

Honorable Anne Bingaman
September 19, 1995
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telecommunications, which in a competitive market should result in lower prices for air time and improve service offerings.”

Relocating certain point-to-point microwave licensees to a new place in the spectrum is an important step in developing PCS. Now, however, the concerted refusal to deal threatens to substantially delay the advent of Personal Communications Services and to substantially increase the cost of these services.

By way of background, the FCC issued a Report and Order establishing a procedure to encourage incumbent 2 GHz licensees to negotiate relocation agreements with PCS licensees.² The plan envisions a two year period for negotiation. If at the end of that time period agreement has not been reached on the price to be paid by prospective licensees for relocating the facilities of incumbent licensees to other available spectrum, a one-year period of involuntary negotiation ensues with the prospective licensee required at the end of the three-year period to pay the full cost of relocating the incumbent’s facilities.

A number of PCS licensees have attempted to engage in voluntary negotiations with incumbent licensees, many of which are utilities using the spectrum for private microwave networks. In numerous cases their efforts have been flatly rebuffed with the explanation that the member should negotiate not with the individual utility but instead with a “consultant” who, it turns out, also represented a number of other incumbent utilities in the same geographic market. This “consultant” has actively sought the business of numerous incumbent licensees and represented, in effect, that he could secure a better deal for the incumbents than could any of the members negotiating separately. Thus far, the “consultant” either has refused to negotiate at all or has offered terms that would substantially raise the cost of providing these new services to the public. In fact, it is our estimate that the cost of relocating these facilities under the terms proposed by the “consultant” would be approximately \$2 billion over the actual cost of effecting the relocations.

While the FCC sought to encourage good faith independent negotiation during the voluntary period, nothing in the FCC order compels negotiation. Clearly, the order does not sanction joint negotiations. I am having members of CTIA’s legal staff contact the Telecommunications Task Force to supply additional information to the Division

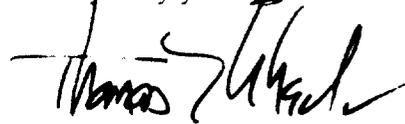
² Redevelopment of Spectrum to Encourage Innovation in the Use of New Telecommunications Technologies, FCC Third Report and Order, ET Docket 92-9 July 15, 1993, 8 FCC Rcd 6589 (1993).

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I am advised that a concerted refusal to negotiate, or a joint negotiation by sellers, particularly when undertaken in an effort to raise price, is per se violation of the Sherman Act and could be remedied by the Department of Justice. I know that the Antitrust Division has many important priorities. I believe that investigating and prosecuting outrageous anticompetitive conduct depriving the public of current and future cutting-edge technologies is exactly the type of conduct that should trigger the Antitrust Division's enforcement mandate.

I respectfully urge you to act as expeditiously as possible to prevent serious delay in the implementation of a technology that, but for the carefully orchestrated actions of a greedy few, would soon be at the disposal of the American public

Very truly yours,

A handwritten signature in black ink, appearing to read "Thomas E. Wheeler", with a stylized flourish at the end.

Thomas E. Wheeler



**Building The
Wireless Future**

September 19, 1995

CTIA

Cellular
Telecommunications
Industry Association
1250 Connecticut
Avenue, N.W.
Suite 200
Washington, D.C. 20036
202-785-0081 Telephone
202-331-8112 Fax
202-736-3213 Direct Dial

Thomas E. Wheeler
President / CEO

The Honorable Alice M. Rivlin
Director
Office of Management and Budget
252 -- Old Executive Office Bldg.
17th Street and Pennsylvania Ave., N.W.
Washington, DC 20503

Dear Director Rivlin:

The message is urgent. As the attached study by a world renowned expert in auction theory proves, the U.S. Treasury stands to lose two billion dollars, in future Personal Communications Services (PCS) auctions. The value of this spectrum is diminished due to the unforeseen and irresponsible actions of incumbent microwave licensees who are manipulating Federal policy designed to provide for their post - auction relocation. Fortunately, these circumstances can be corrected by appropriate governmental action, which we urge OMB to advocate in the budget reconciliation legislation and at the FCC.

Under the FCC's current rules, PCS licensees must negotiate with microwave incumbents in the newly allocated PCS spectrum band (2 GHz) to relocate these microwave licensees to other spectrum bands. The first two years of negotiations are voluntary and in year three, the final year, parties must negotiate in good faith.

Unfortunately, some incumbent licensees in the PCS band are utilizing this "voluntary negotiation" period to extort the new PCS licensees. The incumbents realize that without their cooperation the massive investment made in the spectrum auction lies producing no return. The incumbents are, therefore, giving the spectrum purchasers a choice -- either spend four, five or six times the actual relocation cost as a premium, or let the \$7.7 billion sit idle and unproductive until some future date.

The effect of this is to telegraph the next round of PCS bidders to reduce the amount they plan to bid.

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Independent bodies forecast relocation costs averaging \$250,000 per microwave link. These costs were factored into the winning bids for PCS licenses. Disappointingly, some microwave incumbents are now seeking \$1 million to \$1.5 million per link. In at least one instance the incumbent is requiring that all its links be rebuilt -- even those with no PCS usage! Even where agreements have been concluded, some microwave incumbents are seeking "most favored nation" status to assure that, regardless of who cuts the best deal with a PCS licensee, they all will get a windfall.

If PCS licensees are forced to comply with this greedy manipulation of the microwave relocation rules, the value of yet-to-be-auctioned PCS spectrum will be lowered significantly to factor in these excessive costs. A recent study conducted by Professor Paul Milgrom of Stanford University underscores the devaluation which will result. Potential PCS licensees must discount their bids to account for either paying a premium demanded by microwave incumbents, or for the delay in implementing their business plans until after the voluntary negotiation period has expired. This translates into not only the lost \$2 billion future PCS auctions will bring to the U.S. Treasury, but also delays in new services for consumers, the development of new businesses creating new jobs and paying their fair share of taxes, and a more competitive telecommunications marketplace.

These losses to the American public can be remedied. Just last week, the Commerce Committee in the House of Representatives approved language that reduced the negotiation period to two years, from the current three years, beginning on the date PCS licenses were issued. We urge the Administration to include such a position in its budget reconciliation positions.

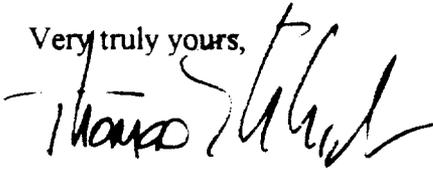
There are also remedies in the hands of the FCC. Short of all parties negotiating in good faith, the FCC could clarify its rules by defining what constitutes a "comparable" replacement system. The FCC rules require PCS licensees to move microwave incumbents at the PCS licensee's expense and to provide them with at least comparable systems. Yet, the FCC rules fail to define comparable systems. Another approach that clearly provides incentives to negotiate is the one adopted by the Canadians. In Canada, if after the initial period of good faith negotiations, no agreement has been reached, the microwave incumbent pays its own relocation costs.

Whatever the remedy, the time for action is now

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The value of the spectrum asset to the taxpayers is being devalued right before our eyes because of the manner in which a handful of licensees are abusing the microwave relocation rules. PCS licensees are committed to bring new telecommunication services to the American public. They paid fair market value for the spectrum, and they are committed to provide microwave incumbents comparable telecommunication systems in the other spectrum bands identified for this purpose.

We urge you to utilize the ongoing budget reconciliation process to seek legislation which will close the loophole through which the incumbent microwave licensees seek to devalue future spectrum auction revenues and to encourage the FCC to act within their existing mandate wherever possible to stop this abuse.

Very truly yours,

Thomas E. Wheeler



CTIA Clarification to the following calculations of Paul R. Milgrom

(Revised 15 September 1995, Timothy Rich, CTIA)

In his September 1, 1995, Statement, Professor Milgrom describes the costs to consumers resulting from delays in PCS deployment. Milgrom bases his assumptions on CTIA data, which were reprinted in Donaldson, Lufkin & Jenrette's Winter 1994-1995 *The Wireless Communications Industry*. In calculating his "Consumer Surplus Computations" (See pgph. 11), Milgrom uses a \$6.5 billion figure for "annualized industry revenues."

CTIA data actually reveals that, in 1994, the wireless industry realized \$14.23 billion in annual service revenues. Professor Milgrom did not include six-month revenues of \$7.71 billion for the last six months of 1994.

Using the same methodology as Professor Milgrom, CTIA has determined that the A&B block PCS licensees will contribute an annual gain of \$1.423 billion to consumers. This is a revised estimate from the \$650 million estimate made by Professor Milgrom in his following Statement.

Similarly, C block PCS licensees will increase annual consumer surplus by \$284 million, not \$130 million.

CTIA agrees with Professor Milgrom that these are conservative estimates.

STANFORD UNIVERSITY
DEPARTMENT OF ECONOMICS
STANFORD, CALIFORNIA 94305-6072

Paul R. Milgrom
*Shirley and Leonard Ely, Jr. Professor
of Humanities and Sciences*

Phone: (415) 723-3397
Fax: (415) 725-5702

September 1, 1995

To Whom It May Concern:

I have been asked by Pacific Bell to estimate two kinds of losses that the government and consumers may suffer as a result of the current rules governing microwave relocation. The first is the loss of revenue to the Treasury in auctions for the C, D, E, and F-band PCS licenses resulting from the demands by microwave licensees for premium payments before relocating microwave links. Recent demands from microwave incumbents have called for payments of \$1 million per link, compared to an estimated actual relocation cost of \$200,000 for an average link. Such demands directly reduce the value of the PCS licenses to potential buyers. If recent demands are a fair indication of eventual settlements and if premium costs are shared equally among affected PCS providers, the loss of auction revenues would amount to \$1.9 billion. Smaller demands or compromise settlements could halve the cost to about \$900 million.

The second kind of loss is that suffered by consumers as a result of delays in initiating PCS services. The current rules encourage microwave users to utilize threats of delay to increase their bargaining power, since delays are costless to them but costly to the PCS providers. The loss in consumer surplus from delaying the introduction of PCS services on the A and B bands nationwide, conservatively estimated, amounts to \$55 million per month of delay, while the loss of delays in introducing services in the C band amounts to at least \$11 million per month. Under less conservative estimates, the costs could be several times higher than this.

Additional background for these calculations are provided in the attached statement.

Respectfully submitted,


Sincerely yours,

Statement of Paul R. Milgrom

1. My name is Paul R. Milgrom. I am the Shirley and Leonard Ely, Jr. Professor of Humanities and Sciences and Professor of Economics at Stanford University in Stanford, California, 94305.

2. I received an A.B. degree in Mathematics from the University of Michigan and an M.S. in Statistics and a Ph.D. in Business from Stanford University. My academic specialty is microeconomic theory and comparative economic institutions. From 1990-1994, I was coeditor of the *American Economic Review*. I have also served on the editorial boards of several other economics journals. I am the author of more than sixty books and articles and have been the recipient of numerous awards and honors, including Fellowships in the American Academy of Arts and Sciences and the Econometric Society. I have also received Fellowship grants from the John Simon Guggenheim Foundation, the Center for Advanced Study in the Behavioral Sciences, and the Center for Advanced Studies in Jerusalem. My curriculum vitae is attached.

3. I have devoted considerable time and attention to telecommunications issues, especially ones concerning Personal Communications Services (PCS). Since November of 1993, I have filed nine affidavits or statements with the Federal Communications Commission regarding PCS-related matters, including two that were co-authored with my colleague, Stanford Professor Robert Wilson. I acted as an adviser to Pacific Telesis Mobile Services during the recently completed auction #4 of broadband PCS licenses. In 1994, I filed an affidavit in connection with the motion to terminate the MFJ. In 1984, when the MFJ precipitated a restructuring of certain contracts between AT&T and the Southern New England Telephone Company (SNET), I advised SNET about the renegotiation of its contracts.

4. My other experience with regulatory matters is diverse. It includes testimony given to the Federal Energy Regulatory Commission concerning pricing on the Trans-Alaska pipeline, testimony at trial concerning the economics of the insurance contracting, and written testimony concerning environmental regulation filed with the National Oceanographic and Atmospheric Administration (NOAA).

5. I have been asked by Pacific Telesis Mobile Services (PTMS), the high bidder in auction #4 for the B-band licenses covering the Los Angeles and San Francisco MTAs, to comment on the likely costs to consumers and the government resulting from bargaining with microwave licensees whose operations would suffer interference from PCS operations. These costs include reductions in future government auction revenues and probably also include reductions in consumer surplus resulting from delays in the introduction of PCS services

6. Any such calculations necessarily rest on a forecast of the outcome of bargaining between the PCS providers and the microwave licensees. Data about PCS providers willingness to pay and bargaining postures are confidential and unavailable, so I have had to rely on information about the microwave providers initial demands. A second estimation issue arises from the fact that most existing microwave links are vulnerable to interference from more than one PCS frequency. In those situations, my estimate of the revenue impact on future auctions will depend on how the costs of relocating microwave links will be apportioned among the interfering operations. For these calculations, I have assumed that where multiple services would interfere with a link, any payments to microwave licensees are shared equally among interfering service providers.

Summary

7. In my opinion, the losses associated with any delay in beginning PCS services caused by negotiations between point to point microwave users and PCS licensees would be very large. The financial demands of microwave users reduce the attractiveness of PCS licenses yet to be auctioned. If the recent demands made by microwave licensees are representative of bargaining outcomes, losses in government auction revenues from sales of the C, D, E, and F-bands as a result of payments to microwave users would total between \$930 million and \$1.9 billion. Delays in delivering PCS service as a result of protracted bargaining are likewise costly. I measure these costs in terms of the loss of consumer surplus resulting in a one-month delay in the service initiation for all licenses in the A and B bands or in the C band. Using the most conservative estimation procedure, losses in consumer surplus accrue at a rate of \$55 million per month of delay for the A and B-band services, and \$11 million per month for the C-band service. Less conservative, but

rather more likely estimation scenarios entail losses many times higher: \$225 million per month of delay for the A and B-bands and \$35 million per month for the C-band.

Bargaining with Point to Point Microwave Users

8. PCS service rules provide that licensees must relocate microwave links with which their services interfere. There are about 4,500 such links in the U.S., affecting all six PCS bands, of which some 3227 affect the C, D, E and F bands. The rules provide commercial microwave users a 2-year voluntary relocation period followed by a 1-year mandatory relocation period. For public service entities there is a 3-year voluntary period followed by a 2-year mandatory period. Many microwave users are now requesting payments of between \$400,000 and \$800,000 per link above and beyond the provision of comparable facilities to move before the mandatory deadline.

9. The sequential and multilateral nature of these negotiations makes it likely that bargaining will lead to a large amount of lost value for PCS licensees. Fearing that the first settlements will set a precedent for later ones, PCS providers are likely to resist initial demands for extra compensation, while microwave licensees have little or nothing to lose by delaying their relocation. Initial bargaining is therefore likely to be difficult, making costly delays probable.

10. If the rules governing microwave relocation allow the incumbents to extract premiums, bidders for the C, D, E, and F-bands will factor those premiums into their business plans as a cost of initiating service. For example, a company that expects to have to pay premium costs of \$400,000 per link for 100 links to initiate service in some BTA will subtract the \$40,000,000 in premium payments in calculating the value of the license. Its maximum price would be correspondingly reduced. Since it is the maximum price of the bidder with the second highest value that determines the auction price, the net result would be a \$40,000,000 reduction in the price for this individual license. Assuming that the microwave licensee negotiates a premium payment of \$400,000 to \$800,000 per link in addition to the direct relocation costs and that the premium cost for each link is shared equally among the PCS licensees whose services would interfere, and recognizing that 3,227 links interfere with the C, D, E, and F-bands nationwide, I expect that the

total auction prices of the licenses in the C, D, E and F bands would be reduced by \$930 million to \$1.9 billion.¹

Consumer Surplus Computations²

11. The largest cost of any delay in instituting PCS services would be borne by consumers in the wireless industry, for whom access to PCS services would be delayed and who would pay higher prices for cellular services due to the absence of PCS competition. Estimates of the loss of consumer surplus per month from delayed entry depend on assumptions about the nature of competition and the effectiveness of regulation in the industry, as well as on forecasts of demand. However, even the most rough-and-ready estimates show that the cost is very large. Currently, cellular service is provided by what is essentially a duopoly. If the introduction of the PCS A and B-band competitors into the wireless services market led to price reductions of just 10% with no consequent expansion in demand it would still increase consumer surplus by an amount equal to 10% of the existing industry revenues. As of the summer of 1994, annualized industry revenues amounted to approximately \$6.5 billion,³ leading to an estimated gain for consumers of \$650 million per year. Similarly, if entry of the C-band provider led to price reduction of 2%, the estimated gain for consumers would be \$130 million per year.

12. The preceding estimates, however, are probably too low. Because even conservative assumptions about demand can lead to very large estimates of the loss of consumer surplus from delayed entry, I have constructed my estimates using conservative assumptions about demand. First, despite the persistent growth of demand recently experienced and forecast by almost every pundit, I assume that the scale of the wireless market is fixed at the level attained in the summer of 1994. Second, despite estimates which show that demand for wireless services has tended to be quite

¹This calculation uses information supplied by Pacific Bell Mobile Services about which particular PCS bands would interfere with each particular microwave links.

²These calculations incorporate and extend the ones in my statement to the FCC of May, 1995.

³*The Wireless Communications Industry*, Donaldson, Lufkin & Jenrette, Winter 1994-1995.

inelastic, I assume that wireless service demand has unitary elasticity, which is the average elasticity for all products in the economy.⁴ Third, in order to focus on the beneficial effects of competition for consumers, I assume that there is an absence of regulation that either raises or depresses prices. Finally, I assume that the parties have equal costs and engage in Cournot competition, which is a moderate and widely used specification of the intensity of competition among wireless providers.

13. With these assumptions, the eventual effect on consumer surplus of increasing the number of competitors in a market from two to four – the entry of the PCS A and B-band licensees – would be a fifty percent (50%) increase in the volume of wireless calling, a thirty three percent (33%) reduction in the prices of wireless services, and an increase in consumer surplus of approximately \$2.7 billion per year. The entry of a fifth competitor, the C-band licensee, would increase volume by an additional seven percent (7%) and lower prices by an additional six percent (6%) leading to an increase in consumer surplus of approximately of \$420 million per year. Delaying the day when these new entries occur amounts to delaying the time at which consumers first begin enjoying this enormous benefit.

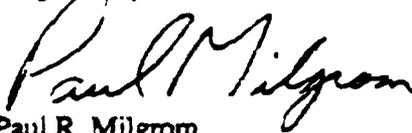
14. The preceding calculation has assumed that the market adjusts immediately to the entry of new competitors and that the size of the market at the time of entry is the same as its current size. More realistically, we would expect a delayed adjustment and a growing market. If, as expected, the rate of growth in the relevant future period exceeds the real rate of interest, then accounting for both of these effects would further increase the consumer surplus estimates.

15. It is most likely that, if the rules remain unchanged, both of the kinds of costs described in this memorandum will be incurred. There will certainly be a loss of auction revenue to the

⁴In an affidavit to the Commission dated September 14, 1994, Professor Jerry Hausman estimated the price-elasticity of demand to be -0.402 with a standard error of .155. As the customer base for wireless services expands, demand may become more elastic. Since more elastic demand leads to lower estimates of the additional consumer surplus from increased competition, I have used such an estimate here.

government amounting to hundreds of millions, or perhaps billions of dollars. In addition, there will probably be a loss of consumer surplus amounting to hundreds of millions of dollars.

Respectfully submitted,


Paul R. Milgrom



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CTIA

Cellular
Telecommunications
Industry Association
1250 Connecticut
Avenue, N.W.
Suite 200
Washington, D.C. 20036
202-785-0081 Telephone
202-331-8112 Fax
202-736-3213 Direct Dial

Thomas E. Wheeler
President / CEO

September 19, 1995

The Honorable Larry Pressler
Chairman, Commerce, Science and Transportation Committee
United States Senate
243 Russell Senate Office Building
Washington, D.C. 20510-4101

Dear Chairman Pressler:

Six months ago the FCC concluded the auction of 99 broadband personal communications services(PCS) licenses to entities which paid the U.S. Treasury \$7.7 billion - the largest auction of public resources in U.S. history.

The spectrum to be utilized by these new wireless services is currently occupied, in part, by microwave licensees who must be relocated before the new services can be deployed. When the FCC adopted rules governing the relocation of these microwave incumbents it was assured of their cooperation in making an orderly transition. In return, the Commission rules provide that all costs of relocation are to be borne by the new licensees. To facilitate the transition, the Commission rules also provide for a 2 year "voluntary" negotiation period during which the parties are to work out the terms and conditions of relocation. If there is no voluntary resolution, then the rules provide for a one year period of involuntary negotiation, with any unresolved disputes referred to the Commission for final disposition.

Congress and the FCC imposed these safeguards to promote timely and efficient deployment of emerging technologies and to ensure that microwave incumbents would be held harmless in the relocation process. Ironically, these same safeguards are now being used by a small, but organized and growing segment of microwave incumbents to leverage windfall profits for themselves to the detriment of the new wireless licensees, consumers and the federal treasury.

While the FCC sought to encourage, and expected, good faith, independent negotiation during the voluntary period, nothing in the FCC order compels negotiation during this time. The FCC did not foresee that enterprising law firms and consultants, through "seminars" and direct solicitation,

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would recruit microwave incumbents to assert a "right" not to negotiate during the voluntary period unless the PCS licensees are willing to pay excessive and unreasonable relocation costs - which exceed actual costs by a factor of 4 or 5 times, and which, of course, have huge legal and consulting commissions built in!

You must be made aware that, left unchallenged, the end result of these tactics will have a direct and significant negative impact on revenue that will be generated for the Treasury from future auctions, decreasing such revenue by up to \$2 billion. The attached study by world-renowned auction expert Paul Milgrom, of Stanford University, documents how the next round of PCS spectrum bidders will factor into their bids the exorbitant relocation costs successfully being extracted from current auction winners, and the impact of delay getting to market. The result, as Professor Milgrom demonstrates, will be the involuntary transfer of billions of dollars from taxpayers to the pockets of microwave profiteers.

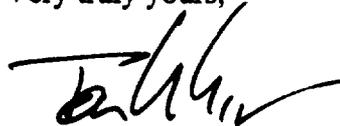
The average American loses - not only as a taxpayer, but also as a consumer - as a result of this outrageous behavior by microwave licensees. The deliberate delay in concluding negotiations by microwave incumbents can only serve to dramatically retard the benefits more wireless competition can bring to consumers.

Much of the leverage that is being inappropriately applied by incumbent microwave licensees and their consultants can be alleviated by timely Congressional action. Simply by reducing the time allotted in the FCC rules for "voluntary" negotiations from two years to one, and requiring that mandatory negotiations employ binding arbitration, will provide ample incentive for all parties to begin negotiating in good faith, as the FCC and Congress intended. It will also remove the FCC from having to act as arbitrator to resolve disputes on appeal, saving significant costs for the federal government and time to market for PCS licensees.

We believe that this is a fair and reasonable solution to this issue. We urge you to adopt, as the House Commerce Committee has done, an appropriate provision to address the issue. In support of this request we have attached the economic study previously cited, as well as factual descriptions of "negotiations" that have been occurring.

Thank you for your consideration. We are available to answer any questions you may have.

Very truly yours,



Thomas E. Wheeler



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CTIA

Cellular
Telecommunications
Industry Association
1250 Connecticut
Avenue, N.W.
Suite 200
Washington, D.C. 20036
202-785-0081 Telephone
202-785-0721 Fax

CTIA Calls on Federal Agencies & Congress To Shut Down "Extortion" By Incumbents Involved in PCS Radio Frequency Relocation

WASHINGTON, D.C.— CTIA, representing the successful bidders in the recent PCS auction, today called upon various Federal Agencies and the Congress to shut down the "extortion" being practiced against them by the incumbent airwave users, mostly city governments and utilities.

"It is clear that, instead of good faith negotiations to relocate as required by law, many microwave incumbents are leveraging off the public trust of their license to profiteer," said CTIA President Thomas E. Wheeler.

In separate communications, CTIA asked three Federal Agencies and the Congress to take specific actions:

- **Federal Communications Commission** – Revoke the licenses of those incumbents who are abusing the FCC's microwave relocation rules.

"The FCC has the capability to rectify this situation now. Title III of the Communications Act provides procedures for the suspension or revocation of radio licenses for violation of FCC rules and procedures. Specifically, sections 303(m)(1)(A) and (E) authorize the FCC to suspend a radio operator's license for violation of Commission rules and procedures. In addition, section 312(a)(4) authorizes the Commission to revoke any license or construction permit for willful or repeated violations of the Communications Act, and section 312(b) permits the FCC to issue cease and desist orders to licensees for, among other things, failure to operate their facilities as set forth in a license or failure to observe the provisions of the Communications Act."

- **Department of Justice** – Open an investigation into potential Sherman Act violations, whereby microwave incumbents are collectively refusing to deal.

"I am advised that a concerted refusal to negotiate, or a joint negotiation by sellers, particularly when undertaken in an effort to raise price, is per se violation of the Sherman Act and could be remedied by the Department of Justice. I know that the Antitrust Division has many important priorities. I believe that investigating and prosecuting outrageous anticompetitive conduct depriving the public of current and future cutting-edge technologies is exactly the type of conduct that should trigger the Antitrust Division's enforcement mandate."

- **Congress** – Adopt into law the language of the House Commerce Committee to reduce the “voluntary” negotiation time of microwave incumbents.

“Much of the leverage that is being inappropriately applied by incumbent microwave licensees and their consultants can be alleviated by timely Congressional action. Simply reducing the time allotted in the FCC rules for “voluntary “ negotiations from two years to one, and requiring that mandatory negotiations employ binding arbitration, will provide ample incentive for all parties to begin negotiating in good faith, as the FCC and Congress intended. It will also remove the FCC from having to act as arbitrator to resolve disputes on appeal, saving significant costs for the federal government and time to market for PCS licensees.”

- **Office of Management & Budget** – Avoid the resulting \$2 Billion shortfall in the upcoming PCS auctions through support of legislation and FCC action.

“The message is urgent. As the attached study by a world renowned expert in auction theory proves, the U.S. Treasury stands to lose two billion dollars, in future Personal Communications Services (PCS) auctions. The value of this spectrum is diminished due to the unforeseen and irresponsible actions of incumbent microwave licensees who are manipulating Federal policy designed to provide for their post - auction relocation. Fortunately, these circumstances can be corrected by appropriate governmental action, which we urge OMB to advocate in the budget reconciliation legislation and at the FCC ”

CTIA, formed in 1984, is the leading national organization of the wireless communications industry, both wireless carriers and manufacturers. The membership of the association has been expanded to cover all Commercial Mobile Radio Service providers, including cellular, personal communications services, enhanced specialized mobile radio, and mobile satellite services.

FOR ADDITIONAL INFORMATION CONTACT: Mike Houghton (202) 736-3207

**For Immediate Release
September 19, 1995**



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CTIA

Cellular
Telecommunications
Industry Association
1250 Connecticut
Avenue, N.W.
Suite 200
Washington, D.C. 20036
202-785-0081 Telephone
202-785-0721 Fax

CTIA Issues Comprehensive List of System Identification (SID) Codes For A & B Block PCS Licenses

WASHINGTON, D.C.— CIBERNET Corporation, a wholly owned subsidiary of CTIA, today distributed a comprehensive list of the System Identification (SID) codes for A and B Block licenses to broadband Personal Communications Services (PCS) carriers. SID codes will be assigned to the C, D, E, and F Block licenses as they are auctioned. Billing Identification (BID) codes are available upon request.

In July, the CTIA subsidiary began administering and assigning these codes, so that new broadband PCS carriers can proceed with crucial negotiations for intercarrier roaming and billing agreements with other wireless telecommunications providers. In addition, CIBERNET has assumed the assignment of equipment manufacturer codes for reference and identification in the Electronic Serial Number and/or International Mobile Equipment Identifier (IMEI) of PCS terminals.

“The first IMEI has been assigned to Ericsson for their GSM digital phones,” CTIA President Thomas E. Wheeler said. “Given CIBERNET’s role as BID code administrator for both cellular and PCS, along with the established CIBER Record publication, the forthcoming CORD, and extensive billing standards activities, CIBERNET is uniquely positioned and qualified to assume these administrative roles for the wireless industry.”

In an letter accompanying the list of A & B Block PCS SID codes, CIBERNET Vice President and Managing Director Eileen Gatens Mercillott explained that CIBERNET currently assigns cellular BID codes, and publishes a list of cellular SID and BID codes as a necessary element of its provision of services to the wireless industry. CIBERNET includes SID codes, BID codes, and cellular equipment manufacturer codes as a part of the CIBER Record, and revisions are released monthly.

- more -

Mercillott said CIBERNET will be introducing the CIBERNET On-line Roaming Database (CORD) that will offer dial-up electronic access to the SID and BID (and other) information for all CMRS systems.

SID, BID and equipment manufacturer codes will also be published in the CIBER Record and in the forthcoming CORD, and are available upon request. PCS' SID, BID and equipment manufacturer code information and assignments are available on the same terms and conditions to all parties, regardless of their membership in CTIA or participation in CIBERNET's other activities.

In addition to supporting Broadband PCS carriers' requirements by administering SID, BID and equipment manufacturer codes, CIBERNET has been actively working with PCS carriers to define billing data exchange requirements.

To this end, CIBERNET hosted an open meeting of interested wireless industry carriers and vendors on August 29, 1995, to discuss billing solutions for roamer services across and among frequencies (1800 MHz and 800 MHz). Carriers who will use GSM, CDMA, and TDMA standards discussed their requirements for exchange of intercarrier billing information. CIBERNET continues to work aggressively with the industry to define, develop, and provide billing standards to support intercarrier billing across and among frequencies.

"To support the interests of carriers internationally, CIBERNET has recently become a member of the International GSM MoU TADIG committee," said Mercillott. (The TADIG committee is responsible for defining roamer billing standards between GSM operators in Europe, Asia, etc.) "CIBERNET's participation is part of a liaison relationship established to promote harmonization between the Eastern and Western Hemisphere, supporting development of solutions that will facilitate and promote global roaming."

CTIA, formed in 1984, is the leading national organization of the wireless communications industry, both wireless carriers and manufacturers. The membership of the association has been expanded to cover all Commercial Mobile Radio Service providers, including cellular, personal communications services, enhanced specialized mobile radio, and mobile satellite services.

FOR ADDITIONAL INFORMATION CONTACT: Mike Houghton (202) 736-3207