

attached to cellular properties by the securities investment market.<sup>49</sup> The evidence demonstrated that the other industries did not have a comparable risk level and the Commission concurred. The Commission rejected comparisons of cellular returns-on-investment to the monopoly telecommunications market, noting that the risk is substantially different between the markets and that current earned rates of investment do not in and of themselves directly indicate whether rates are reasonable or unreasonable.

Unlike a monopoly which is given a fair rate of return commensurate with risk, and the opportunity to attain it, a cellular carrier is not assured any return or recovery of risk. D.90-06-025 (mimeo) at 48.

. . . .

Absent a risk analysis and a mechanism to measure a reasonable rate of return on cellular investment, there can be no finding that cellular carriers are earning an excessive return on their investment. Id. at 50. See also id. at 99, 101, 105 FF 82-85, 100, 101, CL 20.

The record does not include evidence of a risk analysis or a mechanism to measure a reasonable rate of return that would support the conclusion that cellular returns are excessive.<sup>50</sup> To the contrary, the Decision ignores the

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49 Phase II Reply Statement of Professor Jerry A. Hausman, Exh. A to 9/1/89 Phase II Reply of PacTel Cellular et al. at 5-7; see also Statement of Professor Hausman, section C of PacTel Cellular et al.'s Phase II Comments in I.88-11-040 dated 8/11/89, at 7-9.

50 The Decision concludes, without any supporting evidence, that the returns in major metropolitan markets are excessive. Dec. at 54. The superficial analysis of

(continued...)

factors identified by the carriers as relevant to an assessment of earnings as evidence of competition.<sup>51</sup>

2. The analysis of capacity utilization is flawed.

The Decision further maintains that evidence of improper pricing would arise if the cellular carriers were pricing their services high to discourage full utilization of the system or if they failed to invest in system expansion. Dec. at 57. The Decision acknowledges the "dramatic" and "rapid" growth of cellular subscribership (id.) but asserts that such growth is due merely to the youth of the industry.<sup>52</sup> Id. The Decision renders this conclusion without any supporting evidence in the record.

The Decision reflects a simplistic capacity utilization analysis that fails to consider the most basic characteristic of cellular service, mobility, and the demographics of the various markets. Dec. at 92-93, FF 43, 44. The notion that some sites in a cellular network are not consistently operating at peak capacity is irrelevant because networks are constructed to handle peak traffic loads, which happen

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50(...continued)

carrier's returns in the Decision fails to account for significant factors such as operating efficiencies, demographics, geography, and changing technology, factors recognized as relevant in the Decision. Dec. at 56.

51 PacTel/AirTouch at 48-50; LACTC at 6-7; LACTC Reply at 4-5, 8; McCaw at 11; McCaw Reply at 16; U S WEST at 25-26; CCAC Reply at 27-31; GTE-M Reply at 23.

52 This conclusion utterly ignores the plethora of service plans and programs contained in the carriers advice letter filings.

relatively infrequently, and to offer customers expansive geographic coverage in low use rural areas.

Moreover, the claim that cellular carriers are not expanding their systems when economically justified is contradicted by the record.<sup>53</sup> Dec. at 59. The carriers presented abundant undisputed evidence of the expansion of their systems.<sup>54</sup>

3. The dismissal of the scarcity value of the FCC license is based on faulty analysis.

The Decision erroneously concludes that if spectrum scarcity was the primary determinant of license value, then the price-per-MHz of licensed spectrum would be roughly equivalent nationally. Dec. at 60. This conclusion ignores the basic economic concept that a resource will be more valuable in a more congested area where demand is higher. Similarly, the Decision's comparison of spectrum value to broadcast licensees, which use only 6MHz to operate a television station, is a classic "apples and oranges" comparison.

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53 The claim that spectrum capacity will eventually be eliminated as a result of cellular digital technology is incorrect. See Dec. at 93, FF 45. The conversion to digital technology will expand capacity but spectrum will still be a limited resource and demand will continue to be higher in certain areas than others. AirTouch at 45-47; LACTC at 8; LACTC Reply at 10; GTE-Mobilnet at 31.

54 U S WEST at 16-17, 19; LACTC at 8-9, 16; LACTC Reply at 30; McCaw Reply at 13; BACTC at 7-9, 18-21; CCAC at 22; GTE-M at 23; Fresno/Contel at 8, 26-27; PacTel/AirTouch at 15-17; AirTouch Reply at 10; RSA No. 3 at 5-6.

Consistent with sound economic theory, the Commission has recognized that in a duopoly, firms may properly earn "duopoly rents" despite intense competition.<sup>55</sup> Nothing has changed to undercut the basis for Commission's prior findings regarding cellular returns. Indeed, the factual predicate for any concern about "rents"--the existence of an FCC mandated duopoly--has been eradicated.

4. The Decision's reliance on investor valuations ignores the record evidence.

The Decision relies upon the Q ratio analysis set forth in the Hazlett study as evidence that cellular profits are excessive.<sup>56</sup> Dec. at 64. The Q value is based on the replacement costs of assets. The Decision fails to rebut the evidence demonstrating that the Hazlett analysis does not account for important assets relevant to accurate market valuation, such as the high investment costs of obtaining current customers.<sup>57</sup> Several carriers pointed out further deficiencies in Hazlett's Q ratio analysis, such as his failure to account for the unique volatility of the cellular

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55 [W]e recognized that profits may be earned by wholesale carriers due to their FCC-granted right to use scarce radio frequencies or spectrum. It is economically efficient and an appropriate spur to system and service expansion for wholesale carriers to keep those profits.

D.90-06-025 (mimeo) at 59.

56 The Decision points to an alleged difference between the cellular industry and other investments, but fails to make any risk assessment. Dec. at 64.

57 AirTouch Reply at 14; LACTC Reply at 8; McCaw Reply at 16 (fn. 22).

industry, the tremendous difficulty in calculating return on marginal investments, and the elusive nature of establishing valid "benchmarks" against which to compare cellular carriers' returns.<sup>58</sup> Evidence submitted in the proceeding demonstrated that using Hazlett's analysis, the calculated Q ratio for resellers would reflect market power even though they do not control a "bottleneck."<sup>59</sup>

Although McCaw followed the OII's suggestion that SMR spectrum could serve as a proxy for cellular spectrum value,<sup>60</sup> the Commission has rejected this approach when it did not yield results supporting the Commission's preconceptions regarding spectrum value. Incredibly, the Decision bases the majority of its analysis on sheer speculation, but rejects McCaw's analysis based on "concerns" rather than evidence, and claims that "a much more involved analysis of the factors underlying cellular spectrum value would be required." Dec. at 62. Hearings should have been held to develop an evidentiary record that included an "involved analysis", factoring in operating efficiencies, geography, demographics, market acquisition costs, risk and future uncertainty.<sup>61</sup>

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58 U S WEST at 25; U S WEST Reply at 10; PacTel/AirTouch at 49.

59 AirTouch Reply at 15 (fn. 23).

60 Dec. at 62.

61 U S WEST at 25; CCAC Reply at 27-30; LACTC at 4-5, 8; McCaw Reply at 15.

VI. THE RECORD DOES NOT ESTABLISH THE FEASIBILITY OF THE RESELLER SWITCH AND THUS THE NEED FOR UNBUNDLING OF THE WHOLESALE TARIFF.

The Commission expressly indicated that it would hear evidence on the economic feasibility of unbundling and the reseller switch. D.93-05-069 granted applications for rehearing on the issue of the unbundling of the wholesale tariff due to the lack of an adequate evidentiary record to support the proposal set forth in D.92-10-026. The Commission concluded that "[b]ecause the economic feasibility of the reseller switch is dependent on unbundling of the wholesale rates, we will grant rehearing on the reseller switch concept so that we may consider these issues together." D.93-05-069 (mimeo) at 8. The Commission now has improperly refused to grant hearings on this issue.

The Commission has lost sight of the fact that the reseller switch proposal is simply another attempt by the resellers to resurrect the concept of cost based rates that previously was rejected by the Commission.<sup>62</sup> The resellers maintain that unbundling requires cost-based rate of return regulation. In other words, absent a regulatorily-imposed subsidy of inefficient competitors, the proposal has no merit. Yet, the Commission has ordered unbundling based on market rates.

The only concrete evidence in the record is that the reseller switch is not economically viable absent a massive

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62 See Decision 90-06-025 (mimeo) at 105, CL 23.

subsidy to the resellers through rate of return regulation.<sup>63</sup> Indeed, the resellers stated their switch could only make "economic and competitive sense" if cost based regulation is imposed.<sup>64</sup>

As demonstrated in I.88-11-040, the reseller switch would not relieve the carrier's switch of functions. The actual costs avoided by the carrier switch are very small or perhaps nonexistent when the additional engineering cost to reconfigure its system to accommodate the reseller switch are considered. Thus, the switch is not economically viable.<sup>65</sup> As the resellers' witness Mr. King stated,

It becomes very hard to understand how [the CSI switch] would function if we had to pay the carriers for all the functions we are absorbing. In other words, if we have to build the switch and incur all those costs and more importantly maintain the databases that underlie the switch, how would we make ends meet if we still have to pay the carriers the full wholesale rate which would be paid by resellers that don't incur these costs.<sup>66</sup>

In order to offset the inefficiencies of the reseller switch, the resellers were forced to advocate cost-based

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63 King, 1009:17-1010:4; Hausman 122:16-28. Both proposals submitted by the resellers required rate of return regulation. Exh. W7, King Direct Testimony, at 11-12; King 949:21-26, 1016:4-10,16-27, 1031:1-14; Hausman 1229:1-1230:14.

64 See Cellular Service Inc.'s Phase II Opening Comments, August 11, 1989, at 1.

65 King, 1009:11-1010:4; Hausman, 1221:16-27.

66 King, 1009:17-25.

rate of return regulation.<sup>67</sup> There is no evidence in the record to demonstrate that the reseller switch can survive absent cost-based regulation.

Additionally, the Decision imposes unbundling without resolving the critical technical issues. The technical issues relating to performance of the reseller switch are critical to evaluating not only technical feasibility,<sup>68</sup> but also to determine if there will be any cost savings that warrant unbundling of the wholesale tariff.<sup>69</sup> The record in I.88-11-040 contained, at best, speculative claims regarding switch performance and alleged cost savings of the reseller switch without any cost/benefit analysis.<sup>70</sup> The resellers failed to establish that their switch would relieve the carrier switch of functions or delay the addition of a switch.<sup>71</sup> Similarly, the resellers did not

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67 King, 1009:26-1010:4, 1080:26-1081:6, 1082:12-14; see Opening Comments and Workshop Proposal of Cellular Service, Inc., pp. 5-8.

68 The technical and financial viability of the proposal must be considered by the Commission. See Cal. Pub. Util Code § 1001; California Public Utilities Commission Rules of Practice and Procedure, Rule 18(g); see also Industrial Communications Systems, Inc. v. Public Utilities Commission, 22 Cal. 3d 572, 581 (1978). ("Competition should be allowed only after a commission determination of public convenience and necessity. In making that determination the commission would consider factors related to the beneficial effect of competition (e.g., adequacy of existing service)"). See also D.85356, 79 CPUC 404, 428 (1976).

69 See Exh. W7, King Direct Testimony, Answer 10, p. 5, Answer 14, p. 8.

70 Raney (CSI), 749:15-28, 758:13-23; Midgley 833:25-834:6, 835:16-23, 854:12-24, 855:16-856:8; King, 998:20-27.

71 Chessher (PacTel Cellular), 1198:5-1199:6; see Raney, 736:8-737:8; Exh. W8, Simpson Direct Testimony, Answer 6, pp. 5-6; Exh. W9, Chessher Direct Testimony, Answer 9, pp. 15-16, Tables B, C. At the hearings in I.88-11-040, CSI presented Exhibit W2 to demonstrate that the CSI switch would relieve the carrier switch of functions and load on the MTSO's processors, and thus reduce costs. Raney, 752:19-753:5. However, when questioned, Mr. Raney admitted that there was no elimination of functions and the actual reduction in processing power was significantly less than identified on Exhibit W2. Raney, 723:20-724:28, 736:8-737:5, 748:19-749:2, 750:1-6. See also Midgley, 809:5-23. Mr. Raney admitted that certain components of the switch, for example, Boxes 2 and 11 on Exhibit W2, would remain the same size, irrespective of the amount of traffic being handled by the switch. Raney, 751:10-752:8, 780:1-7.

prove that their switch would perform the functions more efficiently than the carriers' MTSO and thus reduce costs for the consumer.<sup>72</sup> Indeed, the resellers' cost for providing these functions is likely to be greater than the carriers' since the reseller has limited economies of scale and scope.<sup>73</sup> To the extent the cost of providing cellular service increases, it draws into question the economic viability of the CSI switch.<sup>74</sup> In the absence of a determination of the economic viability and technical merit of the reseller switch at this juncture, the Commission and the cellular industry will face the cost of continuous regulatory inquiries and intervention in order to subsidize the reseller switch.<sup>75</sup>

#### VII. THE DECISION IS UNDULY VAGUE AND AMBIGUOUS.

The Decision purports to settle a number of regulatory issues regarding cellular service for the "near term" pend-

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72 Hausman, 1280:21-1281:13; 1285:27-1288:18; 1304:26-1306:16, Exh. W11 Hausman Direct Testimony, Answer 13, p. 14.

73 Exh. 11, Hausman Direct Testimony, Answer 6, p. 6.

74 Exh. W11 Hausman Direct Testimony, Answer 6, p. 6. The only cost transfer associated with the reseller switch identified in I.88-11-040 would be the cost to connect the call of a CSI subscriber to the PSTN, approximately three cents per minute (Hausman, 1312:16-1313:17), a cost that will be passed on to the subscriber. Simpson, 1127:1-11; Chessher, 1198:27-1199:23; Exh. W8, Simpson Direct Testimony, Answer 23, p. 22; Exh. W9, Chessher Direct Testimony, Answer 6, p. 7.

75 See Exh. W11, Hausman Direct Testimony, Answer 7, pp. 6-7; Hausman, 1210:1-21.

ing FCC action on the Commission's petition for authority to continue rate regulation. Despite its stated goals, however, the Decision does not provide the parties with sufficient guidance either as to the issues it settles or as to how long the Commission intends to continue regulation. The Decision thus introduces into the California wireless market the very regulatory uncertainty that the Commission sought to avoid.

The most obvious area of uncertainty in the Decision lies in the Commission's vague pronouncements as to how long it intends to regulate rates in California. While the Commission at one point avows that it will only request "regulatory authority over cellular carriers for a period of 18 months after September 1, 1994" (Dec. at 5), at other points it seems to indicate that it has no intention of relinquishing regulatory authority at all. Thus, while the Commission adopts wholesale rate unbundling based on prices capped at current levels, it also states that it "will consider in a subsequent phase of this investigation options for adjustments to existing price caps" (Dec. at 75). Later, in its conclusions of law, the Commission states that its regulatory framework "should continue . . . (incorporating interim changes adopted herein) pending adoption of a comprehensive regulatory framework for the mobile services market through a final order in this Investigation" (Dec. at 95, CL 4).

Because Commissioner Knight's comments to the Decision indicate that he concurred in the Decision on the express

understanding that the Commission intends to retain jurisdiction over cellular rates for only 18 months, AirTouch assumes that the Commission indeed intends to relinquish jurisdiction in early 1996.<sup>76</sup> Nevertheless, if the Commission truly intends to fulfill its goal of adopting a "comprehensive regulatory framework," it has failed to explain how it will accomplish this goal in the 18 months for which it has requested an exemption from FCC preemption. If the Commission actually intends to continue regulating wireless rates after early 1996, then it should so state in the Decision (and in its application for an FCC exemption). Fundamental fairness to the carriers, as well as to every other wireless provider that might consider operating in the state, mandates that the Commission should make its intentions clear.

An equally troubling ambiguity in the Decision lies in the Commission's ordering paragraphs requiring the carriers to unbundle their wholesale rates. Nowhere in the ordering paragraphs, nor elsewhere in the Decision, does the Commission explain exactly which elements of the rates currently charged to resellers must be unbundled. Further, the Commission states that the carriers should file a "wholesale

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76 Since Commissioner Knight's concurrence provides the deciding vote in favor of the Decision, his view as to the length of time the Commission will exercise its authority is the only one that a majority of the Commission supports. AirTouch submits that, pursuant to Public Utilities Code section 310, only those portions of the Decision in which a majority of the Commissioners concur can be considered orders of the Commission.

tariff reflecting a market-based unbundling of access charges" to resellers who purchase switches (Ordering ¶ 3), implying that the carriers may continue to charge the resellers a fee for access to the carriers' network. In the very next paragraph, however, the Commission orders that, once a reseller switch has been activated, "its billing shall be adjusted by applying a credit equal to the access charge on the reseller's bill" (Ordering ¶ 4).

Again, because Commissioner Knight's concurrence indicates that he does not believe the unbundling order requires elimination of any charge, AirTouch assumes that the Commission did not intend to eliminate the access charges billed to resellers. However, the language of ordering paragraph 4 is ambiguous at best and incomprehensible at worst. It is unclear why any credits would apply since resellers purchasing unbundled elements buy only those services offered by carriers that they want, consistent with the tariff.

The Commission should not allow the Decision to become final without correcting its ambiguities. As the Commission has reminded the participants to these proceedings, section 2113 of the Public Utilities Code "provides that any violation of any part of [the Commission's] orders constitutes contempt of the Commission." D.92-10-026, p. 41. The carriers thus risk contempt if they take action contrary to the ordering paragraphs of the Decision. Yet, the Decision is so vague on these issues that the carriers cannot fairly

be required to guess at its meaning. "[A] statute which either forbids or requires the doing of an act in terms so vague that men of common intelligence must necessarily guess at its meaning and differ as to its application, violates the first essential of due process of law.'" Cranston v. City of Richmond, 40 Cal. 3d 755, 763 (1985), quoting Connally v. General Const. Co., 269 U.S. 385, 391 (1926).

VIII. THERE IS INSUFFICIENT EVIDENCE TO SUPPORT THE COMMISSION'S ORDER ON EXTENDED AREA SERVICE.

With regard to Extended Area Service (EAS), the Commission "seeks to develop rules that allow for the individual needs of customers to be met, that allows for innovative service offerings and marketing by cellular providers, and minimizes unnecessary regulatory burdens while protecting the public from anti-competitive behavior and abuse of market power."<sup>77</sup> Of those respondents who provided comments on EAS, a majority indicated that the Commission's stated goal can best be met through a lack of regulation. Roaming is facilitated by individual intercarrier agreements which are intended to memorialize the parties' agreement regarding payment.<sup>78</sup> In California the roamer rates are set forth in tariffs on file with the Commission. No limitations or safeguards are needed since the ability of service providers to set prices beyond their

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77 I.93-12-007 at 33.

78 See SVLP at 2; McCaw Reply at 30, 31; LACTC at 15.

service territories (re-rating roaming charges) increases competition and results in lower prices for consumers.<sup>79</sup> The Commission properly recognized that the "practice of re-rating charges . . . does not constitute rate discrimination as prohibited in PU Code § 453(c)."<sup>80</sup>

The OII did not specifically raise a question regarding the rates charged to the served carrier by the serving carrier for roaming, and thus this issue was not addressed by most parties. Some parties expressed confusion about why EAS issues were being raised in this investigation (with one specifically suggesting the issue be dropped from this investigation)<sup>81</sup>, and several indicated that EAS is a landline concept which is not directly applicable to mobile communications services.<sup>82</sup> Only CRA raised the issue of EAS billing practices with respect to resellers and suggested that the Commission require serving carriers to charge wholesale rates for roaming.

Despite the absence of evidence on this issue, the Commission found it "reasonable" to adopt the terms of the settlement into which CRA entered with McCaw in A.93-08-035

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79 See GTEM at Att. A, pp. 26, 28; Fresno at 61-62; McCaw at Att. B., p. 26-28; McCaw Reply at 30-31; Comments of Sacramento-Valley Limited Partnership ("SVLP") at 2-4; Opening Comments of Pacific Bell ("PacBell") at 46-47; Comments of the County of Los Angeles at 57-58.

80 Dec. at 87-88.

81 US West at 51.

82 See Fresno at 60-61; GTEM at 27; US West at 48-51; LACTC at Exh. A, pp. 10-11; McCaw at Att. B, p. 26, n.21.

as a basis for sharing of EAS revenue<sup>83</sup> and ordered that "[a]ny serving carrier providing EAS service shall charge a wholesale rate to the served carrier (including resellers)."<sup>84</sup> The terms of CRA's settlement with McCaw are beyond the record in this proceeding and thus are untested by cross-examination. In fact, the exact terms of the settlement are far from clear. It is not only a violation of due process, but poor regulatory policy to impose a standard on the entire industry based on a settlement from an entirely different proceeding. There is nothing in the record in this proceeding which would deny resellers the right to mark up roamer rates charged to their customers to offset costs. In the absence of evidence that this new requirement meets the goals set forth in the OII, the Decision's new EAS rule appears to be yet another mechanism to protect inefficient competitors.

#### IX. CONCLUSION.

AirTouch Cellular and its affiliates submit that the Commission does not have the authority to establish the dominant/nondominant regulation and the unbundling of the wholesale tariff set forth in the Decision. Additionally, there is no proper record upon which the Commission can rely to establish the proposed regulation. Accordingly, consis-

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83 Dec. at 88.

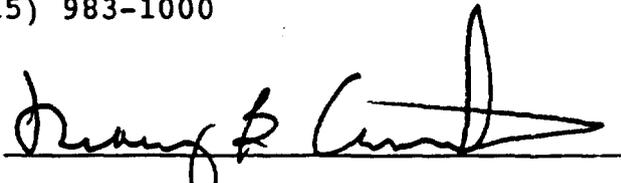
84 Dec. at 97. See also Dec. at 96, CL 10-11.

tent with requirements of due process and sound regulatory policy, the Commission should grant rehearing.

Additionally, good cause exists to stay the Decision pending resolution of AirTouch's application for rehearing. The Decision was made effective August 3, 1994 and orders that the parties take immediate action with respect to implementation of the reseller switch and unbundling of the wholesale tariff. AirTouch submits that it would be a waste of the resources of both the Commission and the parties to pursue unbundling of the wholesale tariff during the pendency of AirTouch's application for rehearing and until the ambiguities of the Decision are resolved. Accordingly, AirTouch requests that the Commission stay the Decision until resolution of the instant application.

Dated: September 6, 1994.

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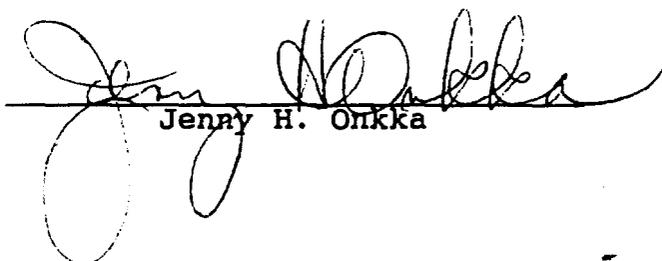
BY 

Attorneys for AirTouch  
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CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Application of Rehearing and suspension of Decision 94-08-022 by AirTouch Cellular (U-3001-C) And Its Affiliates, Los Angeles SMSA Limited Partnership (U-3003-C) and the MODOC RSA Limited Partnership (U-3032-C), in the Investigation Into Mobile Telephone Service and Wireless Communications (I.93-12-007) filed on September 6, 1994 on all parties of record in this proceeding, or their attorneys of record, as reflected on the attached listing.

Dated: September 6, 1994 at San Francisco, California.

  
Jenny H. Onkka

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I.93-12-007

EV: 03/15/94

CORR: 03/15/94

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OPENING COMMENTS OF PACTEL CELLULAR (U-3001-C) AND ITS  
AFFILIATES LOS ANGELES SMSA LIMITED PARTNERSHIP  
(U-3003-C) AND THE MODOC RSA LIMITED PARTNERSHIP  
(U-3032-C) TO THE ORDER INSTITUTING INVESTIGATION INTO  
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February 25, 1994

## Executive Summary

- **The Regulatory Framework must be based on the new wireless marketplace.**

Technological and competitive changes have fundamentally altered the wireless marketplace. The two carrier market structure is now in the past, and cannot be the paradigm for future regulation. Multiple new facilities-based carriers are entering the wireless market with state of the art digital equipment to compete directly with cellular. At the same time, cellular carriers face heavy investment necessary to expand their analog systems to meet consumer demand, to convert their systems to digital technology and to continue product and service innovation.

- **The OII proposes traditional rate regulation flatly inconsistent with stated Commission's goals.**

Despite these radical changes in the wireless marketplace and the Commission's stated goal of enhancing competition, the OII proposes an antiquated form of rate regulation for so-called "dominant" competitors. This proposal is based on false assumptions regarding the past and future level of competition in the wireless marketplace. Contrary to some of the premises in the OII, cellular carriers have in fact competed aggressively on price, service, quality and product innovations. The new wireless competitors, with their state of the art functionality, breadth of coverage and financial resources, are accelerating the already intense level of competition. In the multicompetitor environment of the new wireless market, "dominant" regulation, imposing a rate of return formula only on select competitors, will hopelessly retard competition and technological innovation. Such restrictive regulation would be a mistake the California economy can ill afford.

- **Past regulation of cellular has been harmful to competition and consumers.**

The evidence is clear that California's past regulation of cellular has raised prices and reduced consumer choice. It is inconceivable that more restrictive regulation, as proposed in the OII, would benefit consumers. At a minimum, before any such regulation can be safely imposed, hearings must be held to evaluate carefully the need for such regulation and its costs and benefits.

- **Relaxed regulation is the only framework to meet the Commission's goals.**

Relaxed regulation is the only regulatory framework that can keep pace with technological and competitive changes in the wireless market and meet the Commission's goal of enhancing California's competitive advantage. A relaxed regulatory framework ensuring a level playing field for all wireless service providers, in conjunction with a program to monitor market competition, will encourage innovation while protecting consumers.

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