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April 8, 1994



Building The
Wireless Future.

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CTIA

Cellular
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Randall S. Coleman
Vice President for
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APR 11 1994

**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY**

Mr. William F. Caton
Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, DC 20554

Re: *Ex Parte* Presentation
GEN Docket No. 90-314

Dear Mr. Caton:

On Friday, April 8, 1994, the Cellular Telecommunications Industry Association, represented by Thomas E. Wheeler, President and CEO, and yours truly, Randall S. Coleman, met with Mr. Ruolfo M. Baca, Legal; Advisor to Commissioner James H. Quello, to discuss issues related to cellular carrier eligibility for personal communications services spectrum. The views expressed in this meeting, as summarized in the attached presentation materials, reflect CTIA's position as previously filed in this docket.

Pursuant to Section 1.1206(a)(1) of the Commission's Rules, an original and one copy of this letter and attachment are being filed with your office.

If you have any questions concerning this submission, please contact the undersigned.

Sincerely,


Randall S. Coleman

Attachment



ELIGIBILITY FOR PCS

Eligible for What:

- "Family of Services" – NPRM
- "For the cellular industry, cellular is PCN, and the key issue is interoperability. For the local exchange carriers, PCN is an adjunct to the network, and the key issue is integration. For the interexchange long distance carriers, PCN is bypass for the local loop, and the key issue is local access. For new market entrants, PCN is competition to cellular and landline service, and the key issue is cost."

Cowen & Company, "Industry Strategies, Wireless Communications Industry," January 1993



CTIA's PCS Vision

- **"Healthy Agnosticism"**
- **Do not define tomorrow by today**



Promoting New Wireless Services

- **Who most likely to develop new applications?**
- **Who has most incentive to innovate?**
- **Who cannot do broadband wireless (thus needs new spectrum)?**



No Threat To Competition

- **Cellular restrictions inconsistent with Justice Department and FTC standards of market concentration**
- **Market definition is broad**
- **Four 20 MHz and four 10MHz licenses produce lower concentration than First Report and Order (Charles River Associates study)**

No Threat To Competition

- Different kinds of firms bring differing efficiencies

Scope Economies Possessed by All PCS Applicants

| Infrastructure Alternatives | Operations, Administration & Maintenance | Advanced Signalling Network & Intelligent Nodes | Switching | Transport | Cell Sites | Handsets |
|-----------------------------|--|---|-----------|-----------|------------|----------|
| Telephone Network | ● | ○ | ● | ● | | |
| Cable Television Network | ● | | | ● | | |
| Cellular Network | ● | ◆ | ● | ◆ | ◆ | ● |
| Cable-Cellular Ventures | ● | ◆ | ● | ● | ◆ | ● |
| Interexchange Carriers | ○ | ○ | ◆ | | | |
| Competitive Access Provider | ◆ | ◆ | ◆ | ◆ | | |
| Electric or Gas Utilities | | | | ○ | | |

- Economies of scope found to exist in this component reported in this paper
- Strong economies of scope likely to exist in this component, although not verified by cost model
- ◆ Limited economies of scope likely to exist in this component, although not verified by cost model

David Reed Study, FCC Office of Plans and Policy, "Putting It All Together: The Cost Structure of Personal Communications Services."



Building The
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**Attribution/Overlap Rules Anti-competitive****●SNET Mobility**

- **3.3 million pops in Connecticut; barred from 26.9 million**
- **1.2% of population; barred from 10.4%**

●Crowley Cellular

- **502,613 pops in Alabama; barred from 3.2 million**
- **0.1% of population; barred from 1.2%**

●Palmer Communications

- **1.2 million pops in Alabama & Georgia; barred from 10.7 million**
- **0.5% of population; barred from 4%**

●ALLTEL Mobile

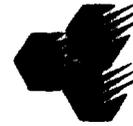
- **6.2 million Pops (9 MTAs); barred from 36.1 million**
- **2.4% of population; barred from 14%**

●U.S. Cellular

- **15.1 million pops (21 MTAs); barred from 74.2 million**

●Vanguard Cellular

- **3.2 million Pops (3 MTAs); barred from 19 million**
- **1.2% of population; barred from 7.4%**



Cellular Eligibility Means More Opportunities

- **Restraining cellular companies (and their investors) restrains ability to invest in designated entities**