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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

28 OCT 1993

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IN REPLY REFER TO:

Honorable Thomas H. Andrews
House of Representatives
1530 Longworth House Office Building
Washington, D.C. 20515

93-253

RECEIVED

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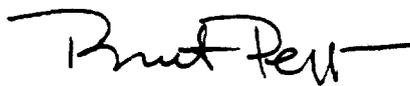
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Dear Congressman Andrews:

This in reply to your letter of July 9, on behalf of your constituent Arthur Tilley. Mr. Tilley is concerned about the impact of the competitive bidding provisions of the Omnibus Budget Reconciliation Act of 1993 (Budget Act) on small businesses and rural telephone companies. Your letter was referred to me because the Office of Plans and Policy is responsible for implementing the competitive bidding provisions of the Budget Act for the Commission.

On October 12, 1993, the Commission released a Notice of Proposed Rule Making, **FP Docket No. 93-253** (Auction NPRM), to implement the provisions of the Budget Act concerning competitive bidding. According to the Budget Act, the Commission must ensure the economic opportunity of small businesses, businesses owned by women and minorities and rural telephone companies. To meet this Congressional mandate, the Auction NPRM proposed a variety of financial incentives for the designated entities. Specifically, we proposed to offer the designated entities the equivalent of government financing for payment of their bids for services subject to competitive bidding i.e., installment payments with interest. We also asked for comment on the use of tax certificates. In the case of broadband PCS, the Commission also proposed to set-aside two blocks of spectrum in each market, one of 20 MHz and one of 10 MHz, for bidding by the designated entities. In this manner, the designated entities would only compete with one another for broadband PCS rather than against larger entities with easier access to capital. As we consider the comments filed in the competitive bidding proceeding, I can assure you that we will keep in mind our mandate to ensure economic opportunity for the designated entities, including small businesses and rural telephone companies, as required by the Budget Act.

Sincerely,



Robert Pepper
Chief
Office of Plans and Policy

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THOMAS H. ANDREWS

MEMBER OF CONGRESS
1101 CONSTITUTION AVENUE

WASHINGTON OFFICE
130 LONGWORTH BUILDING
WASHINGTON, DC 20515-1901
(202) 225-6116

DISTRICT OFFICE
136 COMMERCIAL STREET
PORTLAND, ME 04101
(207) 772-8240
TDD (207) 772-8240
1-800-445-4092



*off
Arthur*

COMMITTEE ON
ARMED SERVICES

COMMITTEE ON
MERCHANT MARINE
AND FISHERIES

COMMITTEE ON
SMALL BUSINESS

MAJORITY WHIP AT LARGE

Congress of the United States
House of Representatives

8913

July 9, 1993

Linda Townsend Solheim
Director, Legislative Affairs
Federal Communications Commission
Room 808
1919 M Street N.W.
Washington, DC 20554

Dear Linda Townsend Solheim:

Recently this office received the enclosed letter from Arthur Tilley.

Arthur Tilley is concerned about the FCC auctioning future radio frequencies. Would you kindly clarify the FCC's policy on auctioning frequencies for this office

Your attention to this matter is greatly appreciated. If you have any questions please contact me.

Sincerely,

Betsy

Betsy Salmonson
District Office

enclosure

cc: Arthur Tilley



RADIOTELEPHONE OF MAINE

JUN 30 1993

June 28, 1993

Representative Tom Andrews
136 Commercial Street
Portland, Maine 04101

Dear Representative Andrews:

We are a family owned small business, operating a telephone answering service in existence for 40 years, and offering paging and RCC radio service for about 25 years.

The invasion of large companies, with speculative money from Wall Street and similar sources, are forcing small businesses, in radio related fields to close up or sell out. Small businesses employ more people on a similar volume basis, than consolidated operations, and are better for the country as a whole.

We are not concerned with legitimate competition, but are concerned with recent reports that the FCC will be required to "auction" future radio frequencies. It is obvious that in an auction the award will go to the highest bidder. The highest bidder will be large companies.

An auction will produce a one time influx of funds to the treasury whereas a federal excise tax, similar to that on telephone service, would be much greater and a continuing source of revenue. The use of radio waves for new applications is expanding tremendously. An excise tax on all services, and equivalent value, generated from FCC licenses, now in existence and to be awarded in the future, is a more equitable method of paying for the use of the spectrum, to the citizen owners.

Obviously the money power in the country will not agree.

We would appreciate your comments.

Sincerely

Arthur Tilley, Jr., President