

RICHARD L. VEGA GROUP

Interest: Telecommunications engineers/consultants.

Applicability of Competitive Bidding:

- Commission should either exclude point-to point microwave from auction process, or establish a set-aside where eligible applicants would have access to the spectrum. (3)

Bidding Methods:

- Supports sealed bids; encourages experimentation with electronic bidding systems; supports proposal to accept sealed bids for licenses as part of a combinatorial bid that would not be opened until conclusion of oral bidding; opposes second round of bids. (3)

Sequence of Bidding:

- Licenses should be offered sequentially, starting with the markets that have the greatest population; licenses should be offered in descending order of bandwidth. (4)

Combinatorial Bidding:

- Combinatorial bidding should be prohibited in the blocks set-aside for designated entities. (4)

Payment Methods:

- Opposes minimum bid requirement. (4)
- Supports full, lump sum payment for all winners except designated entities. (4)
- Supports liberal payment methods for designated entities; supports installment payments inclusive of interest, credits and tax certificates, and royalties. (5)
- Believes that procedures set forth in Section 1.1911 and other parts of Commission's rules are sufficient to assure collection. (5)
- Supports bid multipliers for designated entities. (6)
- Opposed to material up-front payment; supports a minimum up-front payment of \$10,000, if up-front payments are to be required at all; if an auction winner is found ineligible, Commission can retain only the filing fee. (9)

Treatment of Designated Entities:

- Rural telephone companies should be defined as those carriers exempt from Section 63.58; to qualify as a designated entity, a rural telco should be prohibited from using other sources of financing, such as financing from REA. (7)
- To qualify for preferences, women and minority-backed applicants must own and control at least 50.1% of the business, and no other member of the remaining ownership should have a net worth in excess of the SBA's monetary definition of small business. (7)

Safeguards:

- Requiring licensees to construct system prior to any consideration of a transfer will limit the potential for "unjust enrichment"; opposes other limitations on resale. (8)
- Supports full disclosure of all parties comprising an "applicant", and all partners within a consortia; for corporations, supports disclosure of stockholders having 5% or more ownership interest; for PCS, rules should assure that a bidder obtains only a single block of spectrum to a market through the auction process. (8)
- Supports severe penalties for violations of anti-collusion rules. (9)
- Post application and/or pre-auction settlement agreements should be banned. (9)

Application Processing Requirements:

- Supports requirement of simultaneous submittal of both short-form and long-form applications. (9)

Specific Services:

- For PCS, supports stricter construction schedules for combinatorial bidders; should be required to build-out 25% of each market in eighteen month period. (10)
- Suggests following division of available spectrum for PCS:
 - Group A: 1850-1865 MHz; 1930-1945 MHz
 - Group B: 1865-1880 MHz; 1945-1960 MHz
 - Group C: 1880-1890 MHz; 1860-1970 MHz
 - Group D: 2130-2145 MHz; 2180-2195 MHz
 - Group E: 2145-2150 MHz; 2195-2200 MHz;

groups C and D would be set-aside for designated entities. (10)

- Opposes combinatorial bidding in set-aside blocks. (11)
- Commission over-estimates the present value of the PCS spectrum. (11)
- For PCS applications, supports simultaneous submittal of either Form 574 or Form 401; financial demonstration requirement should be identical for applicants filing either form; supports a one-day filing window. (11)
- Opposes auctioning Interactive Video and Data Service licenses. (11)
- Unserved cellular area applications filed prior to July 26, 1993 should not be relegated to auction process. (14)

Other:

- Recommends that Commission reconsider requirement that long-form applications be filed on microfiche. (16)

VENUS WIRELESS INC.

Interest: Female owned business whose corporate mission is to offer specialized PCS services to business customers in the Pacific Northwest.

Combinatorial Bidding:

- Group combinatorial bidding for C and D channel blocks should not be allowed since such combinatorial bidding would favor designated entities allying themselves with national players. (p. 2)

Payment Methods:

- Supports the FCC's proposal to allow designated entities to pay for the bid amount in installments with interest at prime plus one percent but believes that the period for payment should equal the license term. (p. 4)
- All non-designated entities who include minorities or women among their equity participants should be allowed to pay in installments a percentage of their bid amount equal to 100 percent of their women-minority ownership. (p. 4)

Treatment of Designated Entities:

- The FCC should require minority and women owned applicants to prove their status by submitting current certification issued by the state where the business is legally based. (p. 1)
- Preferences for women and minorities should be awarded in addition to preferences for small businesses and rural telcos -- a designated entity bidder should receive a credit equal to 50 percent of the percentage ownership of that entity by women and minorities, capped at a maximum 25 percent credit. (p. 3)
- Credits for women and minority ownership participation should be awarded to all non-designated bidders, equal to 50 percent of the percentage ownership by women and minorities, up to 10 percent credit. (p. 3)
- Designated entities should be allowed to obtain sub-licensing from primary licensees for areas with a population of less than 5,000 at a price equal to the price paid by the primary licensee -- the designated entities should be allowed to submit applications for these areas within ten days after the license for the larger area has been awarded to the primary licensee. (p. 3)

Safeguards:

- In the case of defaults in the payment of license fees by designated entities, the FCC should allow a ninety day grace period and then reacquire the license, with only designated entities eligible to bid. (p. 4)
- There should be no limitations concerning the transfer of ownership from one designated entity to another or to a non-designated entity as long as the total percentage of designated entity ownership after the transfer is no less than at the time the license was awarded -- if so, a penalty equal to the percentage decline in designated entity ownership times the financial benefit derived from designated entity ownership should apply. (p. 4)

WESTERN WIRELESS, INC.

Interest: A consortium of Oregon independent telephone companies intended to promote PCS services in rural and semi-rural areas.

Payment Methods:

- A designated licensee should be able to obtain a sub-license from a primary licensee; payment for the sub-license should be made to the primary licensee in a lump sum within 10 days after the primary licensee has effected the payment for its license. (2)
- Designated entities should be allowed to pay for the bid amount in installments, with interest at prime plus 1% determined at the date the bid is accepted. The period for payment should be equal to the term of the license. (3)
- All non-designated entity bidders that include a designated entity among their equity participants should be allowed to pay in installments a percentage of their bid amount equal to 100% of their designated entity ownership. (3)

Treatment of Designated Entities:

- Supports raising the size limit for rural telcos to 20,000 population per area. (1)
- A bidder for A or B channel blocks should receive a credit equal to 50% of the percentage ownership of that entity by designated entities, up to a 10% credit.
- Designated entities should be allowed to obtain sub-licensing from primary licensees for areas with a population of less than 5000 ("DE areas") at a price equal to the price paid by the primary licensee. Designated entities should be allowed to submit applications for DE areas within 10 days after the license for the larger area has been awarded to the primary licensee. In the case of competing DE applicants for sub-licenses to the same geographic area, the FCC should give preference to the telco serving the sub-license area. If the telco serving the sub-license area is not among the applicants, then the FCC should determine the winning DE applicant by lottery during the period between 10 days after the primary license has been awarded and the day payment is due from the primary licensee. (2)

Safeguards:

- In the case of defaults in the payment of license fees by DE licensees, the FCC should allow a 90 day grace period and then re-auction the license. Only DEs should be allowed to bid. (3)
- There should be no limitations concerning the transfer of ownership from one DE to another or to a non-DE, as long as the total percentage of DE ownership of the entity after the transfer is no less than it was at the time the license was awarded. (3)
- Transfers that reduce the percentage of DE ownership will result in a penalty equal to the percentage decline in DE ownership multiplied by the benefit derived from DE ownership. (3-4)

WINDSONG COMMUNICATIONS, INC.

Interest: Women-owned business created to participate in PCS

Payment Methods:

- Supports the FCC's proposal to allow "special payment schedules" by women-owned enterprises -- they should be permitted to pay auction prices in installment payments, with interest at one point over the prime rate; payments should be monthly and spread out over a maximum of five years. (pp. 4-5)
- Agrees that calculating and collecting royalties would be unduly burdensome. (p. 5)
- Supports SBAC's recommendation that designated entities be allowed to self-certify their financial qualifications by submitting an investment banker's "highly confident" letter combined with disclosures of the applicant's internal funds and bank commitments. (p. 5)

Treatment of Designated Entities:

- The proposal to set aside Blocks C and D in the PCS allocation for auction only to designated entities will facilitate the entry of women-owned businesses. (p. 2) Such measures are greatly needed given the existence of discrimination against women in the markets for venture capital. (pp. 2-3)
- As a threshold qualification for bidding on Blocks C and D, applicants should be no less than 50.1 percent owned by members of the disadvantaged groups specified by the FCC. (p. 3)
- Women-owned businesses should be able to self-certify their eligibility in the FCC's short form application and, in the long form application, submit a certified copy of pertinent pages from their share register or other constitutional documents. (p. 4)

Safeguards:

- Complex and detailed provisions against trafficking and warehousing of PCS licenses are not necessary -- build-out requirements such as the FCC has proposed for PCS should suffice to ensure prompt service to the public. (p. 5)
- A designated entity should be permitted to transfer a license to another designated entity at any time for any

price, and to any kind of entity for any price three years after issuance of a construction permit. (p. 6)

Other:

- Agrees that a bidding preference (i.e., a 10 percent credit) should be afforded to technical innovators that include, as part of their service proposal, a technical device or software program that they have patented or copyrighted, or for which they have applied with the appropriate U.S. government office, or for which they have been licensed by the holder or applicant for the patent or copyright. (pp. 6-7)

THE WIRELESS CABLE ASSOCIATION INTERNATIONAL, INC.

Interest: Trade association of wireless cable/multipoint distribution service (MDS) operators.

Applicability of Competitive Bidding:

- Auctions should not be used for mutually exclusive ITFS applications even though those facilities may be leased to MDS service providers. (8)

Bidding Methods:

- Generally supports oral bids. Unlike PCS, MDS oral auctions should be conducted first and then sealed combinatorial bids should be submitted to promote the aggregation of MDS spectrum. (14)
- Sealed bids, however, should be used to facilitate the disposition of MDS applications filed after the current freeze on MDS applications is lifted. Applications would be ranked and processed by their sealed bid. (15)

Combinatorial Bidding:

- Supports combinatorial bids in order to allow MDS applicants to accumulate multiple channels. (13)

Safeguards:

- The FCC should retain construction requirements. (17)
- Auction winners should be freely able to assign their authorizations, particularly when the assignments or transfers are in connection with the equity financing or sale of a wireless cable system. (18,19)

Application Processing Requirements:

- Existing MDS application procedures should continue to apply. The use of a short, pre-auction form is inappropriate for the MDS service. (12)

Specific Services:

- Existing MDS applications should be resolved in an expedited fashion in order to facilitate the development of real wireless cable systems. (9)
- Any MDS application already chosen as the tentative selectee in a lottery or that was designated as the sole surviving application for a market should retain their current status. (10)

WIRELESS SERVICES CORPORATION

Interest: Potential PCS provider.

Bidding Methods:

- Supports oral bidding for the set-aside blocks C and D for designated entities. (p. 3)

Payment Methods:

- Recommends the FCC set the application fee of two cents per MHz as the minimum bid for blocks C and D. (p. 3)
- The FCC's suggested 20 percent prepayment for designated entities is appropriate with a cap on the total prepayment of one dollar per POP. (pp. 3-4)

Treatment of Designated Entities:

- Fronts organized by large telecommunications companies should not be allowed to bid for block C and D licenses but creative financing structures should be permitted as long as the qualified entity has effective control of any individual license. (p. 3)

Safeguards:

- The FCC should allow C and D block licenses to be transferred only to other designated entities during the first five years of the license term unless a hardship waiver is obtained from the FCC. (p. 4) All deferred payments should become due at the time of transfer. (p. 4)

WISCONSIN WIRELESS COMMUNICATIONS CORPORATION

Interest: Favors giving small business, minority and women owned businesses and rural telcos a level playing field.

Applicability of Competitive Bidding:

- In determining principal use, classes of licenses could be determined for A, B, and C channels as to being network services or special applications; in 10 MHz channels D, E, F, and G, licenses could be for combined bidding for network services or stand alone; 10 MHz licenses could be for predetermined principal uses or applications. (p.1)
- Supports proposal that service for paying subscribers be auctioned by class of licensee (p.1)

Bidding Methods:

- In sealed bid auction, bidders should be able to bid for stand alone license and combinational bid if they are a qualified small business or woman/minority owned and if they pay deposits. (p.1)
- Supports sealed group bids and oral bids for individual licenses. (p.1)
- Supports innovator's bidding preference, and believes that experimental license holders and organizations showing technical competence should get credit. (p.1)

Sequence of Bidding:

- Supports sequential bidding. Order should be MTAs across all geographic areas, then C Channel 20 MHz, then 10 MHz channels. (p.1)
- Opposes bidding in descending order of population for licenses offered within spectrum block. (p.1)
- Supports auctioning blocks in descending order of bandwidth for licenses offered across spectrum blocks (p.1)

Combinatorial Bidding:

- Supports combinatorial bidding if done in same order as sequential bidding; questions how grouping could take place. (p.1)
- In initial application of combinatorial bidding, Commission should require submission of sealed bids for

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groups of licenses and then should conduct oral auctions for individual licenses. (p.1)

- Supports allowing bidders to submit limitation on total expenditures. (p.1)

Payment Methods:

- Supports requiring full payment in lump sum for all bidders other than entities designated in the Act as deserving special consideration; suggests balloon payment or payments in year 4 or 3, 4, and 5 for small business, and woman/minority owned companies. (p.2)
- Supports proposal for alternative payment methods; suggests treating default by: 1) giving 3-6 month cure period; 2) if not cured, resell to second highest bidder; 3) if second highest bidder declines, open re-bid process; agrees with SBAC distress sale concept. (p.2)

Treatment of Designated Entities:

- Suggests allowing combinal bidding for small, minority, and women owned businesses. (p.2)
- Disagrees with proposal that size should not be considered in affording preferences. (2)
- Supports proposal for eligibility criteria, if based on SIC code; rural telcos should be confined to their operating territories; minority and women companies should qualify based on control, not 50.1% ownership. (p.2)
- Eligibility criteria for small, women and minority owned business and rural telco consortia should allow some non-qualified members (20%). (p.2)

Safeguards:

- Commission should stipulate a three year holding period on licenses with performance criteria. (p.2)
- Supports Commission's approach to payments imposed on early transfers of licenses granted under preferences and regarding interval of time after initial grant during which transfer payment would be imposed. (p.2)
- Supports Commission's proposal for prohibition of collusion; suggests that AWCC, a consortium being formed by small, women and minority owned businesses and rural

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telcos, is an example of a consortia that would be affected if rules are too tightly drawn. (p.2)

Application Processing Requirements:

- Suggests that only short application be required at time of auction. (p.2)
- Long form should be filed and reviewed after the auction with opportunity to resubmit corrections. (p.2)
- Supports permitting minor ownership modifications. (p.2)
- Upfront payments should be high enough to keep out speculation, but low enough for small business groups. (p.3)
- Supports 60 day interval period between application deadline and auction. (p.3)

Specific Services:

- Strongly believes that, for broadband PCS, designated entities consortia should be treated preferentially. (p.3)
- Combinational bidding and individual bidding should be permitted by set-aside groups to facilitate grouping of broadband PCS licenses with BTA service areas. (p.3)

Other:

- Supports Commission's sketch of how oral and sealed bid auctions might be conducted. (p.3)

WILLIAM E. ZIMSKY

Interest: Apparently, an IVDS applicant

Treatment of Designated Entities:

- Female and minority aliens should not receive any preferences in bidding for FCC licenses. (pp. 1-2)

Application Processing:

- Application fees should be assessed only against the successful bidder. (pp. 2-3)

Specific Services:

- The RSA cellular markets in which participants in the risk sharing scheme received licenses should be subject to re-lotteries and not auctions. (p. 2)

Treatment of Designated Entities:

- A qualifying party or group must certify that it controls (with at least a 50.1% equity interest) the applicant for a license to be awarded by competitive bidding. (4)
- There should be no preferential treatment of designated entities who opt to apply for other than the set-aside spectrum. There should not be any restrictions, other than generally applicable cross-ownership restrictions, on the eligibility of designated entities to apply outside of the set-aside spectrum. (5)

Safeguards:

- A requirement for additional financial qualifications should not be adopted. (7)
- FCC should prohibit transfer of control or assignment of a license awarded to a designated entity to anyone except another qualifying designated entity of the same type for a period of at least 5 years. No sale for profit should be allowed within the first 5 years. Absent circumstances where a designated entity has benefitted from preferential treatment allowed by the competitive bidding rules, there should be no anti-trafficking restrictions placed on the resale of a license obtained through auction. (5, 8-9)

Application Processing Requirements:

- Prior to any auction, and with at least 30 days advance notice, all interested parties should be invited to submit a short form application during a one-day filing window to register to participate in an auction. All information should be available for public inspection. (5-6)
- Within 15 days after public notice of a winning bid, an applicant should be required to supplement its application with any amendments to the initial application. (7)
- For PCS applications in particular, there is no need for a specific technical proposal. (7)

PACTEL CORPORATION

Interest: Holding company for PacTel wireless subsidiaries providing cellular, paging, and vehicle location services in U.S. and overseas markets.

Applicability of Competitive Bidding:

- Believes that adoption of competitive bidding for point-to-point microwave frequencies will undermine the frequency coordination process and increase the risk of "greenmailers." (p. 9) In addition, mobile subscribers are not transmitting directly or receiving calls on these facilities -- intermediate links are comparable to other private network applications such as microwave systems employed by electric utilities. (pp. 9-10)

Bidding Methods:

- Recommends the use of several rounds of sealed bids in which all geographic areas for a given spectrum block are auctioned simultaneously (pp. 3-4, Attachment)
- Before each round and for each MTA, the FCC should announce: (1) the "minimum valid bid"; (2) the "suggested minimum bid"; (3) the list of bids received in the previous round; and (4) the due date for bids. (Attachment at 15)
- In the first round, any positive bid should be valid and the "suggested minimum bid" should be an amount at which the FCC expects most licenses will sell (i.e., for a 30 MHz license, 30 cents per MHz per person in an MTA.) (Attachment at 15-16)
- Bidders should be given three business days to respond, with the FCC preparing a sheet listing the dollar values of the bids but not the identity of the bidders. (Attachment at 16)
- In the next round, the "suggested minimum bid" would be the minimum valid bid plus an increment, such as 5 percent. (Attachment at 16)
- The auction would proceed to the next round if at least two bidders submit bids as large as the suggested minimum bid, but winning bidders should be allowed to withdraw, only forfeiting the 2 cents per person per MHz upfront payment. (Attachment at 16-17)

Combinatorial Bidding:

- Counsels against combinatorial bids because this approach has a dampening effect on individual license bids and leads to less efficient aggregation of geographical areas. (p. 4, Attachment)

Payment Methods:

- Price preferences rather than set-asides will achieve government goals for inclusion of designated groups. (p. 4, Attachment)
- Recommends against royalty payments for PCS auctions. (p. 5, Attachment)

Application Processing Requirements:

- The FCC should not require long-form applications from any bidders other than auction winners. (pp. 5-6)
- In the case of simultaneous auctions, bidders should not be required to file hundreds of license-specific applications when the FCC need only know the identity of the applicant, including all parties in interest, their legal qualifications, and financial ability prior to the auction -- the minimal technical showings needed to meet statutory requirements can be made in a supplemental filing following acceptance of a winning bid. (pp. 6-8)

Specific Services:

- The FCC does not have the lawful authority to use auctions regarding the pending 1988 cellular license modification applications filed by Los Angeles SMSA Limited Partnership regarding unserved areas of the Greater Los Angeles market. (pp. 10-12)
- Competitive bidding would not be appropriate for the 902-928 MHz band as AVM would not have exclusive use of the band. (p. 12)

PAGEMART, INC.

Interest: Mid-sized company at the leading edge of nationwide PCP paging services.

Bidding Methods:

- Opposes conclusion that placing licenses in the hands of those who value them most highly is appropriate because the public interest is defined by higher goals than pursuit of economic efficiencies and open, diverse, competitive markets ultimately provide better results. (3-5)
- Opposes open auctions as favoring deep pockets; promoting short term gains on a license; encouraging oligopolistic markets; revealing mid-sized firms' bidding limitations; and allowing deep pockets to deprive other firms of strategic markets, even if they do not value that market highly. (5-8)
- The system of open bidding with preferences for designated entities will drive important, technologically innovative mid-sized firms out of the auction and may not even provide true opportunities for designated entities. (9-11)
- Modified sealed bidding, where fungible properties are bid together and sold at the lowest winning bid for such properties, is optimal since it allows mid-sized companies to compete, minimizes potential for market concentration, promotes a level playing field, and accurately values licenses. (11-13, 17-19)
- The FCC's fears regarding sealed bidding are exaggerated, since allocative efficiency is not the best ultimate goal, overbidding is not necessarily bad, sealed bids do not give away information on a bidder's economic limitations, and fears of aftermarket transaction costs are speculative and unsupported by the history of the cellular market. (13-17)

Sequence of Bidding:

- Bidding should be conducted in separate rounds, on a geographic basis from largest to smallest spectrum blocks, with winners paying the lowest winning bid in each category, and allowing a "regrouping" period in between bidding rounds to allow informed bidding. (20-23)

Combinatorial Bidding:

- Favors use of combinatorial bidding, using sealed bids, for both broadband PCS and for logically grouped blocks of narrowband authorizations to facilitate aggregation with spectrum blocks across geographic areas. (19-20)

PAGING NETWORK, INC.

Interest: National private and common carrier paging company. (2)

Bidding Methods:

- In addition to the identified goals, the FCC's auction design criteria should also promote certainty that the party who values a license most highly receives it; rely to the maximum extent on existing FCC service definitions and rules; and minimize litigation opportunities. (5-7)
- Oral, ascending bidding is the best auction format by every measure since it promotes certainty and efficiency; lowers bidding transaction costs; is fairest; will facilitate license aggregation; increases the likelihood that the FCC will be able to "get it right the first time"; and, by comparison, all other auction formats are seriously flawed (even in cases where only a few bidders participate). (7-16)

Sequence of Bidding:

- Favors auctioning licenses sequentially (never multiple licenses at once) in descending order of population, with all licenses within a particular segment of a geographic licensing level (e.g., MTA) auctioned before moving across that level to the next segment. (17-18)

Combinatorial Bidding:

- Opposes combinatorial bidding because it decreases certainty, undercuts efficiency, produces random results, and is unfair to those seeking individual licenses. (18-22)

Payment Methods:

- Minimum bids are unnecessary and skew auction results. (22)
- Except for designated entities, winning bidders should be required to pay their bids in full on the day of the auction; flatly opposes royalty payments as risky and complex to administer. (22-25)
- Supports substantial deposits that would be nonrefundable if the winner's application is not granted to deter speculation and gamesmanship. (35-36)

Treatment of Designated Entities:

- Opposes set-asides in favor of installment payments. (ii)
- Notes that barriers to entry are so low in some markets (900 MHz PCS) that preferences are unnecessary. (25)

- Notes that in some cases, construction costs are so high as to preclude small businesses in any event. (26)

Safeguards:

- Antitrafficking restrictions are unnecessary and could be counterproductive, even for designated entities. (26-27)
- Except with respect to auction-related financial requirements, new performance rules are not needed to ensure spectrum utilization. (28)
- Existing antitrust regulations provide sufficient safeguards against collusion, and thus all the FCC need do is adopt a rule stating evidence of collusion will be forwarded to the Department of Justice for prosecution (any conviction should bar an applicant from FCC auctions for 5 years and be reportable on all license applications). (28)

Application Processing Requirements:

- Agrees generally with FCC's proposed short/long form process, but suggests modifications including: requiring long form applications to be filed pre-auction; discouraging waivers by implementing deposit forfeitures where waivers are not ultimately granted; no amendments should be accepted before the auction; any amendments by the auction winner should be accepted after the auction (but major amendments would trigger an opportunity to file a petition to deny); and petitions to deny should be discouraged by requiring them to be filed before the auction, banning pay-offs to dismiss petitions to deny, and permitting curative amendments. (29-34, 37)

Specific Services:

- For PCS, the FCC should devise special procedures to deter speculation, avoid disruptive second auctions and assure participation by qualified bidders who will construct and operate promptly by requiring upfront payments of 4¢/MHz/POP (w/\$25,000 minimum) and immediate payment of the entire bid price. (38-42)
- PCS applicants should file both long and short form applications before the auction, but site specific FCC Forms 489 only need to be filed during build-out. (42-43)
- Opposes two tiered business arrangements for designated entities in PCS as too difficult to police and sees no role for tax certificates. (44-45)

- PCS spectrum should be auctioned by geographic area, largest blocks to smallest, without combinatorial bidding. (43)
- For PCS, also suggests changes to Section 22.21 (inconsistent or multiple applications); use of 22.917(c) rather than 22.917(f); revisions to the site-specific requirements of 22.923; and modifications to 22.918-22.945 to eliminate references to Top 90 markets, MSA, RSAs, and unserved areas. (46-48)
- Generally supports proposals for Private Land Mobile Services, but would apply the procedures suggested for PCS where new classes of service are created. (48)

PALMER COMMUNICATIONS INCORPORATED

Interest: Communications provider in the broadcast, common carrier, and specialized mobile radio services.

Payment Methods:

- Supports alternative payment options for designated entities, including installment payment plans ranging from five to ten years, with reasonable interest charges, and royalty payment arrangements (some reasonable percentage of subscriber revenues during the first term of the license, not to exceed five percent) but believes these options should be available to designated entities even when bidding on other frequency blocks. (pp. 2-4)
- Tax certificates should be used to defer federal taxation on any transaction involving a transfer or assignment of stock or FCC license to or from a designated entity for the first full license term, and should be granted to designated entities for expenditures in relocating existing users of the PCS spectrum. (p. 4)
- Designated entities should receive a 10 percent bidding credit when bidding for non-set-aside frequency blocks. (pp. 2, 4-5)
- Supports requiring advance payments even among designated entities in the form of cash, irrevocable letters of credit, or other immediately available funds to be presented, but not tendered, to the FCC as a precondition of bidding. (p. 8)
- Unsuccessful bidders should have their advance payment immediately returned after the auction. (pp. 8-9)
- Winning bidder should tender a 10 to 20 percent deposit to the FCC within 30 days of the auction date, subject to the installment payment rights of designated entities. (p. 9) Failure to do so would result in cancellation of the winning bid and forfeiture of the advance payment. (p. 9)

Treatment of Designated Entities:

- Supports the set aside of the 20 MHz Block C and the 10 MHz Block D for bidding by the designated entities. (p. 2)
- No "local presence" requirement should be imposed to obtain designated entity status. (p. 5)

- Supports the proposal to define small business consistent with the SBA's definition but the net worth and revenue figures should be calculated by reference to these entities' individual shareholders, and businesses controlled by them. (p. 5)
- Designated entities should demonstrate their qualification by owning or controlling a majority of the voting interest of the bidding entity, and that they have a beneficial right to receive more than 50 percent of the profits of the bidder. (pp. 5-6)
- A record exists to support these preferences and the FCC's proposals closely fit the Congressional goal to increase economic opportunities for minorities and women. (pp. 6-7)

Safeguards:

- Supports a reasonable holding period of one year after initial commencement of public service for licenses in the set-aside blocks or in other blocks awarded to designated entities. (pp. 7-8)
- Public offerings of less than a 50 percent interest in an entity should be exempt from such a holding period. (p. 8)

Application Processing Requirements:

- The FCC is required to place winning applications on public notice for public comment, including petitions to deny. To the extent possible, any required hearing should be conducted on paper unless oral evidentiary hearings are necessary for fact-finding. (pp. 9-10)

Specific Services:

- Suggests that the FCC relax the constraints placed on cellular providers proposing to offer PCS within their cellular service areas when the cellular provider is a designated entity -- the allowable percentage of service overlap should be doubled to 20 percent before such restrictions are triggered, and the FCC should increase the amount of PCS spectrum that a cellular carrier can hold in its service area to 20 MHz. (p. 3)

PERSONAL COMMUNICATIONS NETWORK SERVICES OF NEW YORK, INC.

Interest: Early contributor to development of PCS; involved in innovative PCS experimentation.

Treatment of Designated Entities:

- Disagrees with the Small Business Advisory Council observation that an employment threshold of 1,500 would provide bidding preferences to entities that have no history of exclusion or economic disadvantage; there has been long history of exclusion of emerging companies in the provision of wireline communications, and future PCS providers will also face economic disadvantage. (2)
- Supports alternative standard of 1,500 employees; recommends elimination of women and minorities from final count of employees. (2)
- Supports any revision of the variable standards of net worth and net income that would accommodate the capital intensive nature of the PCS business. (3)