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PACIFIC TELESIS
Group-Washington

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

December 4, 1996

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
Mail Stop 1170
1919 M Street, N.W., Room 222
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

Dear Mr. Caton:

Re: GN Docket No. 96-228, Amendment of the Commission's Rules to Establish Part 27, the Wireless Communications Service ("WCS")

On behalf of Pacific Telesis Group, 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,

Gina Harrison (JZB)

Enclosures

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

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

In the Matter of	
Amendment of the Commission's Rules to Establish Part 27, the Wireless Communications Service ("WCS")	GN Docket No. 96-228

COMMENTS OF PACIFIC TELESIS GROUP

Pacific Telesis Group ("Pacific") submits our comments pursuant to the Notice of Proposed Rulemaking in the above-captioned proceeding.[1] The Commission proposes to establish a new Wireless Communications Service ("WCS") in the 2305-2320 and 2345-2360 MHz bands. A WCS licensee would be permitted to provide any fixed, mobile, radiolocation service or satellite Digital Audio Radio Services. The NPRM proposes a licensing plan for WCS, the use of competitive bidding and auction procedures, and service and technical rules. Pacific comments on the proposals for service areas and auction procedures.

I. Smaller Licensed Service Areas Will Better Accomplish The Commission's Goals

The Commission requests comment on the appropriate size for WCS licenses. The proposed alternatives are 51 MTA areas, regional areas similar to the five regions adopted

[1] *Amendment of the Commission's Rules to Establish Part 27, the Wireless Communications Service ("WCS")*, GN Docket No. 96-228.

for narrowband PCS, or one nationwide area.[2] We urge the Commission to establish 51 MTA areas.

The Commission previously rejected the concept of nationwide licenses for PCS and should do so here. For PCS, the Commission said, "We conclude that a combination of MTA and BTA service areas would promote the rapid deployment and ubiquitous coverage of PCS and a variety of services and providers."[3] Since the inception of PCS, the Commission has continued to advocate four goals in providing spectrum and a regulatory structure: universality; speed of deployment; diversity of services; and competitive delivery.[4] These goals apply here as well. The same reasons that led the Commission to reject national licensing in the PCS arena also apply here. The proposed WCS is not inherently different from PCS so as to warrant favoring nationwide area licenses now.

There are numerous advantages to establishing MTAs as the appropriate service areas. First, licensees will have significant flexibility in their service offerings because a WCS licensee will be able to use the spectrum for any use permitted within any of the allocation categories of fixed, mobile, radiolocation and broadcasting-satellite services. Smaller service areas will enable implementing the fullest range of services. Second, smaller service areas will encourage participation by a diverse group of service providers. Smaller service areas will

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[2] *NPRM*, para. 10.

[3] *Amendment of the Commission's Rules to Establish New Personal Communications Services,* Gen. Dkt. No. 90-314, *Second Report and Order,* 8 FCC Rcd 7700 (1993) ("Broadband PCS Order"), para. 73.

[4] *Amendment of the Commission's Rules to Establish New Personal Communications Services,* Gen. Dkt. No. 90-314, *Notice of Proposed Rule Making and Tentative Decision,* 7 FCC Rcd 5676 (1992), para. 6.

require lower start up costs reducing a barrier to entry, and consequently present potential opportunities for small entrepreneurs. Numerous service areas will be more likely to stimulate near term economic growth and consequent employment opportunities. Third, with service areas similar to PCS service areas, synergies may benefit consumers. Previous licensees may now have determined that they must expand their existing footprint and fill in service areas to meet their customers' needs; smaller area licenses will assist in achieving this goal. An existing licensee may also opt to expand its footprint by adding up to 30 MHz to its existing license to meet anticipated consumer demand. A nationwide licensing scheme would effectively preclude existing A, B and C block PCS license holders from obtaining spectrum to further develop PCS offerings.

On the other hand, a nationwide service area would limit the number of licensees (and services) and result in less competition. Nationwide licensees will be likely to concentrate on the most populated areas. Less populated areas are more likely to experience slower development to the detriment of the mandate to promote the development and rapid deployment of new technologies, products and services to all Americans.

The Commission's proposal to permit geographic partitioning if initial nationwide WCS service areas were established appears to be intended to overcome its disadvantages (as well as implicitly recognizing the advantages of smaller geographic areas). However, geographic partitioning will not overcome the negative effect on competition. A nationwide licensee is unlikely to grant spectrum to its competitors. Moreover, secondary transactions, such as leasing, can often involve substantial additional cost in time and resources that ultimately raises the price of the offered service.

The advantages of a nationwide license in reducing the need for roaming arrangements and administrative costs do not overcome its competitive disadvantages. Those benefits are minimal when considered against the Commission's overall goals for the development of spectrum and should not be the basis for adopting nationwide service areas. In regards to roaming, the Commission recently extended its rules governing manual roaming to all CMRS licensees competing in the mass market for real time, two-way voice services.[5] Licensees are required to provide manual roaming to any subscriber of any of the covered services who is using a handset that is technically capable of accessing the licensee's system. Even if roaming rules were not in place, the benefits of smaller geographic service areas far outweighs the negligible value of avoiding the need for roaming arrangements. There is no reason to adopt nationwide licenses for WCS.

II. The Commission Should Adopt The Successful PCS Auction Procedures

We endorse the Commission's proposal to use the simultaneous, multiple round, electronic competitive bidding design used in the PCS auctions. The Commission adopted that method after extensive inquiry and public debate. It has worked well for both broadband and narrowband PCS auctions. The statutory deadline to implement the WCS auction dictates that the Commission implement auction rules as soon as possible. Given the success of the PCS auctions in accomplishing the Commission's goals for the PCS spectrum, the Commission should adopt the PCS auction rules for the new WCS. Those rules are in place, tested and

[5] *Interconnection and Resale Obligations Pertaining to Commercial Mobile Radio Service*, CC Dkt. 94-54, *Second Report and Order and Third Notice of Proposed Rulemaking*, released August 15, 1996.

validated, and are known and understood. No serious flaws that should be corrected were discovered in the PCS auctions. Thus, the PCS competitive bidding process should be used without change. The simultaneous, multiple round method is efficient and should be adopted for the WCS.

Respectfully submitted,

PACIFIC TELESIS GROUP

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