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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

April 13, 1994

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William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

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Re: Notice of Oral Ex Parte Presentation
GEN Docket No. 90-314

Dear Mr. Caton:

On behalf of the Alliance of Rural Area Telephone and Cellular Service Providers ("Alliance"), this notice is submitted in accordance with Section 1.1206(a)(2) of the Commission's Rules, with the original and one copy submitted to the Commission's Secretary. The Alliance is already a party of record in Gen Docket No. 90-314.

On April 13, 1994, the Alliance was represented by Robert C. Clemons, Manager of Bledsoe Telephone Cooperative, Inc., Pikeville, Tennessee, and Levoy Knowles, Manager of Ben Lomand Rural Telephone Cooperative, Inc., McMinnville, Tennessee in an oral ex parte presentation concerning the above-referenced docket. Attorneys for the Alliance in attendance were David L. Nace and Pamela L. Gist of Lukas, McGowan, Nace & Gutierrez.

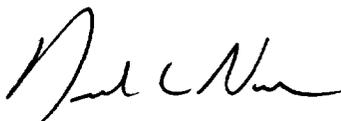
The meeting was attended by the following members of the Commission staff: Ralph Haller, Chief of the Private Radio Bureau, Donald Gips, Deputy Chief of the Office of Plans and Policy, Rodney Small and Lynn Remly of the Office of Engineering and Technology, and Peter Tenhula of the Office of General Counsel.

The subjects of discussion at the meeting are summarized in an attachment to this letter. At the meeting, Messrs. Clemons and Knowles also requested that the Commission increase the power

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limitation for broadband PCS base stations in order to improve the efficiency of PCS operations in rural areas.

Very truly yours,

A handwritten signature in dark ink, appearing to read "David L. Nace". The signature is fluid and cursive, with the first name being the most prominent.

David L. Nace

cc: Ralph Haller
Donald Gips
Rodney Small
Lynn Remly
Peter Tenhula

SUMMARY OF ORAL EX PARTE PRESENTATION TO PCS TASK FORCE

April 13, 1994

By: Alliance of Rural Area Telephone and Cellular Service Providers
Re: Petition For Reconsideration and Reply filed in Doc. No. 90-314

Represented by:

Robert C. Clemons, Manager
Bledsoe Telephone Cooperative, Inc.
Pikeville, Tennessee

Levoy Knowles, Manager
Ben Lomand Rural Telephone Cooperative, Inc.
McMinville, Tennessee

Attorneys: David L. Nace and Pamela L. Gist, Lukas, McGowan, Nace
& Gutierrez, 1819 H Street, N.W., 7th Floor,
Washington, D.C. 20006 (202) 857-3500

Members of the Alliance of Rural Area Telephone and Cellular Service Providers ("Alliance") desire to offer broadband PCS in areas of the country which are not likely to receive the focus of attention by most auction bidders. The following changes to the rules adopted in the Second Report and Order will promote the deployment of PCS in rural areas, with accompanying investment and employment benefits:

Partitioning of Market Areas:

MTAs and the smaller BTAs include, by design, centers of commerce and their surrounding areas. Even BTAs are large in size and population when compared to the service areas of the vast majority of the nation's telephone companies. Frequently the telephone service areas of rural local exchange carriers ("LECs") straddle BTA boundaries. For example, Bledsoe Telephone Cooperative offers telephone service in three MTAs and three BTAs, and Ben Lomand Rural Telephone Cooperative provides service in two MTAs and three BTAs.

Many rural LECs desire to offer PCS to customers, as a complement to the local loop. They believe that their failure to offer advanced services with PCS will restrict economic development in their rural communities. But most rural companies cannot afford to bid for, or construct, PCS systems for an entire BTA.

Partitioning of areas for separate licensing will allow companies to limit the direct costs, as well as the risks, of acquiring licenses and developing PCS systems in rural areas. The Alliance requests the Commission to provide for separate licenses on a geographic basis within an MTA or BTA in two situations:

(1) by agreement among parties to a consortium which is a successful bidder for a license; and (2) where a PCS licensee voluntarily agrees

to a partial assignment of its license. Each licensee must be qualified and responsible to the Commission. There will be no "sublicensing" of markets and no question of which entity is in absolute control of the PCS facilities.

Coverage Requirements:

One of the benefits of separate licenses for partitioned areas is that each licensee is independently responsible for meeting any coverage requirements. The Alliance submits that no one should lose a license simply because an entity which provides PCS in another portion of the MTA or BTA fails meet its construction requirements.

There is a possibility that, under a partitioning scenario, an unscrupulous licensee in an attempt to meet a population coverage objective, might partition its market to meet a coverage benchmark and avoid a forfeiture of its license. Such efforts to circumvent the rules can be avoided if the Commission changes coverage requirements to provide for forfeiture of rights only to the unserved area, and allows retention of the license for the area served. This type of rule is similar to the cellular rules where a licensee loses an area unserved after five years. The Commission might allow a longer than five year build-out period for PCS.

In any case a 90 percent population coverage requirement is too strict for sparsely populated areas.

The Commission's decision not to adopt a reliable service area standard renders enforcement of any coverage requirement an awkward administrative problem. The Commission should consider adoption of a presumptive reliable service area if it concludes that coverage requirements are indeed necessary.

Set-Aside Licenses for Designated Entities:

If the set-aside of PCS licenses for Designated Entities ("DEs") is eliminated, and only relaxed payment terms are available, it is entirely possible that DEs will be outbid for PCS licenses and there will be no participation by DEs in the industry. The Alliance does not believe that Congress intended such a result.

The Commission should foster diversity in ownership of PCS systems. Set-aside licenses remain the best approach to achieving such diversity.

Cellular-PCS Cross-Ownership Restrictions:

Interests in cellular systems of a non-controlling nature should not be considered in determining eligibility for PCS spectrum. Limited partners, for example, lack influence in their cellular partnerships to impede competition and the development of PCS. A control standard as the basis for any cross-ownership rule should be adopted.