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PACIFIC TELESIS
Group-Washington

March 18, 1996

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

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Dear Mr. Caton:

Re: *WT Docket No. 96-18, Revision of Part 22 and Part 90 of the Commission's Rules to Facilitate Future Development of Paging Systems; PP Docket No. 93-253, Implementation of Section 309(j) of the Communications Act – Competitive Bidding*

On behalf of Pacific Bell, please find enclosed an original and six copies of its *"Comments"* in the above proceeding.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions or require additional information concerning this matter.

Sincerely,

Enclosure

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	
Revision of Part 22 and Part 90 of the Commission's Rules to Facilitate Future Development of Paging Systems	WT Docket No. 96-18
Implementation of Section 309(j) of the Communications Act -- Competitive Bidding	PP Docket No. 93-253

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COMMENTS OF PACIFIC BELL

Pacific Bell hereby submits its comments on the rules proposed for the common carrier and private carrier paging services in the above captioned docket.[1]

I. Introduction

The Commission proposes to revise the regulatory schemes for both common carriage and private carrier paging services. By standardizing, simplifying, and streamlining licensing procedures for both services, the Commission intends to encourage an environment that promotes growth and competition in the paging industry. The NPRM also seeks greater

[1] In the Matter of Revision of Part 22 and Part 90 of the Commission's Rules to Facilitate Future Development of Paging Systems, WT Docket No. 96-18; Implementation of Section 309(j) of the Communications Act -- Competitive Bidding, PP Docket No. 93-253.

regulatory symmetry for paging services with other Commercial Mobile Radio Services. To that end, the NPRM proposes to license paging carriers on a wide-area geographic basis in contrast to the current site by site licensing. It also proposes competitive bidding rules for mutually exclusive paging applications.[2]

II. Geographic Licensing Is More Efficient Than Site-By-Site Licensing

The Commission proposes that geographic licensing instead of transmitter-by-transmitter licensing offers substantial benefits, as described by the NPRM.[3] We agree that licensing both common carrier and private carrier systems for geographic areas consisting of Major Trading Areas (MTAs) for ten year terms would offer substantial economic benefit to both the Commission and licensees as well as service benefits to customers. MTAs are a good choice because they appear to best fit the existing paging systems areas. PCS licenses are also awarded for MTA areas. With the same coverage areas, the future integration of paging and PCS services or service providers would be possible.

III. Technical Parity Among Paging Services Is Pro-Competitive

The Commission's tentative proposal to eliminate the height-power limit for 929 MHz and 931 MHz systems is appropriate. Carriers operating on the lower band channels, however, should also be able to operate without height-power limitations.

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[2] On 3/1/96, we commented on the Commission's proposed interim licensing rules to govern new and pending applications and modifications of existing licensees' systems during the consideration of the issues raised by the NPRM.

[3] NPRM, paras. 19, 20.

The Commission correctly concludes that it is more cost-effective for licensees to cover a large area with a high power facility than with numerous smaller facilities.[4] That conclusion also applies to lower band channel systems. Dissimilar height-power limitations for lower band CCP channels would economically and competitively disadvantage lower band paging carriers. The Commission should promote technical parity among paging systems as a means of promoting competition within the paging industry.

IV. Protecting BETRS Is In The Public Interest

Basic Exchange Telephone Radio Systems (BETRS) has performed an important common carrier service function by providing sparsely populated or remote areas with basic telephone service. The Commission's decision to avoid competitive bidding to select between BETRS and Public Mobile applicants is in the public interest. The Commission should also ensure the availability of frequencies to serve areas that would otherwise lack basic telephone service. Existing BETRS services should be protected. Contrary to some opinions, we do not believe that newer mobile technologies, such as PCS, will be widely available in the near future to serve sparsely populated or remote areas. BETRS will continue to play an important role in meeting the universal service goals reiterated by the 1996 Telecommunications Act.[5]

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[4] NPRM, paras. 60, 61.

[5] Telecommunications Act of 1996, Pub. L. No. 104-104 (1996), 110 Stat. 56 (1996), Section 254.

V. The Rules Appropriately Protect Incumbent Licensees

As an incumbent licensee, we endorse the Commission's plan to permit incumbent licensees to continue to operate under site-specific authorizations with full protection from interference.[6] Incumbents have invested considerable resources to develop and provide paging services in their licensed areas; customers have come to rely on and expect continued service. However, we also agree with the Commission that incumbent licensees should not be allowed to expand beyond their existing interfering contours without the consent of the geographic licensee. While we feel the value of most geographic licenses will be limited due to the limited amount of unutilized spectrum available, the value of a license would be reduced without guarantees against encroachment by incumbent licensees. The ability of the incumbent to negotiate with the geographic licensee to expand into new territory is a reasonable alternative to unlimited expansion. An incumbent's ability to expand will then be directly related to the value the incumbent places on expansion.

Incumbents and co-channel licensees in neighboring service areas should be protected from interference by co-channel users.[7] We support the Commission's proposal to define the interference protection rights of incumbents based on the methodology adopted in the Part 22 Rewrite Order. However, it is not necessary to hold licensees to rigid height-power limits to protect incumbents or co-channel licensees. The geographic licensee who will have paid for its license should be able to design its system in the most economical manner, taking into consideration terrain and other factors that affect interference. The only restriction that the

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[6] NPRM, paras. 22, 37-39.

[7] NPRM, para. 46.

Commission should impose is that the geographic licensee must protect the incumbent from interference. The geographic licensee should decide how best to do that without height-power limitations in any frequency band.

VI. Frequencies Should Be Eliminated From Competitive Bidding If Incumbents Satisfy The Buildout Requirement

The coverage requirements proposed by the Commission -- one-third of the population within the licensed geographic area covered within three years of initial license grant and coverage to two-thirds by the end of five years -- are reasonable.[8] In addition, the "substantial service option" ensures that carriers have the flexibility to provide unique service solutions to populations with unique needs without meeting the full 3 and 5 year buildout requirements. The Commission should consider, however, whether it makes any sense to even make a paging channel available for auction where an incumbent already exceeds the buildout requirement. If an incumbent licensee provides coverage to one-third or more of the population, it is unlikely that others will seek a geographic license given the incumbent's headstart. If the incumbent covers two-thirds of the population, no other carrier could meet the coverage requirements. In such cases, the Commission should withdraw the incumbent's frequency from the competitive bidding process. The Commission instead could require the incumbent to pay a nominal fee for a geographic area license coterminous with its site-by-site licenses. The fee could be the threshold bidding amount or the cost of verifying that the incumbent's coverage makes it eligible for this type of streamlined assignment procedures.

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[8] NPRM, para. 41.

The rules proposed for protecting geographic licensees with shared borders are reasonable. Licensees should have the option of providing interference protection either by reducing their signal level or negotiating some other mutually acceptable agreement with those affected.[9]

As a potential geographic licensee for an MTA bordering Mexico, we have direct interest in the Commission's proposals for licensing border areas. The Commission is correct in treating border areas like any other area for licensing purposes. In assessing the desirability (and value) of a border area geographic license, applicants will take into consideration any limitations on operating conditions.[10]

VII. Simultaneous Multiple Round Bidding Provides The Most Information and Bidding Flexibility

The Commission proposes competitive bidding to award the new mutually exclusive geographic licenses.[11] The NPRM requests comment on the preferable auction methodology for common carrier and exclusive private carrier paging licenses.

We agree with the Commission that there is benefit to auctioning a group of interdependent licenses together in simultaneous multiple round auctions. The industry tends toward aggregating frequencies to cover large geographic areas. Simultaneous multiple round auctions will permit participants to develop strategies to put together wide area or regional systems. As the Commission previously recognized, this bidding design generates the most

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[9] NPRM, para. 62.

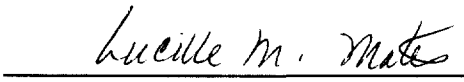
[10] NPRM, para. 64.

[11] NPRM, paras. 71-74.

information about license values during the course of the auction and provides bidders with the most flexibility to pursue backup strategies.[12]

Respectfully submitted,

PACIFIC BELL



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Date: March 18, 1996

[12] Implementation of Section 309(j) of the Communications Act - Competitive Bidding, 9 FCC Rcd 2348 (1994), para. 106.