

Dockets
222
PP93-253

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554
27 JUL 1994

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Ed Carter
General Manager
Scio Mutual Telephone Association
38082 S.E. Second Avenue
Post Office Box 56
Scio, Oregon 97374-0056

Dear Mr. Carter:

This letter is in response to your letter to Senator Mark Hatfield of June 6, 1994, regarding the Commission's consideration of the competitive bidding award structure for emerging wireless technologies such as personal communications services (PCS). Your letter specifically addressed the need for separate PCS license blocks for rural telephone companies.

At its June 29, 1994 agenda meeting, the Commission adopted service-specific rules for broadband PCS, including a "Competitive Opportunity Plan" that establishes two "entrepreneurs' blocks" for smaller businesses including small rural telephone companies. These blocks together consist of 986 licenses, which will be authorized within Basic Trading Areas (BTAs). Eligibility for these blocks will be limited to entities, including rural telephone companies, that have annual gross revenues of less than \$125 million and total assets of less than \$500 million, in order to safeguard for small businesses the ability to participate in the auctions without competition from the largest of companies. Within the entrepreneurial blocks, the Commission established a range of provisions to address the most challenging barrier to entry by designated entities -- that is, access to capital. These provisions include bidding credits, installment payment plans, tax certificates and relaxed attribution standards. For example, within the entrepreneurs' blocks, businesses with less than \$40 million in gross revenues for the three preceding years (including revenues of their affiliates) are eligible for bidding credits of 10 percent, and small businesses owned by women or minorities are eligible for bidding credits of 25 percent. In addition, bidders in the entrepreneurs' blocks will receive a 25 percent discount from the ordinary upfront payment. Furthermore, most winning bidders within the entrepreneurs' blocks may pay for their licenses in installments, thus deferring payments of principal on their debt to the government.

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List A B C D E

The Commission also established rules permitting rural telephone companies to obtain broadband PCS licenses that are geographically partitioned from larger PCS service areas. Rural telephone companies: (1) may form bidding consortia to participate in auctions, and then partition the licenses won among consortia participants, or (2) may acquire partitioned broadband PCS licenses from other licensees through private negotiation and agreement either before or after the auction. These rules will provide a viable opportunity for rural telephone companies to provide rapid service to their rural wireline telephone service areas. If you would like additional information, feel free to call Julia Kogan of my staff at (202) 632-7125.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ralph A. Haller", followed by a horizontal line.

Ralph A. Haller
Chief, PCS Task Force &
Chief, Private Radio Bureau

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Mr. W. Richard Reeves
P.O. Box 4089
Murfreesboro, Tennessee 37129

Dear Mr. Reeves:

This letter is in response to your letter of May 23, 1994, to the Vice President, regarding the Commission's consideration of the competitive bidding award structure for emerging wireless technologies such as personal communications services (PCS). Your letter specifically addressed the need for your minority-owned firm to obtain an economically feasible opportunity to participate in providing PCS.

At its June 29, 1994 agenda meeting, the Commission adopted service-specific rules for broadband PCS, including a "Competitive Opportunity Plan" that establishes two "entrepreneurs' blocks" for smaller businesses. These blocks together consist of 986 licenses, which will be authorized within Basic Trading Areas (BTAs). Eligibility for these blocks will be limited in order to safeguard for small businesses, including those owned by minorities and women, the ability to participate in the auctions without competition from the largest of companies. Within the entrepreneurial blocks, the Commission established a range of provisions to address the most challenging barrier to entry by designated entities -- that is, access to capital. These provisions include bidding credits, installment payment plans, tax certificates and relaxed attribution standards for small businesses and businesses owned by minorities and women. For example, within the entrepreneurs' blocks, minority-owned businesses are eligible for bidding credits of 15 percent, and minority-owned small businesses are eligible for bidding credits of 25 percent.

The Commission has sought to implement the Congressional intent of Section 309(j) of the Communications Act, passed by Congress in August 1993, to bring tangible opportunities for participation to individuals and entities that are historically precluded from providing telecommunications services. It has sought to ensure that competition and participation by all segments of society will become the enduring standard for the future. Enclosed is a summary of the Commission's action of June 29. If you would like additional information, feel free to call Julia Kogan of my staff at (202) 632-7125.

Sincerely,



Ralph A. Haller
Chief, PCS Task Force A
Chief, Private Radio Bureau

Enclosure

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OFFICE OF SECRETARY

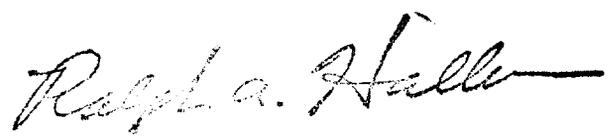
The Honorable George W. Gekas
U.S. House of Representatives
2410 Rayburn House Office Building
Washington, D.C. 20515-3817

Dear Congressman Gekas:

This letter is in response to your letter of June 8, 1994, regarding the June 7, 1994 letter of your constituent, Mr. W. Garth Sprecher. His letter addressed the Commission's consideration of the competitive bidding award structure for emerging wireless technologies such as personal communications services (PCS), and discussed the need for separate PCS license blocks for rural telephone companies and other designated entities.

Enclosed, per your request, please find the response to Mr. Sprecher's letter. If you would like additional information, feel free to call Julia Kogan of my staff at (202) 632-7125.

Sincerely,



Ralph A. Haller
Chief, PCS Task Force &
Chief, Private Radio Bureau

Enclosure

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Mr. Willard Davis
President, Pioneer
Telephone Cooperative
1304 Main Street, P.O. Box 631
Philomath, Oregon 97370-0631

Dear Mr. Davis:

This letter is in response to your letter to Senator Mark Hatfield of June 6, 1994, regarding the Commission's consideration of the competitive bidding award structure for emerging wireless technologies such as personal communications services (PCS). Your letter specifically addressed the need for separate PCS license blocks for rural telephone companies and other designated entities.

At its June 29, 1994 agenda meeting, the Commission adopted service-specific rules for broadband PCS, including a "Competitive Opportunity Plan" that establishes two "entrepreneurs' blocks" for smaller businesses including small rural telephone companies. These blocks together consist of 986 licenses, which will be authorized within Basic Trading Areas (BTAs). Eligibility for these blocks will be limited to entities, including rural telephone companies, that have annual gross revenues of less than \$125 million and total assets of less than \$500 million, in order to safeguard for small businesses the ability to participate in the auctions without competition from the largest of companies. Within the entrepreneurial blocks, the Commission established a range of provisions to address the most challenging barrier to entry by designated entities -- that is, access to capital. These provisions include bidding credits, installment payment plans, tax certificates and relaxed attribution standards. For example, within the entrepreneurs' blocks, businesses with less than \$40 million in gross revenues for the three preceding years (including revenues of their affiliates) are eligible for bidding credits of 10 percent, and small businesses owned by women or minorities are eligible for bidding credits of 25 percent. In addition, bidders in the entrepreneurs' blocks will receive a 25 percent discount from the ordinary upfront payment. Furthermore, most winning bidders within the entrepreneurs' blocks may pay for their licenses in installments, thus deferring payments of principal on their debt to the government.

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Sincerely,



Ralph A. Haller
Chief, PCS Task Force &
Chief, Private Radio Bureau

cc:

Rules (Chron)

JKogan

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Honorable Mark Hatfield
United States Senate
711 Hart Senate Office Building
Washington, D.C. 20510-3701

Dear Senator Hatfield:

This letter is in response to your letter of June 21, 1994, regarding the June 6-7, 1994 letters of your constituents, Mr. Ed Carter, Ms. Jacqueline S. Norrid, and Mr. Willard Davis. Their letters addressed the Commission's consideration of the competitive bidding award structure for emerging wireless technologies such as personal communications services (PCS), and discussed the need for separate PCS license blocks for rural telephone companies and other designated entities.

Enclosed please find the responses that we have mailed to your constituents. If you would like additional information, feel free to call Julia Kogan of my staff at (202) 632-7125.

Sincerely,

Ralph A. Hailer
Chief, PCS Task Force &
Chief, Private Radio Bureau

Enclosures

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W. Garth Sprecher
Secretary, Director - External Affairs
Denver and Ephrata Tel. and Tel. Company
130 East Main Street, P.O. Box 458
Ephrata, Pennsylvania 17522-4101

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Dear Mr. Sprecher:

This letter is in response to your letter of June 7, 1994, regarding the Commission's consideration of the competitive bidding award structure for emerging wireless technologies such as personal communications services (PCS). Your letter specifically addressed the need for separate PCS license blocks for rural telephone companies and other designated entities.

At its June 29, 1994 agenda meeting, the Commission adopted service-specific rules for broadband PCS, including a "Competitive Opportunity Plan" that establishes two "entrepreneurs' blocks" for smaller businesses including those owned by designated entities. These blocks together consist of 986 licenses, which will be authorized within Basic Trading Areas (BTAs). Eligibility for these blocks will be limited to entities, including rural telephone companies, that have annual gross revenues of less than \$125 million and total assets of less than \$500 million, in order to safeguard for small businesses the ability to participate in the auctions without competition from the largest of companies. Within the entrepreneurial blocks, the Commission established a range of provisions to address the most challenging barrier to entry by designated entities -- that is, access to capital. These provisions include bidding credits, installment payment plans, tax certificates and relaxed attribution standards. For example, within the entrepreneurs' blocks, businesses with less than \$40 million in gross revenues for the three preceding years (including revenues of their affiliates) are eligible for bidding credits of 10 percent, and small businesses owned by women or minorities are eligible for bidding credits of 25 percent. In addition, bidders in the entrepreneurs' blocks will receive a 25 percent discount from the ordinary upfront payment. Furthermore, most winning bidders within the entrepreneurs' blocks may pay for their licenses in installments, thus deferring payments of principal on their debt to the government.

The Commission also established rules permitting rural telephone companies to obtain broadband PCS licenses that are geographically partitioned from larger PCS service areas. Rural telephone companies: (1) may form bidding consortia to participate in auctions, and then partition the licenses won among consortia participants, or (2) may acquire partitioned broadband PCS licenses from other licensees through private negotiation and agreement.

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W. Garth Sprecher

2.

either before or after the auction. These rules will provide a viable opportunity for rural telephone companies to provide rapid service to their rural wireline telephone service areas. If you would like additional information, feel free to call Julia Kogan of my staff at (202) 632-7125.

Sincerely,

A handwritten signature in cursive script that reads "Ralph A. Haller". The signature is written in black ink and includes a long horizontal flourish at the end.

Ralph A. Haller
Chief, PCS Task Force &
Chief, Private Radio Bureau

Enclosure

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Jacqueline S. Norrid
General Manager
Clear Creek Mutual Telephone Company
18238 South Fischers Mill Road
Oregon City, Oregon 97045-9696

Dear Ms. Norrid:

This letter is in response to your letter to Senator Mark Hatfield of June 7, 1994, regarding the Commission's consideration of the competitive bidding award structure for emerging wireless technologies such as personal communications services (PCS). Your letter specifically addressed the need for separate PCS license blocks for rural telephone companies.

At its June 29, 1994 agenda meeting, the Commission adopted service-specific rules for broadband PCS, including a "Competitive Opportunity Plan" that establishes two "entrepreneurs' blocks" for smaller businesses including small rural telephone companies. These blocks together consist of 986 licenses, which will be authorized within Basic Trading Areas (BTAs). Eligibility for these blocks will be limited to entities, including rural telephone companies, that have annual gross revenues of less than \$125 million and total assets of less than \$500 million, in order to safeguard for small businesses the ability to participate in the auctions without competition from the largest of companies. Within the entrepreneurial blocks, the Commission established a range of provisions to address the most challenging barrier to entry by designated entities -- that is, access to capital. These provisions include bidding credits, installment payment plans, tax certificates and relaxed attribution standards. For example, within the entrepreneurs' blocks, businesses with less than \$40 million in gross revenues for the three preceding years (including revenues of their affiliates) are eligible for bidding credits of 10 percent, and small businesses owned by women or minorities are eligible for bidding credits of 25 percent. In addition, bidders in the entrepreneurs' blocks will receive a 25 percent discount from the ordinary upfront payment. Furthermore, most winning bidders within the entrepreneurs' blocks may pay for their licenses in installments, thus deferring payments of principal on their debt to the government.

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Sincerely,

A handwritten signature in cursive script, reading "Ralph A. Haller", followed by a horizontal line.

Ralph A. Haller
Chief, PCS Task Force &
Chief, Private Radio Bureau