interconnect service. This flies in the face of Congress' goal of fostering an environment which is supportive of small businesses.

B. Dispatch Service As a Secondary Cellular Offering is Not a Viable Alternative

The Commission has proposed, as an alternative to a complete lifting of the dispatch ban, to allow cellular providers to enter the dispatch market on a secondary basis. Under the current rules a cellular provider may provide secondary service if there is capacity on the system. However, in reality, even a small allocation of cellular frequency to dispatch operations could serve a significant portion of the dispatch market and impede competition by the SMR industry for this service. The result would be an inevitable domination of the market by the cellular industry.

C. Today's Economic Conditions Do Not Support Adoption of a "Sunset" Provision in the Future

As a second alternative to the immediate repeal of the dispatch ban, the Commission has proposed that it delay lifting the ban for a three year period to lessen anti-competitive concerns.

Given the current state of the market, competitive conditions are not sufficient to justify the lifting of the ban, even in the near future. Lifting the dispatch ban would have a devastating effect on the independent SMR operator, whether now or two years from now.

Additionally, the FCC has no basis on which to conclude that competitive conditions concerning the SMR industry will change sufficiently in the two years remaining on the SMR/CMRS transition period. Given the limiting regulatory environment in which the smaller market SMR licensees have been required to operate for many years, (e.g., loading requirements inapplicable to other common carrier providers, channel unavailability, ineligibility for wide area waivers) SMR is still a developing industry which nevertheless has proven that it can provide an innovative and effective service. However, primarily because of regulatory restraints on channel development, and limits on spectrum availability issues not affecting the cellular industry, the SMR industry is still attempting to fully establish itself in the marketplace.

The Northwest Wireless Network and similar networks should be encouraged and permitted to take hold, and should not be diminished by introducing the mobile market's cellular giants into the core sector of the SMR operator's business. The Commission should allow SMR to reach its full market potential before subjecting it to competition which will only result in driving competitors to cellular out of the marketplace.

The Commission should instead defer entirely consideration of this Docket, take it up again after the transition period, and in the meantime embark upon a comprehensive economic study aimed at evaluating the state of competition in the dispatch market and its effect on the independent SMR provider. Some of the issues

to be taken into consideration include: evaluating existing customer costs, as well as costs which would result if the cellular industry dominated the market; evaluating the effect of the SMR operator's price competition and service provisions, and why such operators are viable competitors; evaluating and encouraging the Northwest Wireless Network development, and; studying the effect on prices of the loss of the independent SMR operators, if that were to occur as a result of FCC action in this docket. Independent SMR providers should be invited to participate in any such evaluation. Additionally, the Commission should seek comment on these findings prior to taking any action to lift the cellular dispatch ban.

XIII. CONCLUSION

The Commission's rationales for lifting the wireline entry ban and the cellular dispatch prohibition are inconsistent with its own recent conclusions and today's market structure. The conclusions are based on no economic studies or analyses of the price competition to cellular or service to the public which the nation's small independent SMR operators are providing. The FCC has an insufficient record evidence to justify telephone company entry into these markets. The Commission should not take isolated action on wireline entry without folding the issues here

into the broader scope of entry considerations embodied in S. 1822.

Respectfully submitted,

SMR WON

Dated: October 5, 1994

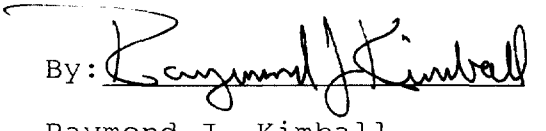
By: 

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EXHIBIT A

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SMR WON

Communities and States Served by Members

Washington, Illinois
Liberal, Kansas
Jonesboro, Arkansas
Marquette, Michigan
Greenwood, Missouri
Tupelo, Mississippi
Oklahoma City, Oklahoma
Enid, Oklahoma
Independance, Missouri
Columbus, Mississippi
Fort Worth, Texas
Boise, Idaho
Scott, Louisiana
Greenville, Mississippi
Memphis, Tennessee
West Memphis, Arkansas
Crowley, Louisiana
Clarksville, Tennessee
Behtom, Missouri
Paris, Texas
Trenton, Illinois
Rochester, New York
Springfield, Illinois
El Dorado, Arkansas
Burnsville, Mississippi
Canton, Mississippi
Lafayette, Indiana
Hettick, Illinois
Wichita, Kansas
Peoria Heights, Illinois
Rockford, Illinois
Cookeville, Tennessee