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May 5, 1999

RECEIVED
MAY 6 1999
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Magalie Roman Salas, Secretary
Federal Communications Commission
Portals II, Room TWA-325
445 Twelfth Street, SW
Washington, D.C. 20554

Re: Revision of Part 22 and Part 90 of the Commission's Rules to Facilitate Future
Development of Paging Systems
WT Docket No. 96-18
Notice of Ex Parte Contact

Dear Ms. Salas:

On May 3rd, 4th and 5th 1999, Mark Stachiw and Carl Northrop met on behalf of AirTouch Paging with Paul Misener of Commissioner Furchtgott-Roth's office, Karen Gulick of Commissioner Tristani's office, Ari Fitzgerald of Chairman Kennard's office, Dan Conners of Commissioner Susan Ness's office, and Peter Tenhula of Commissioner Powell's office to discuss the petitions for reconsideration pending in the captioned proceeding. Written materials reflecting AirTouch's position on the substantive issues were used during the meetings. A copy of those materials is attached hereto.

Pursuant to section 1.1206(b) of the Commission's rules, two copies of this letter and attachments are hereby filed with the Secretary's office. Copies of this letter and attachments also are being delivered by messenger today to the FCC staff persons present in the referenced meetings.

No. of Copies rec'd 012
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PAUL, HASTINGS, JANOFSKY & WALKER LLP

Magalie Roman Salas

May 5, 1999

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Kindly refer any questions in connection with this matter to the undersigned.

Very truly yours,

A handwritten signature in black ink that reads "Carl W. Northrop". The signature is written in a cursive style with a large, stylized initial "C".

Carl W. Northrop

of PAUL, HASTINGS, JANOFSKY & WALKER LLP

cc: Paul Misener
Karen Gulick
Ari Fitzgerald
Dan Conners
Peter Tenhula

**GEOGRAPHIC AREA LICENSING
FOR ONE-WAY PAGING FREQUENCIES**

**HOW TO ENSURE THAT THE AUCTIONS ARE SUCCESSFUL
AND THE PUBLIC INTEREST IS SERVED**

**AIRTOUCH PAGING
MAY 3-4, 1999**

AIRTOUCH HAS EXTENSIVE EXPERIENCE IN LICENSE AUCTIONS

- **AIRTOUCH WAS AN ACTIVE PARTICIPANT IN NARROWBAND PCS (NPCS), ONE-WAY PAGING, BROADBAND PCS, AND 900 SMR AUCTION PROCEEDINGS**
 - **AIRTOUCH PARTICIPATED IN THE FIRST EVER AUCTION – THE NPCS AUCTION IN JULY 1994**
 - **AIRTOUCH PARTICIPATED IN THE SECOND NPCS AUCTION IN NOVEMBER 1994**
 - **AIRTOUCH PARTICIPATED IN THE BROADBAND PCS AUCTIONS THROUGH PRIMECO**

BASED ON ITS EXPERIENCE, AIRTOUCH BELIEVES THAT THE COMMISSION'S GOALS SHOULD BE TO MINIMIZE THE TRANSACTION COSTS ASSOCIATED WITH DELIVERING SPECTRUM TO LICENSEES WHO VALUE IT MOST AND TO ENSURE THAT THE PUBLIC INTEREST IN HAVING THE SPECTRUM USED IS SERVED

HOW TO MINIMIZE THE TRANSACTION COSTS ASSOCIATED WITH DELIVERING THE SPECTRUM TO THOSE LICENSEES WHO VALUE IT MOST

- **MAKE SURE THAT THE AUCTION DOES NOT DRAG ON FOR WEEKS/MONTHS**
 - IMPLEMENT STOPPING RULES THAT ALLOW THE AUCTION TO STOP BY AREA/FREQUENCY
 - CREATE SEPARATE AUCTIONS FOR SEPARATE MARKET AREAS WITH ALL FREQUENCIES AUCTIONED SIMULTANEOUSLY
 - DISCLOSE BIDDER IDENTITIES
- **MAKE SURE THAT BIDDERS ONLY APPLY FOR LICENSES IN WHICH THEY HAVE A BONA FIDE INTEREST**
 - ELIMINATE PHANTOM MX SITUATIONS THROUGH ELIMINATION OF THE "ALL" BOX
 - REQUIRE DEPOSITS ON EACH SEPARATE LICENSE FOR WHICH THE BIDDER WANTS TO BE ELIGIBLE
 - REJECT BIDDING CREDITS THAT ENCOURAGE PARTICIPATION OF SPECULATORS
- **MAKE SURE THE HIGH BIDDER CAN ACTUALLY PAY WHAT IT BID**
 - REQUIRE UP-FRONT DEPOSITS ON ALL LICENSES FOR WHICH THE BIDDER IS ELIGIBLE
 - INCREASE DEPOSIT AMOUNT REQUIRED AS THE AUCTION PROGRESSES
 - RIGOROUSLY ENFORCE PAYMENT DEADLINES

HOW TO MINIMIZE THE TRANSACTION COSTS ASSOCIATED WITH DELIVERING THE SPECTRUM TO THOSE LICENSEES WHO VALUE IT MOST (CONT'D)

- ALLOW CO-CHANNEL LICENSEES SOME PERIOD OF TIME PRIOR TO AUCTION TO WORK OUT ENGINEERING SOLUTIONS TO RESOLVE FREQUENCY CONFLICTS
 - EXPAND TIME BETWEEN FILING OF SHORT FORM APPLICATIONS AND ACTUAL AUCTION TO 30-60 DAYS
 - RELAX COLLUSION RULES TO ALLOW CO-CHANNEL APPLICANTS TO REACH ENGINEERING SOLUTIONS
- MAKE SURE THAT APPLICANTS ARE INCENTED TO ACQUIRE LICENSES
 - SET MODEST MINIMUM BID REQUIREMENTS
 - MAKE MINIMUM BID INCREMENTS REASONABLE

ENSURE THAT THE PUBLIC INTEREST IS SERVED BY ADOPTING POLICIES WHICH ENCOURAGE THE BENEFICIAL USE OF SPECTRUM

- **ENSURE THAT LICENSED SPECTRUM IS ACTUALLY USED**
 - **REQUIRE ONE YEAR CONSTRUCTION BENCHMARK**
 - **REJECT SUBSTANTIAL SERVICE ALTERNATIVE**
 - **REQUIRE INFORMATION FROM NON-INCUMBENT APPLICANTS PRIOR TO THE AUCTION ON HOW IT WILL ACCOMMODATE INCUMBENT LICENSEES AND MEET BUILD-OUT REQUIREMENTS**

- **PUNISH THOSE WHO ABUSE THE SYSTEM**
 - **TERMINATE ALL LICENSES WON AT AUCTION OF A LICENSEE WHO FAILS TO CONSTRUCT AND DOES NOT TURN IN ITS LICENSE WITHIN 8 MONTHS OF GRANT**
 - **PRECLUDE FROM FUTURE AUCTIONS OF THE SAME FREQUENCY A LICENSEE WHO REPEATEDLY FAILS TO CONSTRUCT LICENSES**