

EX PARTE OR LATE FILED



Building The  
Wireless Future™

May 26, 1998

**CTIA**

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Washington, D.C. 20036  
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Ms. Magalie Salas  
Secretary  
Federal Communications Commission  
1919 M Street, N.W., 2nd Floor  
Washington, DC 20554

RECEIVED

MAY 26 1998

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, DC 20554

**Re: Ex Parte Presentation**  
**CC Docket No. 94-102 (E9-1-1/Strongest Signal)**  
**CC Docket No. 95-116 (Number Portability)**  
**CC Docket No. 96-45 (Universal Service)**  
**CC Docket No. 96-115 (CPNI)**  
**WT Docket No. 97-207 (Calling Party Pays)**

**Andrea D. Williams**  
Assistant General  
Counsel

Dear Ms. Salas:

On Tuesday, May 26, 1998, the Cellular Telecommunications Industry Association ("CTIA") represented by Brian Fontes, Senior Vice President, Policy and Administration; Randall Coleman, Vice President, Regulatory Policy and Law; Andrea Williams, Assistant General Counsel; and Robert Roche, Assistant Vice President, Policy and Research, met with Steve Weingarten, Chief, Commercial Wireless Division, and Dorothy Connelly, Deputy Chief, Commercial Wireless Division, to discuss the state of competition in the wireless telecommunications industry. The parties also referenced CTIA's positions as expressed in previously filed pleadings in the aforementioned proceedings. CTIA also provided the attached document at the meeting.

Pursuant to Section 1.1206 of the Commission's Rules, an original and one copy of this letter and its attachments are being filed with your office. If you have any questions concerning this submission, please contact the undersigned.

Sincerely,

*Andrea D. Williams*  
Andrea D. Williams  
Assistant General Counsel

Attachment

No. of Copies rec'd 0+1  
List A B C D E



## **Background on CTIA's Semi-Annual Data Survey**

CTIA's Semi-annual data survey develops industry-wide information drawn from operational member and non-member wireless service providers. It has been conducted since January 1985, originally as a cellular-only survey instrument, and has recently been designated as a survey instrument to include the new wireless service providers -- PCS and ESMR providers. No break-out of results specific to PCS or ESMR is performed at this time.

The information solicited from the service providers include: cumulative capital investment, direct employment, number of cell sites, total service revenues, roaming revenues as a subset of total service revenues, the average local monthly bill, and the average length of call. The average local monthly bill is developed on a weighted basis, to avoid skewing the figures. It is not an average of averages. No adjustments are made to these figures.

The CTIA survey also develops information on the number of reported wireless service subscribers for the responding systems, and an estimated total subscriber figure (taking into account non-responding systems). Because the CTIA survey is a voluntary survey, it cannot compel responses from wireless carriers. However, the survey has an excellent response rate. For the December 31, 1997, installment of the semi-annual survey, CTIA received responses from 2,017 of the 2,228 systems operating in the United States, a 90 percent response rate.

Because not all systems do respond, CTIA develops an estimate of total subscribership. The estimated subscriber figure is developed by determining the identity and character of non-responding markets (*i.e.*, RSA/MSA or equivalent-market designation, age of system, market population), and using a surrogate penetration rate applicable to similar, known systems to derive probable subscribership. These numbers are then summed with the reported subscriber numbers to reach the total estimated subscriber figures.

No carrier-specific or market-specific information is maintained as a result of the survey. All such information is aggregated by an independent accounting firm to a nationwide level. The underlying source material for the survey is then destroyed per confidentiality agreements.

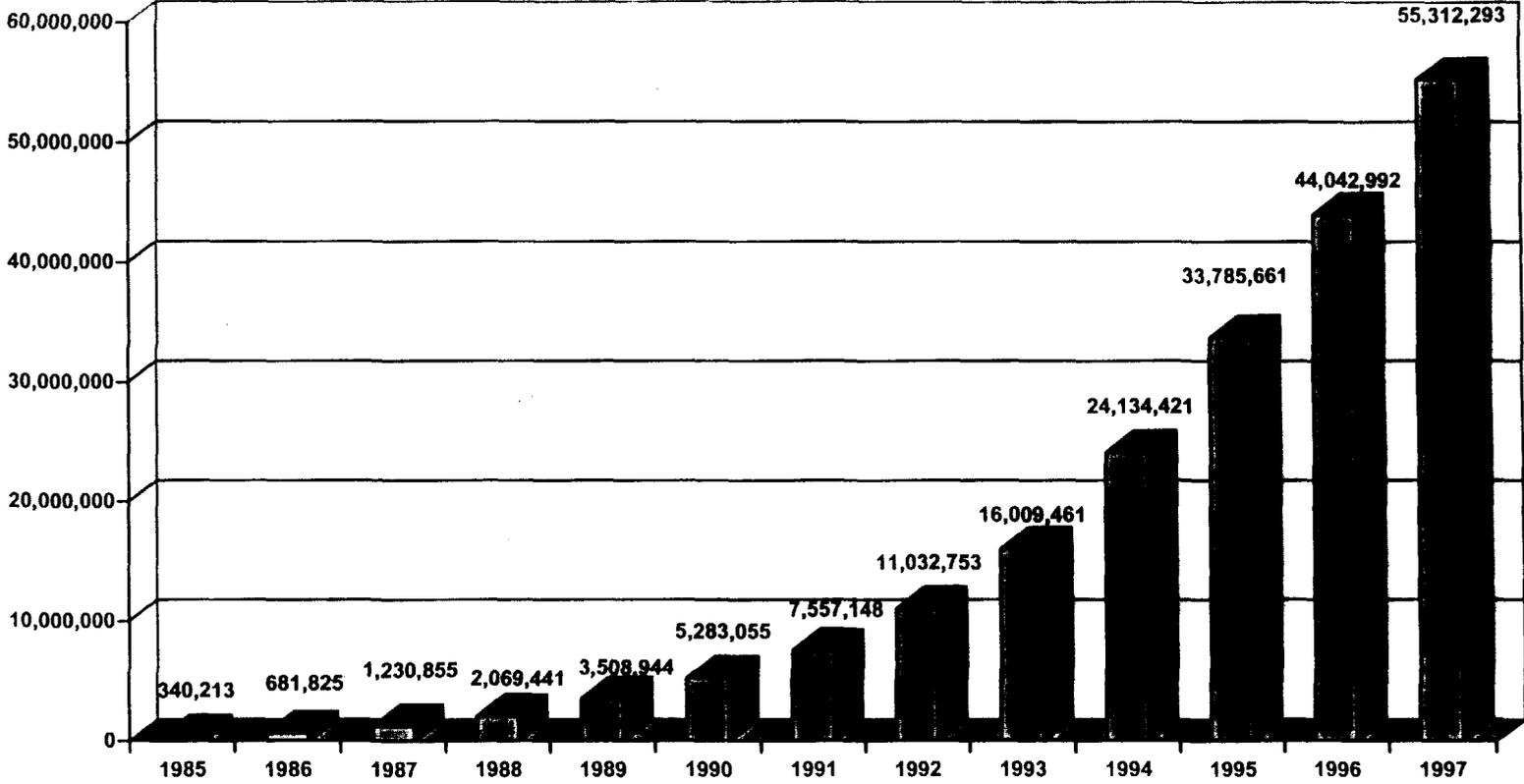
**THE CELLULAR TELECOMMUNICATIONS INDUSTRY ASSOCIATION'S  
ANNUALIZED WIRELESS INDUSTRY DATA SURVEY RESULTS**

**December 1985 to December 1997**

**Reflecting Domestic U.S. Commercially-Operational Cellular, ESMR and PCS Providers**

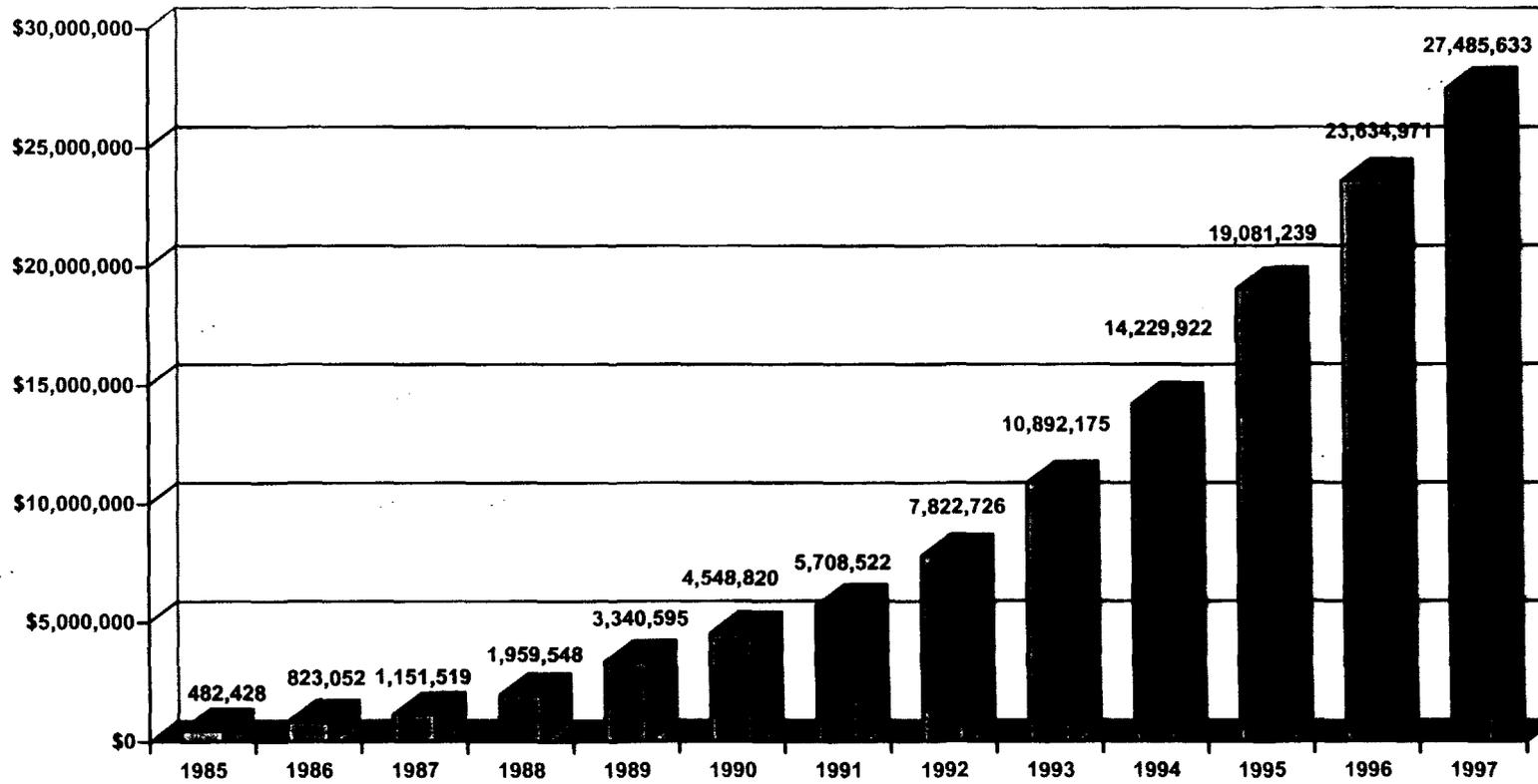
<b>Date</b>	<b>Estimated Total Subscribers</b>	<b>Annualized Total Service Revenues (in 000s)</b>	<b>Annualized Roamer Revenues (in 000s)</b>	<b>Cell Sites</b>	<b>Direct Service Provider Employees</b>	<b>Cumulative Capital Investment (in 000s)</b>	<b>Average Local Monthly Bill</b>	<b>Average Local Call Length</b>
1985	340,213	482,428	N/a	913	2,727	911,167	N/a	N/a
1986	681,825	823,052	N/a	1,531	4,334	1,436,753	N/a	N/a
1987	1,230,855	1,151,519	N/a	2,305	7,147	2,234,635	\$96.83	2.33
1988	2,069,441	1,959,548	N/a	3,209	11,400	3,274,105	\$98.02	2.26
1989	3,508,944	3,340,595	294,567	4,169	15,927	4,480,142	\$89.30	2.48
1990	5,283,055	4,548,820	456,010	5,616	21,382	6,281,596	\$80.90	2.20
1991	7,557,148	5,708,522	703,681	7,847	26,327	8,671,544	\$72.74	2.38
1992	11,032,753	7,822,726	973,871	10,307	34,348	11,262,070	\$68.68	2.58
1993	16,009,461	10,892,175	1,361,613	12,805	39,775	13,956,366	\$61.48	2.41
1994	24,134,421	14,229,922	1,830,782	17,920	53,902	18,938,678	\$56.21	2.24
1995	33,785,661	19,081,239	2,542,570	22,663	68,165	24,080,467	\$51.00	2.15
1996	44,042,992	23,634,971	2,780,936	30,045	84,161	32,573,522	\$47.70	2.32
1997	55,312,293	27,485,633	2,974,205	51,600	109,387	46,057,910	\$42.78	2.31

# Wireless Subscribership: December 1985 - December 1997



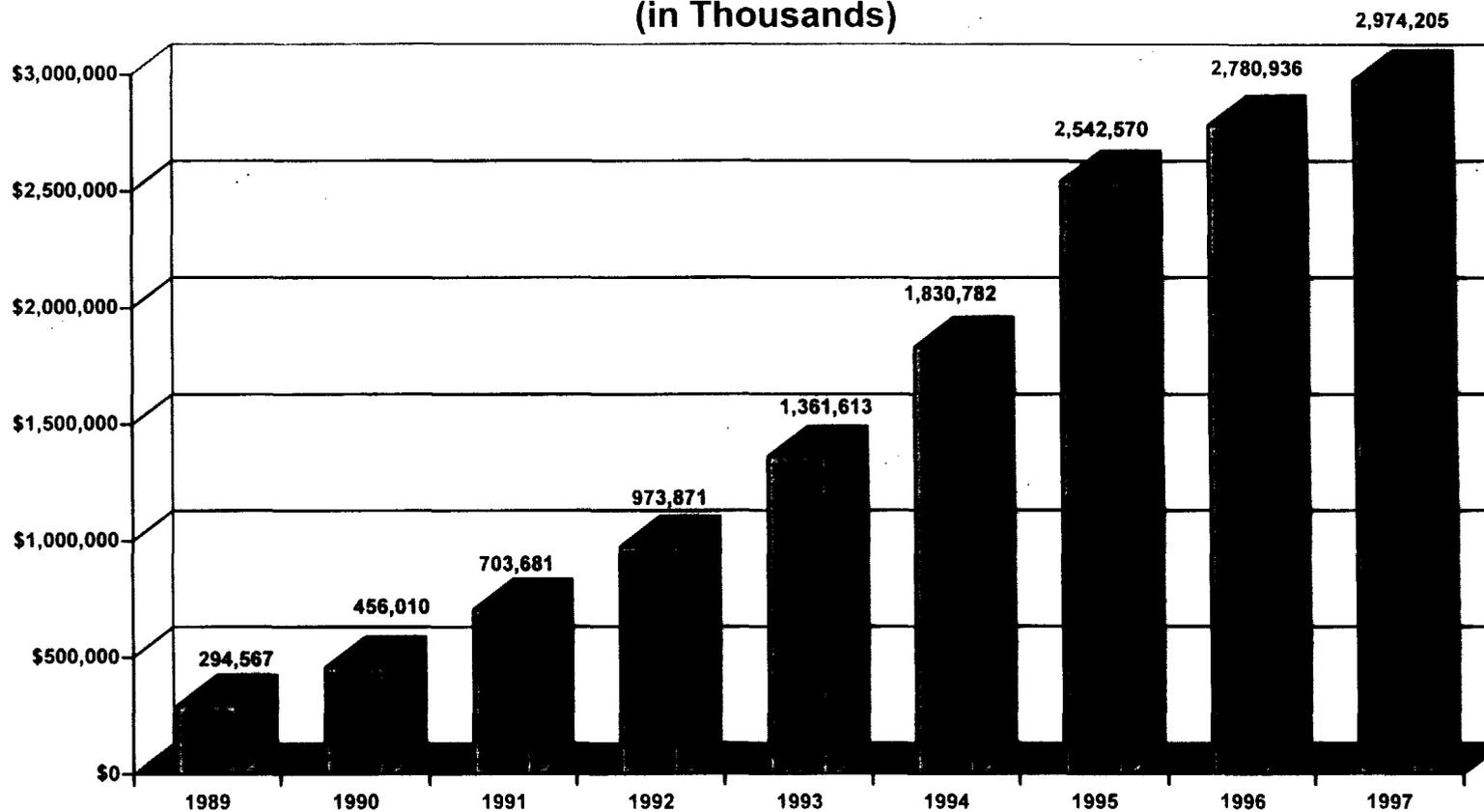
Source: CTIA

### Annualized Revenues: December 1985 - December 1997 (in Thousands)



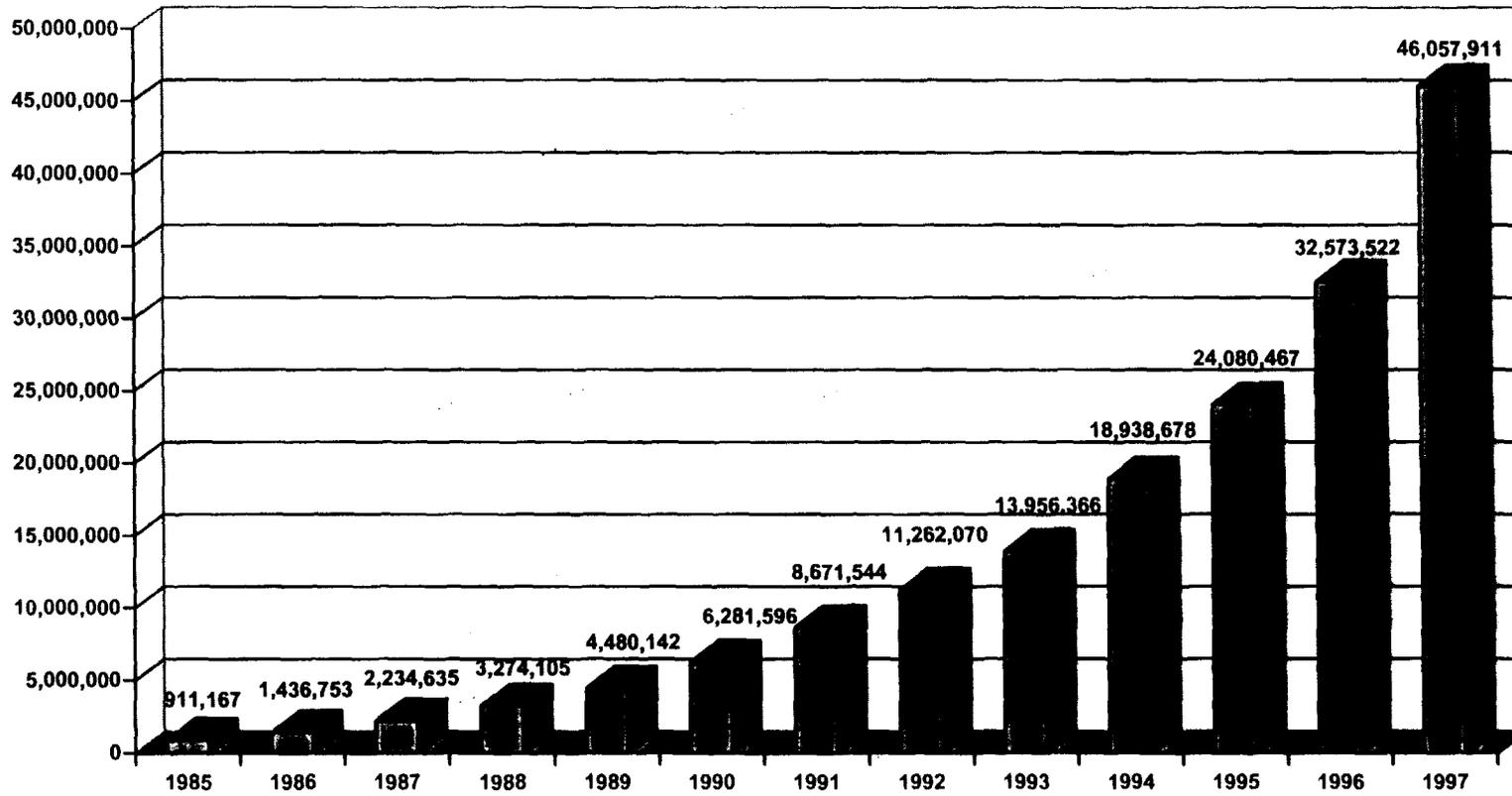
Source: CTIA

**Annualized Roamer Revenues: December 1985 - December 1997**  
**(in Thousands)**



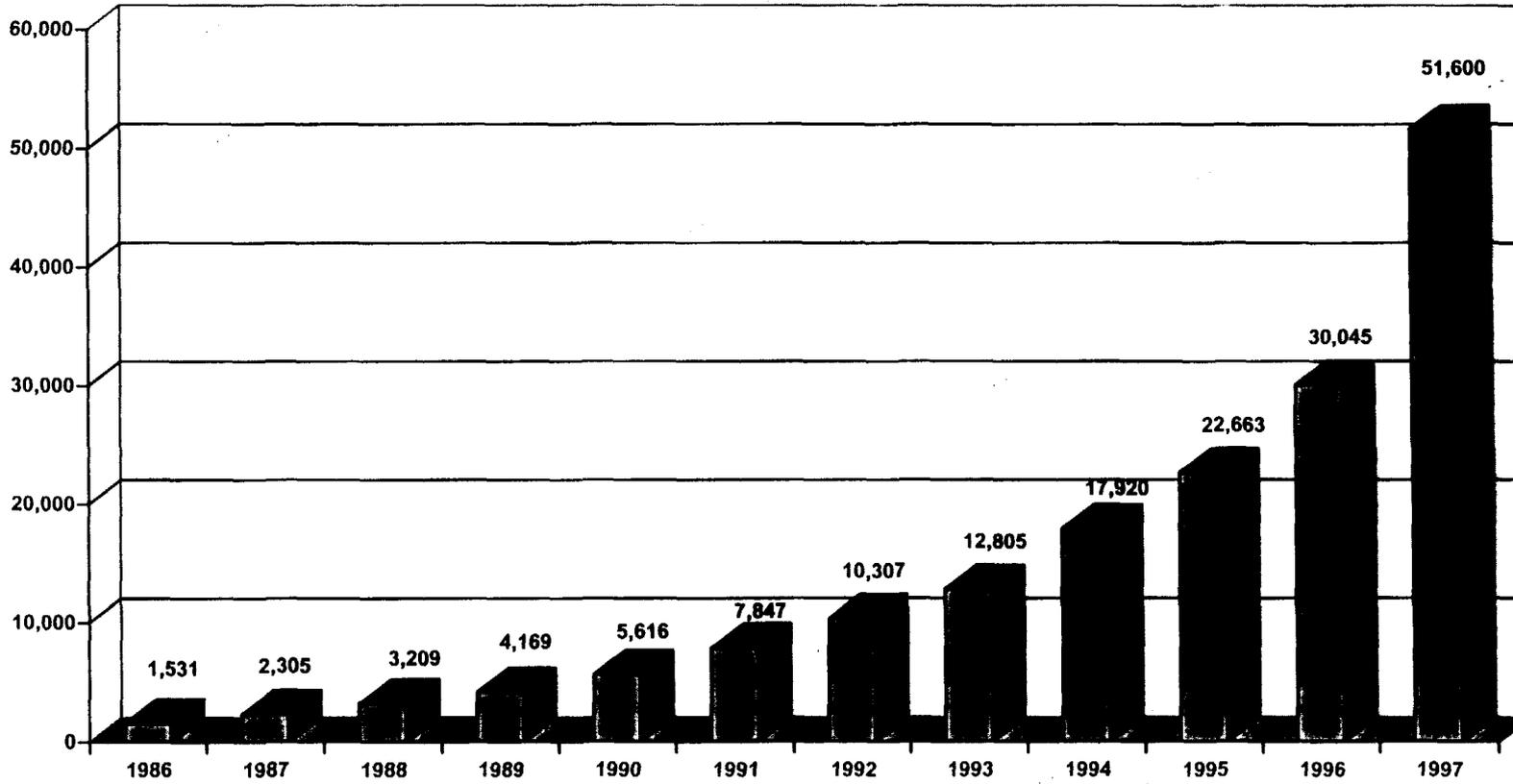
Source: CTIA

### Cumulative Capital Investment: December 1985 - December 1997 (in Thousands)



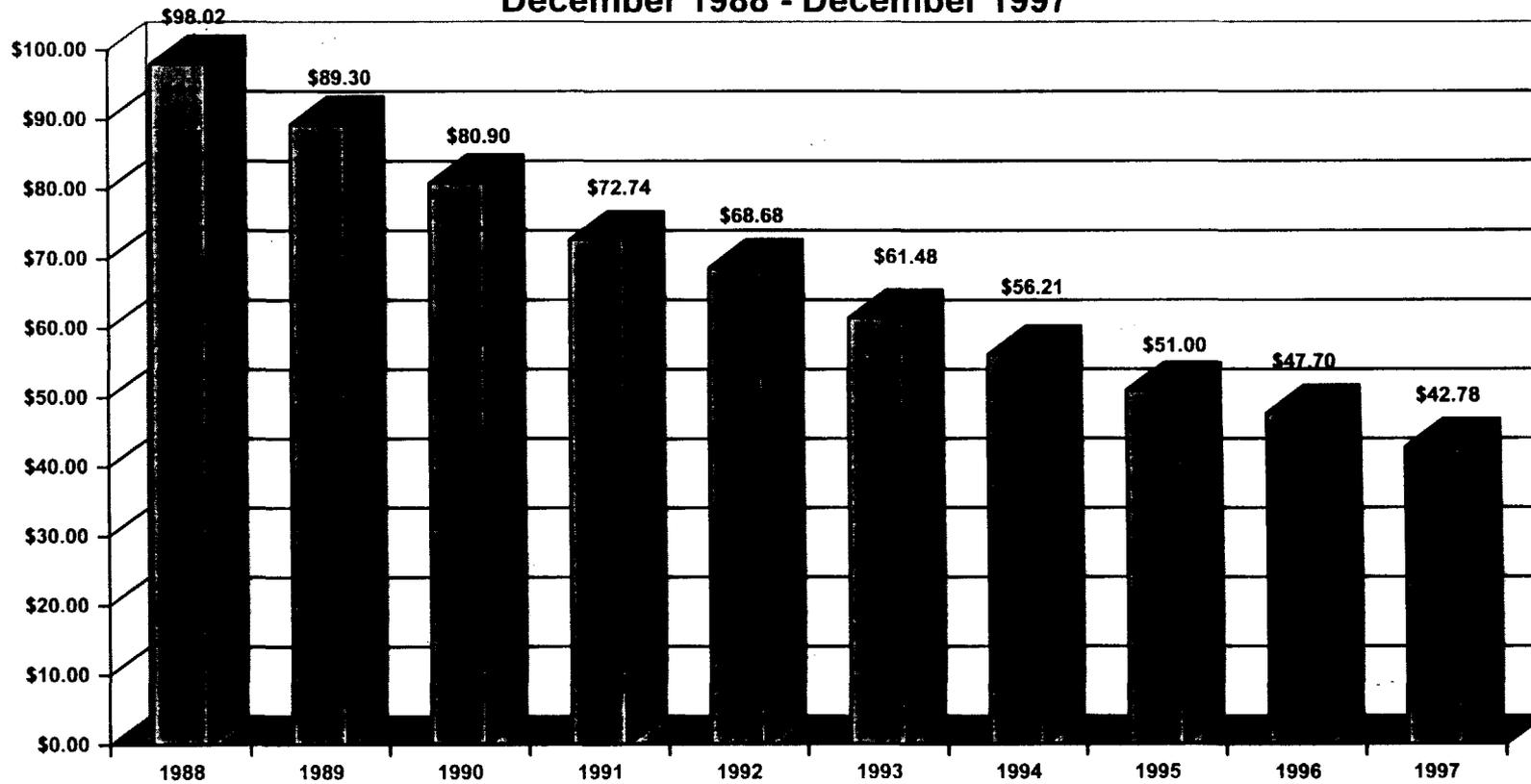
Source: CTIA

### Cell Sites in Commercial Use: December 1986 - December 1997



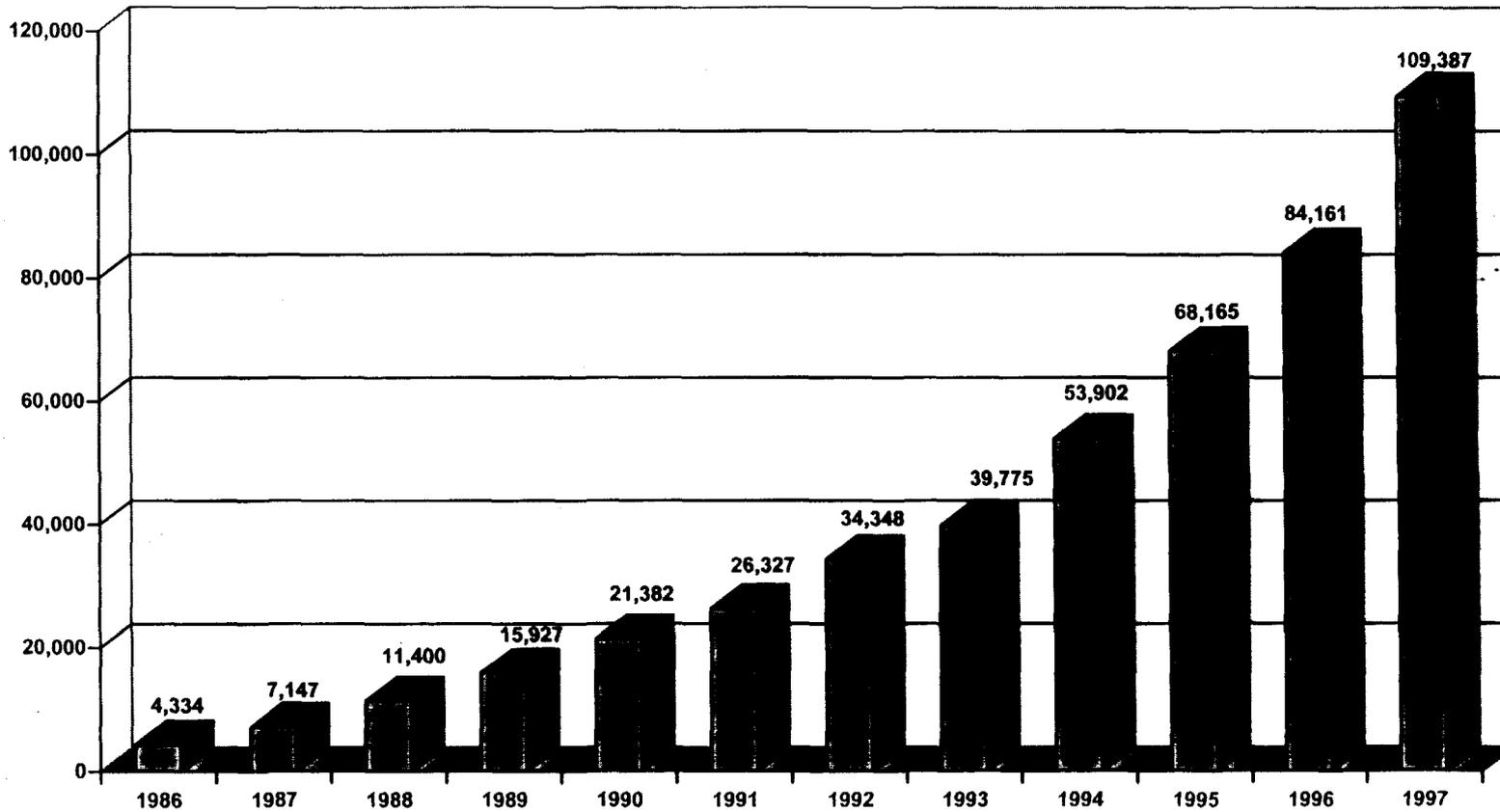
Source: CTIA

### Average Local Monthly Bill: December 1988 - December 1997



Source: CTIA

### Direct Employment by Wireless Service Providers: December 1986 - December 1997



Source: CTIA

# THE EVOLVING WIRELESS MARKETPLACE

FEBRUARY 1998

PETER D. HART RESEARCH ASSOCIATES  
1724 CONNECTICUT AVENUE, NW  
WASHINGTON, DC 20009

## METHODOLOGY

*Between January 17 and 20, 1998, Peter D. Hart Research Associates conducted a nationwide telephone survey among a representative sample of 1,004 wireless users. The survey is both an update of trend questions covered in the 1996 and 1997 wireless surveys, and an exploration of new topics and subject areas. The margin of error for the survey is  $\pm 3.2\%$ .*

## HIGHLIGHTS AND KEY FINDINGS



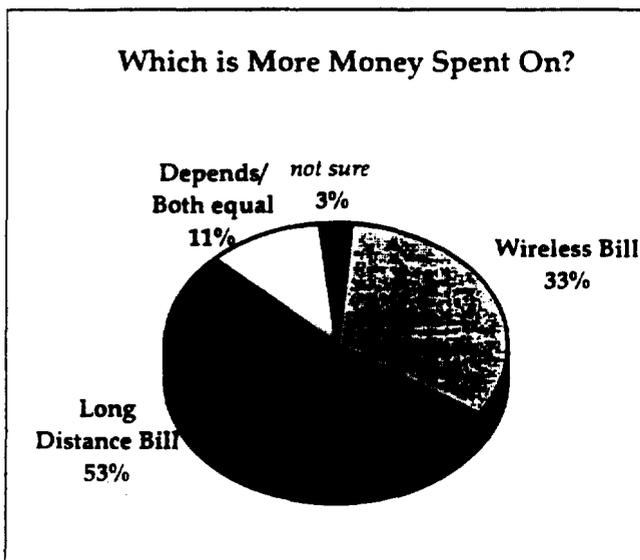
**THE EXPANSION OF WIRELESS PHONE USE TO ALL SEGMENTS OF SOCIETY HAS CREATED A MARKET THAT DEMOGRAPHICALLY RESEMBLES THE AMERICAN POPULATION.** Wireless phones are no longer a product available to and used by only an elite, wealthy, and highly educated segment of the population. Today, the wireless phone market looks very much like a cross section of America—men and women, young and old, professionals and blue collar workers, high school and college graduates, and members of both lower and upper income households. As was the case with all the preceding technologies (microwaves, VCRs, and computers) that have penetrated the American marketplace, the cost of owning a wireless phone has become affordable and matches up with people's desire to own.

The following table compares some basic demographic characteristics of the wireless market to those of all American adults found in our January 1998 NBC/*Wall Street Journal* survey. These two samples of the population are largely parallel in terms of age, education, and income. There is a more marked difference by occupation, however, as wireless users are less likely to be retired, and more likely to be professionals and managers, than are Americans overall.

## WIRELESS USERS COMPARED TO AMERICAN ADULTS

	Wireless Users %	All Adults %
<b>Sex</b>		
Men	45	47
Women	55	53
<b>Age</b>		
18-34	31	29
35-44	27	23
45-59	26	25
60 and over	15	22
<b>Income</b>		
Under \$30K	16	25
\$30K-\$50K	27	25
\$50K-75K	19	18
Over \$75K	16	16
<b>Occupation</b>		
Professionals/managers	36	23
White collar/sales workers	20	20
Blue collar workers	22	19
Retirees	11	20
<b>Education</b>		
High school or less	33	37
Some college/vocational	33	28
College degree or more	33	34

An indication of the mass appeal and use of wireless phones is the fact that fully one-third of consumers report that they spend *more* money on their wireless phone service bill than



they do on their long distance telephone bill. Given Americans' reliance on long distance service, this is an impressive result for the relatively young wireless industry. Younger users are more likely to spend more on wireless service than are older users, but business users are the biggest spenders on wireless service. In fact, a larger proportion of business users pay more for their wireless service (46%) than they do for their long distance service (39%).

**Peter D. Hart Research Associates**

# **The Wireless Market 1998**

**1,004 wireless users  
January 17-20, 1998**

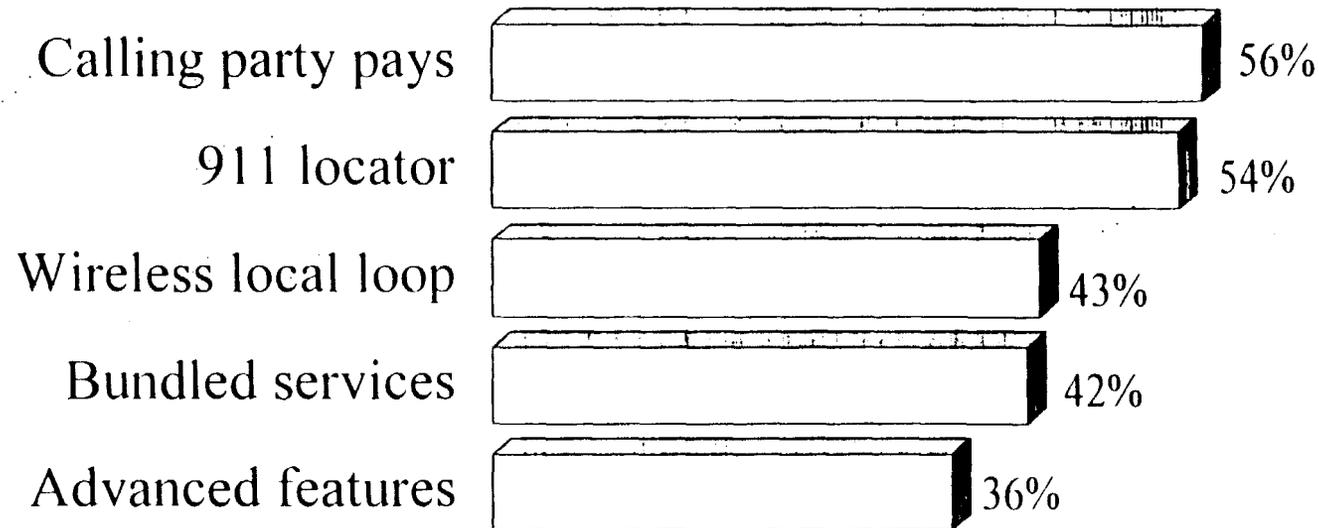
# Profile Of Wireless Users

## *Consumer Patterns*

	<u>1998</u>	<u>1997</u>
<b>Business users</b>	<b>21%</b>	<b>25%</b>
<b>Personal users</b>	<b>61%</b>	<b>58%</b>
<b>Spend \$25 or less/month</b>	<b>31%</b>	<b>22%</b>
<b>Spend \$26 - \$50/month</b>	<b>35%</b>	<b>36%</b>
<b>Spend over \$50/month</b>	<b>27%</b>	<b>35%</b>

# Wireless Innovations

*(% who say they have a great deal of interest in each)*



→ 44% of users with multiple phone lines in their home have a great deal of interest in switching their second line to wireless use.

**Excerpt from FCC Table of BLS Data re Household Telephone Expenditures**

Year	Annual Expenditures (Average for All Households)		Monthly Expenditures (Households with Telephone Service)		
	Telephone Expenditures	% of Total Expenditures	Basic Local Service Charge *	Toll & Other Telephone Expenditures **	Total Telephone Expenditures
1992	623	2.1	18.70	37	55
1993	658	2.1	18.94	39	58
1994	690	2.2	19.07	42	61
1995	708	2.2	19.49	42	62

\*Monthly service charges for unlimited local service, taxes, and subscriber line charges.

\*\*Calculated as total monthly bill minus the cost of basic local service. Figures may not add due to rounding. The "Toll and Other" category is primarily toll, but also includes charges for equipment, additional access lines, connection, touch-tone, call waiting, 900 service, directory listings, etc.

Source: *Trends in Telephone Service*, February 1998, Table 4.1

**Selected LEC Local Network Services Revenues and Per Line Equivalents  
(Total switched and special access lines)**

	Selected LEC Local Network Service Revenues (in 000s)	Average LEC Access Lines per FCC Reports	Average Revenue Per Access Line	
			Annual	Monthly
1992	\$39,546,947	138,521,914	\$285.49	\$23.79
1993	\$41,282,170	144,659,394	\$285.38	\$23.78
1994	\$42,742,644	153,092,883	\$279.19	\$23.66
1995	\$45,566,983	161,593,373	\$281.99	\$23.99
1996	\$48,849,873	171,949,218	\$284.10	\$23.68
1997	\$51,499,978+	183,346,133+	\$280.89	\$23.41

+Estimated growth, per four-year average.

CTIA  
STAMP & RETURN



Building The  
Wireless Future

## CTIA

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December 12, 1997

Ms. Magalie R. Salas  
Secretary  
Federal Communications Commission  
1919 M Street, NW  
Room 222  
Washington DC 20554

Re: *Ex Parte Presentation*  
CC Docket No. 96-45 (Universal Service)  
CC Docket No. 94-102 (E9-1-1)  
WT Docket No. 97-197 and RM 8577 (Antenna Siting)

Dear Ms. Salas:

On Monday, December 8, 1997, Brian Fontes, Senior Vice President, Policy & Administration, Cellular Telecommunications Industry Association, ("CTIA") and Arnold Pohs, Chairman, President & CEO, CommNet Cellular, Inc. and Chairman, CTIA Board of Directors, representing CTIA, met with Commissioner Harold Furchtgott-Roth and Paul Misener concerning the referenced rulemakings and related proceedings. Attached are documents that CTIA provided at the meeting.

Pursuant to Section 1.1206 of the Commission's Rules, an original and one copy of this letter and attachments are being filed with your office. If you have any questions concerning this submission, please contact the undersigned.

Sincerely,

  
Cleveland Lawrence III





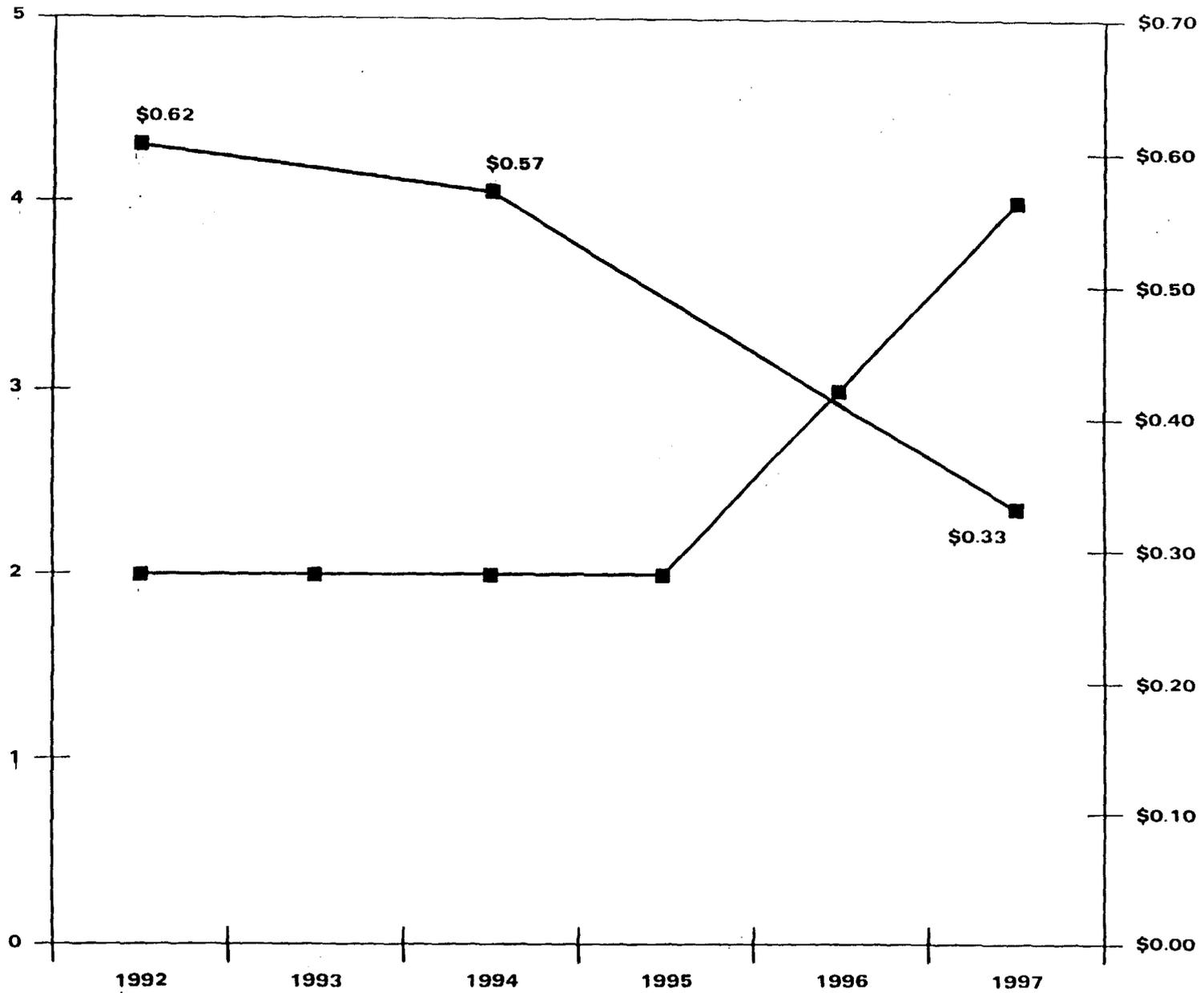
## **THE COMPETITIVE WIRELESS MARKETPLACE DELIVERS CONSUMER BENEFITS**

- More than 400 wireless companies operate in the U.S. today
- Almost 100,000 direct employees, and more than 800,000 wireless-related jobs
- More than 52 million subscribers, and annual subscriber growth of 10.5 million
- More than \$37.5 billion in cumulative capital investment
- \$25.6 billion in service revenues from June 1996 to June 1997
- PCS competition with cellular is driving per minute prices down by 6 percent or more annually
- New wireless competition has:
  - fostered increasing competition between wireless carriers,
  - multiplied consumers' service and technology options, and
  - lowered rates

Number of Carriers

## The Benefits of Competition: Lower Wireless Rates

16 Market Average Prices



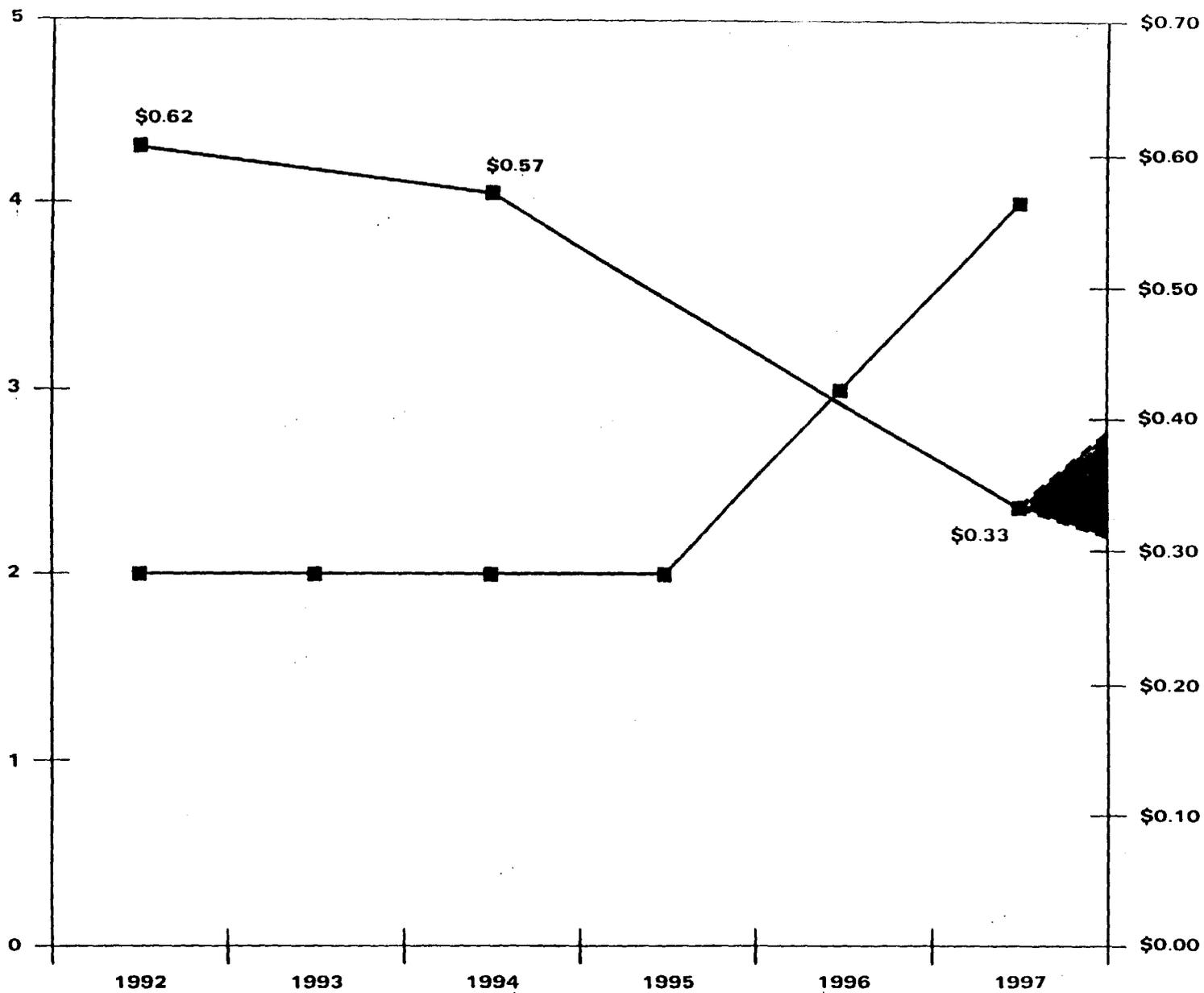
Source: Paul Kagen Associates; Robinson-Humphrey Co., L.L.C.; CTIA phone interviews.

\* Effective Per Minute Rate for 100 MOUs 1992-1997

Number of Carriers

# The Cost of Universal Service: Higher Consumer Prices

16 Market Average Prices



Source: Paul Kagan Associates; Robinson-Humphrey Co., L.L.C.; CTIA phone interviews.

\* Effective Per Minute Rate for 100 MOUs 1992-1997



## The Shell Game

More than 18% of this consumer's current bill is government charges.

### Sample Maryland Bill

Service Fee	\$14.99
Airtime Charges (used 17 free minutes)	0.00
Landline Interconnection Charges	0.50
Federal Excise Tax (3%)	0.50
State and Local Tax	0.83
Montgomery County Telephone Surcharge	0.93
Maryland 911 Surcharge	0.10
Montgomery County 911 Surcharge	0.50

<b>Total Service-Related Charges</b>	<b>\$15.49</b>
<b>Total current tax bill</b>	<b>\$2.86</b>

**Government-mandated surcharges and fees  
already increase this consumer's bill by 18.46%.**

### New Taxes

Federal Universal Service – High Cost/Low Income Fund (3.32% - the real effective contribution rate)	0.51
Federal Universal Service – Schools, Libraries and Rural Health Care Fund (0.9% - the real effective contribution rate)	0.14
State Universal Service Surcharge – estimated per the FCC's Universal Service Report and Order at 3 x the Federal rate (FCC 97-157 at para. 835)	\$1.95

<b>Total attributable to new taxes</b>	<b>\$2.60</b>
<b>Total Taxes</b>	<b>\$5.46</b>

**New taxes almost double consumer's taxes – taxes increase 90.9 %**

# ACCOUNT SUMMARY

PAGE 1

CUSTOMER ACCOUNT NO: [REDACTED]  
MOBILE TELEPHONE NO: 301-[REDACTED]

INVOICE NO: [REDACTED]  
INVOICE DATE: NOVEMBER 10, 1997

**JUST A REMINDER... AS NOTED BELOW, OUR RECORDS INDICATE YOUR ACCOUNT IS NOW PAST DUE. IF PAYMENT HAS BEEN MAILED, PLEASE DISREGARD THIS NOTICE.**

**FOR BILLING INQUIRIES PLEASE CALL CUSTOMER SERVICE AT 1-800-922-0204 OR \*BAM**

PREVIOUS BALANCE	22.88	
PAYMENT	0.00	
ADJUSTMENTS TO PRIOR INVOICE	0.00	
PAST DUE - INCLUDES PAYMENTS THRU 11/10/97		22.88
SERVICE FEE	14.99	
EQUIPMENT CHARGES	0.00	
ENHANCED SERVICES AND BELL ATLANTIC® 10® SERVICES	0.00	
ADDITIONAL CHARGES AND CREDITS	0.00	
AIRTIME CHARGES	0.00	
LANDLINE CHARGES	0.50	
ROAMER AIRTIME CHARGES	0.00	
ROAMER LANDLINE CHARGES	0.00	
FEDERAL EXCISE TAX	0.50	
STATE AND LOCAL TAX	0.83	
OTHER FEES AND SURCHARGES	1.53	
TOTAL CURRENT CHARGES FOR ACCOUNT 00001		18.35
TOTAL AMOUNT DUE UPON RECEIPT		\$41.23

PLEASE SEE REVERSE SIDE FOR BILL EXPLANATION

PLEASE DETACH AND RETURN BOTTOM PORTION WITH YOUR CHECK. DO NOT STAPLE

**BILL EXPLANATION - FOR BILLING INQUIRIES CALL 1-800-922-0204 OR \*BAM FROM YOUR CELLULAR PHONE.**

Previous Balance, Payments and Adjustments reflect your account activity for the previous month.

Service Fee includes charges for monthly use of the system as dictated by the Price Plan you have selected. It is **BILLED ONE MONTH IN ADVANCE**. Charges are prorated for the first and last months.

Equipment Charges include any equipment payments you may be making to Bell Atlantic Mobile.

Enhanced Services and Bell Atlantic® 10® Services cover enhanced services such as local calling area only, incoming calls only, outgoing calls only, Bell Atlantic® Mobile Messenger™ and encryption. Bell Atlantic® 10® Services include call forwarding, call waiting, three-way calling and busy/no answer transfer. If applicable, these services are **BILLED ONE MONTH IN ADVANCE**. Charges are prorated for the first and last months.

Additional Charges and Credits include any billing adjustments, paging service charges and credits for the invoice period and any account charges, such as late payment charges billed at a rate of 1.5% of the unpaid past due balance.

Airtime Charges are billed at per minute rates and allowances, as dictated by your Price Plan or other offerings made by the Company. Airtime is billed for inbound calls received as well as outbound calls made by the cellular user in their home system. Airtime charges reflect call activity during the prior bill cycle. Itemization of the charges to each phone is available on the Usage Details section.

Landline Charges include Landline, Regional Calling, Toll and Wireless Long Distance charges, if applicable. These charges are in addition to the home airtime charges for your calls and may vary according to your price plan. Landline charges are the handling fees when you place a cellular call to points within your cellular local calling area that are processed through a local telephone company. You will incur Toll, Regional Calling or Wireless Long Distance charges when you are in a cellular local calling area and place a call to a number outside that area. Your cellular local calling area may differ from your home airtime rate area. Landline, Regional Calling, Toll and Wireless Long Distance charges may vary while roaming based on the rates of the visited system and BAM. These charges appear in the usage detail section.

Automatic Call Delivery Charges incur both airtime and toll charges on incoming calls routed through Automatic Call Delivery.

Roamer Airtime Charges represent charges for airtime used on another cellular system outside your home area. Charges may also include daily surcharges. Details regarding this total charge for each phone are itemized on the Usage Details section and designated by an "R" next to each call. These charges may include tax on airtime.

Roamer Landline Charges represent landline charges incurred while roaming. Details of the calls for each phone are itemized on the Usage Details section. These charges may include tax on toll.

Taxes include federal, state, local, and other taxes where applicable.

Please mail all correspondence to Bell Atlantic Mobile, P.O. Box 761, Bedminster NJ 07921-0761

DETACH HERE