

DOCKET FILE COPY ORIGINAL

90-314

RECEIVED

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

Written remarks prepared by Paul Risman, Alliance Capital Management, L.P.

**1. The environment for any PCS start-up will be hostile.**

- Assuming late 1994 auctions and a two-year build-out, no large-scale system will be on before year-end 1996.
- There will be 35-40 million existing cellular customers by then, and 25-30% penetration of the addressable base.
- Digital technology will have been widely deployed, resulting in declining costs for incumbent service providers.
- Microcells will have been widely deployed in dense urban areas.
- AIN capabilities allowing one-person, one-number service will have advanced and will be under deployment by the incumbents.

**2. PCS applications will vary in their attraction for investors.**

*Me-too mobile cellular service is the least attractive application.*

- The best customers will be gone.
- Unless national standards are set, PCS will be the only wireless alternative lacking nationwide capability.
- Cellular incumbents will offer an integrated, macrocellular-microcellular service like PPS 800 that permits single handset usage in the home, office, street and car. PCS will be preoccupied with macrocellular coverage issues and will offer a mobile-only service for several years.
- PCS will be forced to compete on price. Inferior propagation implies higher operational costs. PCS cellular would easily be forced out of business if the incumbents chose this route.

*Cordless landline local access would be a more attractive investment.*

- If bundled, discounted long distance service were permitted, the market would be there.
- This is simply price competition, however, dependent on local subsidies. The business plan is not sustainable unless it is part of a full-service offering.

*A full-service offering optimized for "slow mobile" may hold the best potential.*

- A stripped-down residential service integrated with a standard macrocellular network

No. of Copies rec'd  
List ABCDE

2

would offer comparable one-person one-number service to a cellular incumbent.

- While the vehicular portion of the PCS service would be more costly than that of the incumbent, the residential/office/pedestrian portion could be less costly.
- Bundled long distance would help the viability of the business plan.
- This alternative requires a large capital commitment.

### **3. Implications:**

- Spectrum awards that are too narrow for full-service applications, i.e. 10 MHz, are not attractive.
- Non-contiguous BTA awards that don't provide a regional seamless network are not attractive.
- Time is of the essence. Spectrum should be allocated in simple units to enable quick auctions.
- Time is of the essence. Spectrum blocks must be large enough to permit sharing with public safety incumbents.
- Mom and Pop operations didn't last in the cellular business. They sure won't last in the PCS business.
- Spectrum of large geographic scope is more investable.
- If I ran this government, I would issue two, nationwide, 50 MHz licenses leaving 20 MHz to distribute to SWMR's.
- In the absence of nationwide licenses, MSA's are preferred to MTA's.
- Plenty of public financing would be available for the well-capitalized, experienced operators that would have the capacity to bid.
- Build-out requirements should be aggressive.
- Five vigorous, full-service wireless licensees would provide for a wide range of consumer choice, and service prices would attain a more competitive level.