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August 5, 1997

William F. Caton
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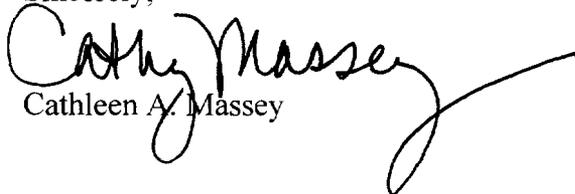
RE: Ex Parte Presentation
WTB Docket No. 96-6

Dear Mr. Caton:

Pursuant to the requirements of Sections 1.1200 et seq. of the Commission's Rules, please place the attached presentation entitled "AT&T's 'Fixed Wireless' Services Should Remain Classified as CMRS" into the record of the above-referenced proceeding.

Should there be any questions regarding this matter, please contact the undersigned.

Sincerely,


Cathleen A. Massey

cc: Rosalind Allen
David Furth
Karen Gulick
Dan Phythyon
Mika Savir

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AT&T'S "FIXED WIRELESS" SERVICES SHOULD REMAIN CLASSIFIED AS CMRS

Background

In February 1997, AT&T announced the development of its new "fixed wireless" service. This technology will enable AT&T, over the next several years, to provide customers with a fully integrated package of fixed and mobile services. By using its PCS spectrum, AT&T now has the ability to provide all the services to homes and small businesses available today from existing local exchange carriers.¹ Because AT&T will soon combine both mobile and fixed wireless services into one integrated system, the Commission should continue to regulate the entire offering as commercial mobile radio services ("CMRS"). It would be virtually impossible for providers or the Commission to isolate the fixed components of an integrated system in order to permit state regulation of local exchange-like services, and such an approach would discourage the efficient development and roll out of this new technology.

Description of Service

The first generation of AT&T's fixed service will be launched in Chicago and will connect customers to the AT&T network via a neighborhood wireless radio link. AT&T will install a "customer radio" to the outside of the home and voice and data will be carried between the radio link and the customer radio on 10 MHz of the 30 MHz PCS system. The radio will connect to the telephone wiring inside the customer's home through a network interface device, and the customer can continue to use conventional telephone equipment operating over the existing inside wiring. As part of this first generation of fixed wireless services, AT&T's mobile PCS customers may purchase a "neighborhood coverage area" plan, which will also allow them to use their PCS handsets as home telephones. Under this option, the handset would continue to communicate directly with AT&T's mobile network, but customers would receive substantially reduced rates when in range of their neighborhood radio link.

In subsequent generations of the fixed wireless service, which should be available within two to four years, AT&T will fully integrate fixed and mobile systems. AT&T will provide customers with a "personal base station" in the home, which will serve much like a base station for today's cordless telephones. The personal base station will create a "residence coverage area" using AT&T's public mobility frequencies, that is linked to the mobility network by fixed wireless.² When a Digital PCS mobility customer comes within range of his or her personal base station, the handset will register on the personal base and the personal base will communicate, via fixed wireless facilities, with the public mobile switching center ("MSC"). The MSC will be

¹ The attached brochure provides additional details of AT&T's fixed wireless service.

² In the home, the handset will use the "public spectrum" (cellular or PCS frequencies, depending on the license held by AT&T in the particular market) to communicate with the personal base station. Messages will travel to the customer radio via inside wiring, and then the call will be conveyed via 10 MHz of PCS "fixed spectrum" to the radio link.

told to forward all incoming wireless calls to the customer's home telephone number, over the fixed wireless link, and the customer can take those calls on either the PCS handset or the conventional telephone. AT&T will also know to bill the customer at local telephone rates instead of the usage-based rates of the mobile system.

An option being explored for the personal base station is to incorporate these capabilities into AT&T's fixed wireless customer radio on the outside of the customer's home. That is, the electronics and radio system of the personal base station would be included as part of the fixed wireless assembly, removing the need for a cordless-type base inside the customer's home. The system would work as described above, but the tighter integration of fixed and mobile equipment in a single unit would provide higher quality service and enhanced features.

While the personal base station concept has not been tested in a commercial environment yet, it is apparent that integration of AT&T's mobile and fixed systems will provide customers with countless new services and features. AT&T anticipates, for example, that seamless handoff between the personal base station and the public mobile system can be accomplished when a call has been initiated at home and the subscriber moves out of range of the personal base. In addition, customers will be able to choose integrated features, such as one voice mail system, instead of relying on separate systems for the home and mobile phone.

AT&T's "Fixed" Wireless Service Should Remain Classified as CMRS

Because these fixed wireless services will be offered over CMRS spectrum as an integral part of the mobile services provided by the licensee, they should be treated as CMRS. To do otherwise would put providers in the difficult position of trying to separate the fixed from the mobile components of their systems and then to determine which calls carried over the fixed system constitute intrastate communications. When calls are initiated on the fixed system and completed via seamless handoff on the mobile system, this exercise would often prove futile. As Congress and the Commission have recognized, the inherent mobility of wireless systems, combined with the multistate license areas granted to PCS licensees, make it virtually impossible to identify whether customers are interstate or intrastate users of a network.³

The Commission should adopt a forward-looking regulatory policy that encourages the rapid deployment of the seamless fixed/mobility service described above. More than likely, AT&T's integrated service, when actually launched, will differ somewhat from the service envisioned now. In addition, the service will undoubtedly evolve over time after it has been introduced. Locking in a carrier's regulatory classification based upon the particular mix of services it is offering at a particular point in time would unnecessarily sacrifice the efficiency inherent in AT&T's integrated wireless system. If the Commission were to choose to cede jurisdiction over the fixed systems to the states for this interim period of only a few years, it would create significant regulatory uncertainty and impose additional burdens on providers that would deter them from developing the new technology needed to provide the next generations of

³ See H.R. Rep. No. 103-111, at 260 (1993).

these services. It would, moreover, be very difficult for the Commission to reassert jurisdiction over the integrated systems when they are established.

To avoid these undesirable results, the Commission should, at a minimum, treat fixed wireless services as CMRS until "such service is a replacement for land line telephone service for a substantial portion of the telephone land line exchange service within such State." 47 U.S.C. § 332(c). This approach would address congressional concerns that CMRS operators be given a chance to establish a competitive foothold before they are regulated as local exchange carriers and would be consistent with Congress's intent to foster the development of CMRS as a viable competitor to landline local exchange services. In addition, it would reflect the substantial mobility component of the integrated service and the fact that it is extremely difficult to determine, for state regulatory purposes, where a call begins and ends on a wireless system.⁴ Even if fixed wireless remains classified as CMRS, states retain the ability to petition for rate regulatory authority if they can satisfy the statutory prerequisites for the grant of such authority under section 332(c)(3).

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⁴ Licensees in services that currently fall outside the definition of CMRS, such as LMDS and 38 GHz microwave, could conceivably offer a similar mix of fixed and mobile services that are interconnected with the public switched network. Such an offering would arguably qualify as "commercial mobile service" under Section 332(d), for the reasons set forth above. In addition, the Commission could use its forbearance authority under section 10 of the Communications Act to ensure that the regulation of integrated offerings by these licensees is on par with the regulation imposed on other CMRS providers.