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June 14, 1994



Building The  
Wireless Future

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

RECEIVED

JUN 15 1994

Re: *Ex Parte* Presentation  
GEN Docket No. 93-253

**CTIA**

Cellular  
Telecommunications  
Industry Association  
1250 Connecticut  
Avenue, N.W.  
Suite 200  
Washington, D.C. 20036  
202-785-0081 Telephone  
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Dear Mr. Caton:

This afternoon, representatives of the Cellular Telecommunications Industry Association (CTIA) Small Operators Caucus met with Rosalind Allen, Interim Legal Advisor to Commissioner Ness; Lauren Belvin, Senior Advisor to Commissioner Quello; Karen Brinkmann, Special Assistant to Chairman Hundt; Jill Lockett, Senior Advisor to Commissioner Chong; Robert Pepper, Chief, Office of Plans and Policy; and Sara Seidman, Special Assistant to the General Counsel. Representing the CTIA Small Operators Caucus were Michael E. Kalogris, President and CEO, Horizon Cellular Telephone Company; Gerald S. McGowan, President, Steel Valley Cellular; Albert H. Pharis, Jr., President, Youngstown Cellular Telephone Company; William J. Ryan, President and CEO, Palmer Communications, Inc.; and Randall S. Coleman, Vice President for Regulatory Policy and Law, CTIA. The substance of the matters discussed, as summarized in the attached presentation materials, reflects 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 the attachment are being filed with your office.

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

Sincerely,

Andrea D. Williams  
Staff Counsel

Attachments

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Company Name	Pops	Total Revenues	Cellular Revenues
McCaw	65,999,231 *	2,194,810,000	1,919,371,000
GTE	52,656,452	19,748,000,000	1,100,000,000
BellSouth	44,708,317	15,880,000,000	1,100,000,000E
Bell Atlantic	30,892,722	12,990,200,000	773,448,000
AirTouch	36,357,251	988,000,000	988,000,000 *
SWB	35,863,473	10,690,000,000	1,282,800,000E
LIN	23,609,000 +	688,557,000	520,131,000
U.S. Cellular	19,053,679	590,744,000	274,259,000
Ameritech	24,575,154	11,710,400,000	585,500,000E
Sprint	18,897,765	11,367,800,000	464,000,000 *
NYNEX	25,939,682	11,525,800,000	440,500,000
U S WEST	18,510,943	10,294,000,000	411,760,000E
ALLTEL	7,456,381	2,342,087,000	201,215,000
Cell. Comm. Inc.	7,768,432	47,675,000	47,675,000
Century	5,950,149	433,197,000	84,712,000 *
Vanguard	5,766,105	98,960,000	98,960,000
Comcast	7,165,722	1,338,228,000	50,000,000
Centennial	3,128,959	49,402,000x	49,402,000x
Associated	3,139,802	97,555,000	97,555,000
SNET	3,960,086	1,654,000,000	70,100,000
CommNet Cellular Inc.	3,637,530	12,770,278	12,770,278
Cel. of Puerto Rico	3,070,737	29,146,000	29,146,000
Horizon	2,700,264#	14,915,279	14,915,279
General	1,563,676	20,867,000	20,867,000
Independent Cell.	2,238,935	28,300,000	28,300,000
Radiofone	2,252,410#	60,000,000	N/A
Rochester Tel.	1,354,642#	906,450,000	23,580,000
Pacific NW Cellular	1,894,523	9,976,000	9,976,000

Unless otherwise noted, pops are from CTIA's *The Wireless Marketbook*, based on 1990 Census.

#Source: Donaldson, Lufkin & Jenrette Winter 1994 *The Wireless Communications Industry*, conformed with CTIA's pop attribution rule (e.g., attribution to majority holder, except for 50/50 partnerships splits). DLJ uses Donnelley Marketing 1993 pops.

+ Source: Paul Kagan Associates *Wireless Telecom Investor*, May 20, 1994, p.6

\*Combined "mobile" or "wireless" revenues.

E-Estimates per NatWest Securities' Strategic Assessments.

x-Drawn from data for quarters falling within calendar year 1993.

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COMPARABILITY AMONG  
DESIGNATED ENTITIES

CTIA SMALL OPERATORS CAUCUS  
JUNE 14, 1994

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## TODAY'S THEMES

- CTIA Small Operators Caucus supports the “entrepreneur” approach, subject to clarification and minor modifications, as:
  - Good for small businesses,
  - Good for businesses owned by women and minorities, and
  - An appropriate balance among these designated entities.



### CURRENT FCC APPROACH

- One or more licenses (our guess is Block C and perhaps one of the three 10 MHz licenses) will be designated for “entrepreneurs.”
- Those eligible: companies under \$100 million or \$125 million in annual revenues. No other benefits conferred.
- Subclasses of entities within the “entrepreneur” category:
  - small businesses under \$40 million in annual revenues and
  - businesses owned or controlled by women or minorities:
    - Both subclasses would receive higher attribution limit of 40% and installment payment terms.
    - Tax certificates and higher limit on investment by large (non-designated entity) investors (49% - 80%) for female- or minority-owned or controlled entities only.
    - For small businesses, large investors are limited to 20% each.



## CURRENT FCC APPROACH (CONTINUED)

- Under this scenario, which creates a de facto set aside based on company size, there is less likelihood that anyone would receive bidding preferences (or credits), but such preferences have not been ruled out.
- Consortia of small businesses and other designated entities are permitted, provided all meet criteria.

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## CTIA SMALL OPERATORS CAUCUS ANALYSIS

- \$125 million limit on entrepreneur approach is appropriate given the capital requirements for PCS.



## CTIA SMALL OPERATORS CAUCUS ANALYSIS (CONTINUED)

- CTIA Small Operators Caucus supports the levels chosen for the small business and female and minority owned/controlled businesses.
- Need clarification on the types and cumulative nature of preferences to be granted:
  - Bidding credits: if granted, they should be afforded to all three classes on a comparable basis.
  - Combination of female or minority owned/controlled business and a small business:
    - are large investor limits applicable to high worth individuals, as well as companies?
    - are large investor limits prorated?
    - are bidding credits, if granted, prorated?
  - Investment attribution rules should address debt, as well as equity.
  - Revenue test should be based on year-end 1993 revenues

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## CONCLUSION

- CTIA Small Operators caucus generally supports the FCC's approach to designated entities, subject to fine tuning.
- This approach will create the proper incentives to attract capital to small, prospective PCS licensees.