

BEFORE THE
Federal Communications Commission

WASHINGTON, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

Amendment of the Commission's
Rules to Establish New Narrowband
Personal Communications Services

GEN Docket No. 90-314
ET Docket No. 92-100

To: The Commission

**COMMENTS OF PACTEL PAGING IN SUPPORT
OF THE PETITION FOR RECONSIDERATION
AND CLARIFICATION OF PAGING NETWORK, INC.**

PacTel Paging ("PacTel"), by its attorneys and pursuant to Public Notice Report No. 1976^{1/}, hereby submits its comments in support of the "Petition for Reconsideration and Clarification of Paging Network, Inc." filed September 10, 1993 (the "PageNet Reconsideration Request") with reference to the Commission's First Report and Order in the above-captioned proceeding (the "Narrowband Order").^{2/} The following is respectfully shown:

^{1/} Mimeo No. 40033, released October 4, 1993. This Public Notice accorded interested parties 15 days from its publication in the Federal Register to comment on the various petitions seeking reconsideration of the action in ET Docket No. 92-100. The publication date in the Federal Register was October 8, 1993. 58 Fed. Reg. 52495.

^{2/} FCC 93-329, released July 23, 1993 (the "Narrowband Order").

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I. BACKGROUND

1. PacTel holds Part 22 and Part 90 authorizations for one-way paging stations throughout substantial portions of the United States. Currently, PacTel operates one-way paging systems in California, Washington, Oregon, Arizona, Nevada, Utah, Michigan, Indiana, Missouri, Kansas, Kentucky, Texas, Georgia, and Florida and has over one million units in service. By industry estimates, PacTel is the fourth largest paging service provider, and one of the fastest growing paging companies, in the United States.

2. PacTel also is a long time proponent of certain advanced messaging services which are now included under the rubric of Narrowband personal communication services ("Narrowband PCS"). In July of 1991, PacTel notified the Commission that it intended to begin testing an advanced technology platform called "Advanced Architecture Paging" as part of a broad-based PCS experimentation program that its parent, Pacific Telesis Group, had been authorized to undertake.^{3/} PacTel also applied for pioneer preferences based upon its work on Advanced Architecture Paging and Ground-to-Air Paging.^{4/}

^{3/} See "Notice of Details of Experimental Program", filed July 29, 1991, with reference to FCC File No. 1934-EX-TC-91.

^{4/} See PP-38 (Advanced Architecture Paging); PP-39 (Ground to Air Paging). PacTel has chosen not to burden the Commission's processes by seeking further reconsideration of the decision not to accord PacTel a pioneer's preference for its innovative proposals. Nor has PacTel objected to the preference granted to MTel. PacTel is, however, sympathetic to Pacific Bell's position -- as expressed in its Petition for Clarification filed in this proceeding on September 10, 1993 -- that the Commission should not prejudge whether a preference recipient must pay for a grant. Rather, this
(continued...)

3. Based on its standing as a major industry participant and strong proponent of Narrowband PCS services, PacTel has taken an extremely active role in ET Docket No. 92-100. PacTel now has reviewed the Narrowband Order and the various petitions for clarification and/or reconsideration that have been filed regarding it. Like PageNet, PacTel is very concerned that the "local" and "regional" geographic areas specified as narrowband licensing territories by the Commission will not enable the needs of the public to be served effectively and efficiently. Consequently, PacTel supports reconsideration of the licensing territories as suggested by PageNet.

**II. BASIC TRADING AREA LICENSES
DO NOT SERVE THE PUBLIC INTEREST**

4. PacTel concurs with PageNet that Basic Trading Area ("BTA") licenses do not serve the public interest and may in fact hinder the growth of innovative Narrowband PCS services. Virtually all commenters and reply commenters in the ET Docket No. 92-100 agreed that the public is demanding large service areas for messaging services.^{5/} The Narrowband Order acknowledges this industry

^{4/}(...continued)

issue should be fully explored in the auction proceeding -- See Notice of Proposed Rule Making (PP Docket No. 93-253), FCC 93-455, released October 12, 1993 -- or in the course of the Review of the Pioneer Preference Rules initiated on October 21, 1993.

^{5/} See, e.g., the comments filed in ET Docket No. 92-100 by American Paging Inc. at p. 5, Arch Communications Group at p. 7, Dial Page at p. 4, Motorola at p. 22, PacTel at pp. 14-15, PageNet at p. 9, n.7, Telocator at pp. 12-13 and Freeman at para. 13.

consensus^{6/}. Indeed, Telocator and PacTel both advocated that there should be a handful of large multistate regions that would approximate the service territories developing for existing wide-area paging services.^{7/} This five region plan enjoyed considerable support from knowledgeable industry participants.^{8/}

5. The fundamental reason the industry settled on such large regions is that Narrowband PCS services will be competing with existing paging services. The growth of Narrowband PCS services will be inhibited if the licensing areas do not correspond to current service areas. The traditional paging industry -- though currently licensed on the basis of service area contours of each individual transmitter -- has evolved to provide service over multiple-state areas. It is essential that the Commission license Narrowband PCS on a geographic basis at least as large as the existing paging systems.

6. PacTel concurs with PageNet that BTAs are unworkable as a licensing area and will not serve the public interest.^{9/} BTA areas are too small to present any competition to existing services or to the MTA licensees. PacTel has conducted research into the sizes of the BTAs in two states: California and Texas. Attached as

^{6/} At paragraph 23, the Narrowband Order properly finds that "Most of the commenting parties support a combination of nationwide and regional licensed service areas for narrowband 900 MHz PCS services".

^{7/} See Telocator Comments at pp. 12-13, PacTel's Comments at pp. 14-15.

^{8/} See comments cited at Note 5, supra.

^{9/} As PageNet amply demonstrates, BTA licenses may be so small in many areas as to result in technical problems. PacTel concurs with PageNet that the interference problems associated with having adjacent BTAs licensed to different licensees may make neither licensee have anything of value.

Exhibit 1 are two tables outlining the various licensing areas. In some instances, the BTA is too small to allow a high power transmitter located in the center.

7. Furthermore, individual BTAs in these regions do not encompass certain areas which today are part of local systems. For instance, it would require five BTAs -- Sacramento, Yuba-City, Stockton, Modesto, and Merced -- to cover just the Sacramento Valley area in California. Today, the Sacramento Valley is considered one local system and PacTel knows that it would take a license for each of these BTAs to offer a competitive messaging service in this area. Unless a single party is able to aggregate these five BTA licenses on common spectrum, there is a substantial risk that service would not get off the ground in any one of these BTAs.^{10/} Notably, the problem PacTel perceives in the Sacramento Valley is similar to the ones highlighted by PageNet in Houston, Miami and elsewhere.^{11/} Since both PageNet and PacTel perceive serious licensing problems with individual BTAs, the Commission must be concerned that its licensing scheme has missed the mark.^{12/}

8. PacTel is also concerned that BTAs may leave too much of the United States subject to interference zones in which no party

^{10/} Licensees of an isolated BTA may perceive the value of their license not in serving the public, but rather as a means to extract roaming/interconnection revenue. Since any such charges would ultimately be passed on to the public, the public would have higher rates as a result.

^{11/} See PageNet Reconsideration Request at p. 10.

^{12/} PacTel notes that the comments in the docket contain virtually no support for licensing on a BTA basis. Indeed, the paragraph of the Narrowband Order which specifies BTAs for a major portion of the allocation cites no record support. See Narrowband Order at para. 27.

may provide an adequate service. With smaller licensing areas, more territory is subject to requirements that licensees construct their systems to limit interference to co-channel licensees. As properly noted by PageNet, the limited circumference of numerous BTAs creates unacceptably reduced service territories when the required power reductions are considered.^{13/} In fact, the limited number of interference areas is one of the attractive features of the Telocator and PacTel proposed licensing areas.^{14/}

9. Contrary to the suggestion in the Narrowband Order^{15/}, BTA licenses do not represent any real opportunity for small, minority, or woman-owned businesses.^{16/} The concerns of Commissioner Barrett that BTA licenses will prove to be a "spectrum ghetto" in wideband PCS apply even more forcefully in Narrowband PCS because of the highly evolved and competitive market that already exists for narrowband services.^{17/} As explained above, BTA licenses will have

^{13/} See PageNet Reconsideration Request at Section III.A.1.

^{14/} Services areas that are too small also will artificially suppress the amount of revenue generated from the competitive bidding for these licenses. Although generating maximum revenues is not to be the sole determinant under Section 6002(j)(7) when adopting a licensing scheme, revenue generation may be taken into account as one factor supporting a regulatory framework. Small unprofitable territories are likely to bring less at auction than if the same areas were aggregated into larger regions.

^{15/} See Narrowband Order at para. 27.

^{16/} In fact, most small entrepreneurial, minority or woman-owned paging businesses already provide coverage which exceeds BTA areas. Furthermore, the investment to build a MTA is easily obtainable by small businesses because the license itself will have considerable value.

^{17/} See Dissenting Statement of Commissioner Barrett in GEN Docket No. 90-314.

economic value only if they are aggregated with adjoining areas.^{18/} Consequently, smaller firms and businesses would not be benefitting from BTA licensing, but would be disadvantaged because they would have to participate in several auctions.

III. MTAs ARE NOT ADEQUATE IN SIZE TO FOSTER REGIONAL SERVICE IN TODAY'S ENVIRONMENT

10. The Narrowband Order contains an important and completely accurate finding based upon the evidence of record in the docket. At paragraph 26, the Commission concludes:

[L]arge regional and nationwide licensed service areas would provide economies of scale, and should alleviate some of the problems licensees have experienced when they tried to aggregate smaller licensed service areas ...[and] would provide for flexibility in the design and implementation of narrowband PCS services. We also recognize that large regional and nationwide licensed service areas will further our goal of fostering the swift implementation and deployment of narrowband PCS services and systems.^{19/}

Unfortunately, the MTA areas adopted by the Commission as the basis for regional licensing are not "large" in the current competitive environment. The result is a licensing scheme that does not achieve the worthy objectives sought by the Commission.

11. As was explained when the 5 region plan was proposed by PacTel and Telocator, these territorial divisions were adopted to approximate the scope of current regional paging systems. For

^{18/} While each individual license may be bought for a relatively low auction price, the need for a combination of these BTA licenses brings with it a substantial risk that someone could successfully block the aggregator or cause the aggregator to pay a ransom to complete a wide area system.

^{19/} Narrowband Order at para. 26.

example, PacTel now provides wide-area paging service that extends along virtually the entire west coast of the United States. PacTel would have to aggregate dozens of MTAs to provide a comparable narrowband PCS service. Based upon this reality, the Commission can only consider regional licensing territories to be "large" if it reverts to a handful of regions as proposed by PacTel and so many others in the commenting cycle.

III. CONCLUSION

12. Based upon the foregoing, PacTel supports reconsideration of the Narrowband Order with respect to the size of the licensing territories. Those portions of the allocation designated for MTA licensing should be licensed instead based upon a five region plan along the lines suggested by the commenters in the docket.^{20/} Those portions of the allocation designated for BTA licensing should be licensed on an MTA basis.^{21/}

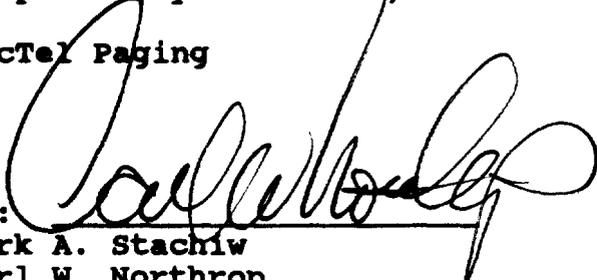
^{20/} The number and scope of the regions is of primary importance to PacTel, not the particulars of the regional plan previously offered. The Commission may wish to achieve a handful of regions by combining MTAs in adjoining areas.

^{21/} If for any reason the Commission considers MTAs to be too large as the smallest component of licensing areas, it may wish to consider substituting the 183 BEA Economic Areas as defined by the U.S. Department of Commerce. In PacTel's view, 183 BEAs would be much preferred to 487 BTAs. Notably, the NTIA suggested the use of BEAs in certain comments in the wideband PCS proceeding. Use of the BEA areas would be preferable to BTAs because they encompass not only the economic area, but also the commuter areas surrounding each economic area.

13. The foregoing premises having been duly considered, Pactel respectfully requests that the Commission expeditiously adopt revised rules reflecting Pactel's comments.

Respectfully submitted,

Pactel Paging

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EXHIBIT 1

Texas

License Area	Number of Areas	Population of area containing Tyler, TX	Notes
Metropolitan Statistical Area (MSA) and Rural Service Areas (RSA)	45	152,000	Does not include rural areas which were classified into RSAs for cellular
Basic Trading Area (BTA)	29	272,000	Some BTAs less than 20 miles across
BEA Economic Areas	15	778,200	Combines BTAs into larger areas, still anomalies, such as Beaumont-Houston
Major Trading Areas (MTA)	4	4,085,000	Allows for greatest freedom to construct a system which meets market demand
Current Major Paging Systems	1	17,167,000	Entire state of Texas service
Telocator Proposed Areas	1	28,408,000	

California

License Area	Number of Areas	Population of area containing Stockton, CA	Notes
Metropolitan Statistical Areas (MSA) and Rural Service Areas (RSA)	28	490,000	Smaller areas, rural areas associated with MSAs are separately licensed
Basic Trading Area (BTA)	18	523,000	Several BTAs are less than 30 miles across
BEA Economic Areas	9	1,186,200	Combines BTAs into larger areas, still anomalies, such as Sacramento-Stockton
Major Trading Areas (MTA)	2	12,000,000	Allows for greatest freedom to construct a system which meets market demand
Current Major Paging Systems	1	30,353,000	Entire state of California service ¹
Telocator Proposed Areas	1	50,400,000	5 of these nationwide

¹ Currently, paging systems are licensed on a per transmitter basis. The system coverage results from putting all the transmitters coverage area together.

CERTIFICATE OF SERVICE

I, Tana Christine Maples, hereby certify that I have this 25th day of October, 1993, caused copies of the foregoing **Comments of PacTel Paging in Support of the Petition for Reconsideration and Clarification of Paging Network, Inc.** to be delivered by hand or by First Class United States Mail, postage prepaid to the following:

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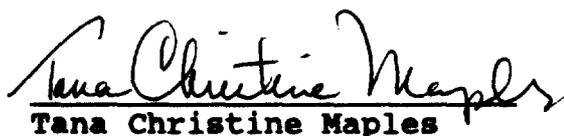
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