There are two pools of frequencies allocated at 929 MHz for one-way paging: one for PCP providers, and one for noncommercial paging providers. See Second Report and Order, 91 F.C.C. 2d at 1223. Presently, twenty (20) channels are allocated for noncommercial paging and twenty (20) for PCP operation. Report and Order in PR Docket 85-102, 58 RR 2d 1290 (1985). However, the Commission has authorized inter-pool sharing of these frequencies where an applicant can show that no satisfactory frequencies exist in its pool and that the requested frequency is available. 47 C.F.R. § 90.494(g).

Under APCP's proposal, exclusive licensing would not be automatic -- it would be earned. The proposal sets out differing local, regional and national criteria for 900 MHz licensees to qualify for exclusivity:

1. Local: Where a licensee has six (6)³ or more contiguous transmitter sites in a market, no transmitter site of another licensee would be authorized within seventy (70) miles of a transmitter site entitled to exclusivity;

2. Regional: Where a licensee has seventy (70) or more transmitter sites, which need not be contiguous, in not more than twelve (12) contiguous states, no transmitter site of another licensee would be authorized within seventy (70) miles of a transmitter site entitled to exclusivity;

4. National: Where a licensee has three hundred (300) or more transmitter sites in any number of locations throughout the United States, no additional systems will be licensed on the same frequency anywhere in the country.

To ensure that only bona fide service providers apply for exclusive frequency use, APCP proposes that, in addition to the requirements set out above for local, regional and national exclusivity, each transmitter must: (1) have minimum output power of 100 watts; (2) have simulcast capability; and, (3) be part of a functioning paging system.

Adoption of APCP's proposal will promote the continued growth and expansion of 900 MHz PCP systems, and will prevent the channel sharing problems which have developed on paging channels below 470 MHz. As demonstrated below, PageNet believes that

³ APCP's proposal would require that licensees in the three largest markets, New York, Los Angeles, and Chicago, have eighteen (18) or more contiguous transmitter sites to qualify for exclusivity.

"earned exclusivity," as defined in APCP's Petition, will allow both large and small carriers to exist side by side while maximizing spectral, technical, and operational efficiencies. Moreover, the efficiencies resulting from this new regulatory framework will serve the public interest by providing consumers with higher quality, diverse communications services at a lower price.

II. DISCUSSION

A. The APCP Proposal Will Facilitate the Commission's Desire for Maximum Utilization of Spectrum

Since 1985, PCP operations have grown exponentially, both in terms of the number of systems and in terms of customer base.⁴ As a result of this growth, the demand for spectrum is and will continue to be greater than the supply in many areas of the country. Rapid growth and limited spectrum have led to frequency saturation in most urban areas and an acute need for providers to operate with spectral efficiency. APCP's earned exclusivity proposal can assure that congestion and concomitant service degradation associated with the current shared frequency allocation system does not occur, as well as facilitate the Commission's desire for maximum utilization of spectrum.

⁴ In the past five years, the number of PLMR transmitters has increased at a 10% annual rate. See Notice of Inquiry in PR Docket 91-170, 6 FCC Rcd 4126, 4127 ¶ 8 (1991). Over six hundred (600) PCP systems were licensed in less than three years. Id.; see also "Challenges of Paging in the 1990s and Beyond," Telocator, January 1992, at 8, attached hereto as Exhibit 1.

1. There is an Acute Need for Spectral Efficiency as Channel Sharing on Heavily Loaded Frequencies has Resulted in Service Delays and Poor Service Quality

Presently, private carrier paging operations occur in three bands: 150 MHz; 460 MHz; and 929 MHz. The Commission adopted shared licensing requirements for each of these bands, in large part because it perceived that the channels would be underutilized if licensed to a single provider. When originally allocated, channel capacity for one-way paging service was sufficient to meet the moderate demand, so there was simply no need for exclusive licensing. See Second Report and Order in PR Docket 80-183, 91 F.C.C. 2d 1214 (1982).

Since the Commission allocated these frequencies however, there has been an unparalleled explosion in PCP growth. As the Commission is well aware, the frequencies allocated in 1968 at 150 and 460 MHz are highly congested.⁵ The Commission has initiated a proceeding in order to determine how to alleviate the significant problems associated with these frequencies. See Notice of Inquiry in PR Docket 91-70, 6 FCC Rcd 4126 (1991) ("Refarming NOI").

As demonstrated in the frequencies below 470 MHz, spectrum crowding causes serious problems for end-users.

⁵ For example, as APCP's Petition points out, there are thirty separate PCP systems licensed to provide service on 152.480 MHz within a 75 mile radius of New York City. APCP Petition at 3. There are 15 separate paging systems licensed to provide services on 152.480 MHz within a 75 mile radius of Charlotte, North Carolina. Id. The 460 MHz frequencies are also saturated. Id.

Frequency congestion results in users experiencing significant delays getting paging delivery during peak load periods. In addition to significant delays, shared frequencies are plagued with high noise levels (i.e., interference) and, consequently, low quality transmissions. See Refarming NOI, 6 FCC Rcd at 4126; Notice of Proposed Rulemaking, PR Docket 88-373, 3 FCC 4817 (1988). Delays in page delivery and low signal quality are particularly problematic where safety related communications are involved. Such communications require immediate transmission of pages over clear, usable channels to be effective, a requirement not satisfied by heavily loaded shared frequencies. Moreover, high quality, reliable mobile communications are critical where users are relying on the transmitted information. Absent such quality, the usefulness of paging services is reduced substantially, and so too is the demand for such services.

PageNet's own experience in sharing exemplifies the significance of the end-user problems that have resulted from spectrum congestion in these lower frequency bands. PageNet operates an RCC system on 158.7 MHz in San Francisco, pursuant to a voluntary intercarrier agreement, and shares the frequency with two other licensees. Each licensee utilizes alternating time blocks to transmit its messages. As a result, significant throughput delays occur, forcing users to wait an average of three minutes from the time a call is placed until the page is actually delivered. Because of the substantial delay, this system cannot effectively compete with services that are offered on exclusive channels. Further, PageNet cannot increase the number of

subscribers on this system without further degrading the service to existing customers.

On the other hand, channel congestion has not yet occurred at 929 MHz, in part because the equipment to provide service was more expensive, and in part because of existing PCP operators' prior financial commitment to already constructed operations at 150 and 460 MHz. Furthermore, RCC frequency allocations in the early 80's satisfied the demand for paging frequencies for a time. Now, however, congestion threatens the ability of paging carriers to provide high quality paging services at 900 MHz.

Between the time these frequencies were allocated in 1982 and 1985, over 600 PCP systems were authorized in the 900 MHz band. ACP Petition at 5. As 900 MHz pagers and transmitters have developed and become more affordable, systems have continued to expand and frequency availability is rapidly diminishing. Unmanageable sharing will be an immediate result, particularly in large markets. What will concurrently diminish are the user benefits presently associated with operations in the 900 MHz band. As ACP points out, 929 MHz PCP systems have been operating more efficiently than PCP systems in the lower bands, as paging batches can be transmitted immediately. ACP Petition at 6. Noise quality levels are low, service quality to end-users is high. End-users, therefore, do not suffer from the service degradation that makes shared systems less reliable, and providers can meet the public need for immediate, high quality service.

The historical growth pattern of PCP and RCC systems demonstrate that it is inevitable that demand for frequencies in the 900 MHz band, like the 460 and 150 MHz bands before it, will be substantial, and that these channels will be fully utilized to meet the demand for paging services. PCP demand will certainly meet if not exceed channel capacity. Thus, the Commission can now license these channels on an earned exclusivity basis, with no concern that the spectrum underutilization which initially prompted the Commission not to allocate these frequencies on an exclusive basis will occur. See 91 F.C.C. 2d at 1223.

Sound policy dictates, therefore, moving towards earned exclusivity at 900 MHz to avoid the pitfalls of shared frequency use in the lower bands. The Commission should take action now to prevent the congestion that plagues the 150 and 460 MHz bands from recurring in the 900 MHz band, the only remaining allocated band where paging operators can expand to meet consumer demand. Earned exclusivity will accomplish the important public interest goal of maximizing spectral efficiencies to help satisfy that demand.

2. The APCP Proposal Provides Licensees with the Incentive to Develop Spectrum Efficient Technologies

As the Commission itself has stated, the current regulatory environment is not generally designed to promote technological innovation. See Refarming NOI, 6 FCC Rcd at 4126. However, in recent proceedings, the Commission has recognized that certain regulatory concepts reap benefits in the form of spectrum

efficiency. Id. at 4127. Paramount among these concepts is channel exclusivity. See id.; see also Report and Order, PR Docket 85-102, 58 RR 2d 1290 (1985). The APCP Petition applies the same reasoning the Commission used in these proceedings to the 929 MHz PCP band. Specifically, APCP points out that existing PCP policy requires shared use of bands without any direct reward for spectrum efficiency. As a result, PCP operators have no incentive to develop spectrum efficient technologies. By offering earned exclusivity in the 929 MHz band, however, the Commission would provide that incentive while assuring that the licensees which obtain an exclusive channel will use these frequencies to avail subscribers of high quality paging services.

Exclusivity is a regulatory concept that looks to the long term -- while a licensee with exclusive use of one or more channels may continue to be inefficient in the short run, in the long run, "rational licensees will seek to maximize the value of their spectrum, much as they would seek to maximize the value of an asset such as land." Refarming NOI, 6 FCC Rcd at 4133. Licensees are, as the Commission has acknowledged, more concerned about spectrum efficiency when they have exclusive channel rights in a given area. Id.

In contrast, shared frequencies inhibit such behavior. Frequency sharing eliminates the ability of licensees to control the quality of service offered. A licensee that invested in high quality, spectrally efficient equipment would likely not be the beneficiary of that investment. Others could simply load the

channel, utilizing equipment and designs which are equal, or, more typically from PageNet's perspective, less spectrally efficient.

Further, frequency sharing requires a carrier to spread the costs of its network over fewer subscribers than if the channel were exclusive. This means that each subscriber must pay more for the service than if the subscriber base were larger, as the costs of building out a system do not change measurably with usage. Paging transmitters and receivers have to be bought and installed, site rent has to be paid, regardless of whether the paging company serves 100 or 100,000 subscribers. Nonetheless, it is obvious that it is more efficient to spread the costs of a paging system over 100,000 subscribers than it is 100.

Channel exclusivity permits carriers to benefit from the introduction of spectrum efficient technologies and thus provides incentives for carriers to operate in the most efficient mode available. Moreover, exclusivity is not an untested means of promoting spectrum efficient technologies. The concept of exclusivity has been proven; it has gained such general acceptance that it has become viewed as an automatic feature of new allocations. See Report and Order, PR Docket 89-552, 6 FCC Rcd 2356, 2371 ¶19 (1991) ("220 MHz Order").

Where PCP operators have both the flexibility and the incentive to install highly efficient technologies without the risk of having their efforts nullified by a frequency sharing requirement, the end-user benefits. The ultimate result of exclusive frequency use for qualified applicants will be higher

quality communications for end-users (e.g., less wait time for page delivery and interference free communications).

B. The APCP Proposal Creates Technical Efficiencies that Anticipate Innovation

The Commission's goal here should be to set up a regulatory framework capable of meeting the future needs of PCP users and providers. As part of its "forward looking" approach, the Commission should recognize that as new technologies are introduced, the compatibility necessary for any frequency sharing will be reduced or eliminated. Without this compatibility, the provision of innovative services to end-users may be delayed or precluded.

To maximize spectral efficiencies, for example, more and more paging companies are using high speed signalling technologies, including synchronous code signalling. Paging carriers have developed these signalling rates to create more capacity in response to paging demand. The POCSAG format, which was developed to operate at 512 bps, is now commonly used at 1200 bps. A further doubling of capacity will be achieved through operation at 2400 bps, which is currently being deployed in paging systems throughout the country.

It is recognized that even this improvement will not provide sufficient capacity to meet the anticipated demand, and research into further improvements is ongoing. Data throughput of 6,250 bps can be achieved through ERMES ("European Radio Messaging

System") signalling, and a modified form of this code may be appropriate for the United States. ERMES, unlike POCSAG, is a synchronous code, and systems must continuously transmit data so that the pager's clock remains synchronized. This is inherently incompatible with a shared channel, where the ERMES-type system would be required to cease transmission to allow other licensees' traffic. Earned exclusivity, therefore, is a necessary complement to take PCP into the next generation of high speed signalling technology.

C. If Adopted, The APCP Proposal Will Create Operational Efficiencies, Resulting in Increased Competition and Lower Prices for End-Users

APCP's earned exclusivity proposal, if adopted, will result not only in the spectral efficiencies discussed above, but also in operational efficiencies. From a provider's perspective, the proposed regulatory system will: (1) encourage development of wide-area paging systems; (2) increase the number of pagers a frequency can accommodate; and, (3) facilitate fully-loaded systems. More importantly, from the end-user's perspective, these operational efficiencies translate into widely available, diverse service offerings, high quality communications, increased competition, and lower prices.

As APCP correctly notes, PCP system operators such as PageNet have been reluctant to fully build out their systems, particularly if other, RCC frequencies are available. The prospect of additional licensees on a channel, particularly in

large markets, spells inefficiency for PCP providers, therefore, development of these systems has been suppressed. On shared channels, providers have no assurance of how many users they will be able to accommodate. All methods of sharing a frequency inevitably restrict loading because the need for terminal connection and monitoring equipment lessens the total amount of airtime available on a channel. Moreover, the provider's ability to accommodate more pagers on a channel is a function of how many licensees with whom it is forced to share the channel. Logically, the impact is much greater for wide-area systems than it is for small, local systems.

In essence, providers on shared channels are playing a game of chance and have little control over operations. Their situation can be likened to that of an investor who buys a hotel with 800 rooms, but who, depending on circumstances outside of his control, may only be able to put earnings from a total of 200 or 400 of those rooms toward his bottom line. Operational efficiency is all but sacrificed at this level of control. Therefore, providers have little or no incentive to invest in or to expand their systems, and the public suffers.

Conversely, exclusivity encourages development and investment in wide-area systems. By providing a PCP licensee with the opportunity to earn exclusivity, the Commission guarantees that licensee that it will be able to use one hundred percent of the airtime on its channel and thus, to fully-load its system. When systems are fully loaded, operators can distribute costs over as many as 250,000 users. Given this level of control, the

operator can establish a business plan with a much lesser degree of risk. The public benefits significantly, therefore, in the form of consumer choices that include regional and national wide-area as well as local systems, a lower cost per subscriber and a marketplace characterized by increased competition and its concomitant consumer benefits.

Earned exclusivity also creates unique operational efficiencies for regional carriers. Under the present regulatory structure, if a regional carrier wishes to enter an adjacent market or a market 500 miles away, it may be forced to share with an existing licensee, or to choose another frequency. For regional carriers using satellite control, sharing is particularly problematic as it creates inefficiencies throughout the region during the time in which the co-channel licensee is transmitting in any one city. In fact, congestion could reach the point where a regional licensee is rendered impotent, because at any given time, at least one local licensee would be active, preventing any paging transmission whatsoever by the regional licensee. Should the regional carrier opt for another frequency, the result is tremendous inconveniences for its subscribers. Users would have no choice but to buy a more expensive, frequency agile pager in order to utilize a regional system, and to change frequencies when traveling between cities.

On the other hand, regional exclusivity benefits both the end-user and the provider. Regional exclusivity allows a carrier to operate on a single frequency throughout twelve states. A regional system can thus develop on a single frequency,

expanding into new communities in response to marketplace demand. Large retail outlets can warehouse pagers on one frequency, knowing that these pagers will be compatible with its affiliated carrier in any market. The resulting public interest benefits are obvious; users can take advantage of a regional system without additional inconvenience, delays, or expense.

Availing carriers of the opportunity to operate on exclusive channels also spurs PCP growth because it enhances the attractiveness of operating as a private as opposed to common carrier. One of the significant benefits of operating as a common carrier is that common carrier licensees receive an exclusive frequency. Because of this exclusivity, many operators that provide services that otherwise could be offered on a private basis choose to be licensed as common carriers. While exclusivity makes common carrier frequencies attractive, there are, however, significant entry restrictions associated with common carrier operations. Often, these entry restrictions limit the number of competitors to a market, or significantly delay service start up. Many states require that common carrier paging providers obtain state certification prior to providing service to the public. For instance, in North Carolina and Georgia, 99% of the territory is certificated and closed to additional entry by common carriers. In contrast, PCP providers are not subject to entry barriers.

In some situations, then, an entity wishing to provide paging services within a particular state is faced with a "no win" situation. If the operator wishes to provide common carrier services, it may face severe entry restrictions which will delay

or even preclude actual service to the public, or, there may simply be no available RCC frequencies, particularly in major markets. Its other choice is to provide PCP services, but the inefficiencies associated with frequency sharing may be so unattractive that the carrier will opt not to make any investment in paging services within this market and will expand elsewhere. The ultimate loser, therefore, is the end-user, as he or she is denied the benefits of additional service offerings and increased competition the paging operator would have generated in this market.

By providing for earned exclusivity in the 900 MHz band, providers are presented with an attractive alternative to common carriage. In states with significant entry barriers, where competition may be limited, providers will likely opt to provide PCP as opposed to common carrier services. The end-user wins in this situation, as he is presented with a choice of paging providers, and reaps the benefits of increased competition.

Thus, APCP's proposal increases operational efficiencies and facilitates the maximum development of PCP services. Given the incentives associated with channel exclusivity, PCP providers will be willing to build out wide-area systems and implement new technologies and services, perhaps in areas where competition among paging providers is limited. The public will benefit in the form of choice from diverse offerings, increased competition, and lower prices.

D. The APCP Proposal Allows Large and Small Carriers to Exist Side by Side

APCP's proposal is particularly strong because earned exclusivity allows large and small carriers to exist side by side. As APCP recognizes, there are paging systems, generally consisting of less than six transmitter sites, for which frequency sharing does not present any problems. APCP Petition at 9. The success of frequency sharing in these instances where there is spectrum available should not go unrecognized. In these instances, sharing is an efficient use of frequency and should continue.

APCP's proposal makes spectrum available for smaller entities with the resources to develop and implement systems tailored to their own needs as well as spectrum for larger commercial carriers to establish systems that can provide a nationwide service to meet the various and diverse requirements of a number of entities. Providers with less than six transmitters can continue to operate efficiently on a shared basis. Operators that desire exclusivity will have to earn it by meeting substantial investment and construction requirements. In essence, APCP's proposal allows both large and small carriers to exist side by side while maximizing spectral, technical, and operational efficiencies.

E. Earned Exclusivity Will Allow for the Full Development of the 900 MHz Band While Thwarting Speculative Abuses

APCP's proposal is also sound because it provides for earned exclusivity while thwarting speculative abuses. Generally, speculation in Commission licenses has occurred when there is little up front capital spending required, as was the case with the 220 MHz and 900 MHz SMR applications. Under APCP's earned exclusivity proposal, however, licensees face a far more formidable threshold. Only those licensees that satisfy stringent transmitter construction criteria will qualify for channel protection. These transmitter requirements discourage speculation, as they necessarily require an investment of millions of dollars in system construction and operation.⁶

Licensees, therefore, will have to earn exclusivity by demonstrating and carrying out their commitment to building and operating the system. A strict construction schedule and a significant investment in equipment will complement marketplace forces to promote efficient use of this band while deterring speculative applications. Moreover, licensees who are required to construct or lose their authorizations will have an incentive to build and capitalize on the investment by loading the system rather than keeping it idle or underutilized.

⁶ APCP estimates, and PageNet concurs, that to construct thirty (30) transmitter sites in the first year, licensees would have to make a capital outlay of approximately \$600,000 with additional monthly site rental of approximately \$6,000. For a nationwide system, this outlay would escalate to approximately \$6,000,000, with \$60,000 per month for site rental.

To further discourage speculation, APCP proposes that the Commission not only require that the transmitters be constructed, but also that constructed transmitters meet these requirements: (1) minimum output power of 100 watts (2) simulcast capability and (3) be part of a functioning paging system. Those transmitters not satisfying these criteria will not count toward the licensee's total construction requirements. Thus, the construction requirements are substantive and less susceptible to abuse.

PageNet believes that the thresholds set forth in APCP's Petition will deter speculative abuses. However, if the Commission is concerned that speculators will be able to satisfy these requirements, PageNet would not be adverse to the implementation of even more formidable criteria.

III. CONCLUSION

PageNet supports APCP's Petition for a Notice of Proposed Rulemaking to amend Section 90.494 of the Commission's Rules to provide for exclusive use of certain Private Carrier Paging channels in the 900 MHz band. APCP's proposed earned exclusivity will serve the public interest and ensure the full development of the 900 MHz band by facilitating the development of spectrum efficient technologies, spurring PCP growth, increasing competition and setting up a regulatory framework capable of taking PCP into the future. In essence, APCP's proposal will