

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

In the Matter of)	
)	
Amendment of the Commission's)	GEN Docket No. 90-314
Rules to Establish New Personal)	ET Docket No. 92-100
Communications Services,)	
Narrowband PCS)	
)	
Implementation of Section 309(j) of)	PP Docket No. 93-253
the Communications Act -)	
Competitive Bidding, Narrowband PCS)	

**COMMENTS OF THE PERSONAL
COMMUNICATIONS INDUSTRY ASSOCIATION**

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The Personal Communications Industry Association (“PCIA”)¹ hereby submits its comments in response to the Second Further Notice of Proposed Rulemaking (*Second FNPRM*) in the above-captioned proceeding.² The *Second FNPRM* seeks comment on the Commission’s

¹ PCIA is an international trade association established to represent the interests of the commercial and private mobile radio service communications industries and the fixed broadband wireless industry. PCIA’s Federation of Councils includes: the Paging and Messaging Alliance, the PCS Alliance, the Site Owners and Managers Association, the Private Systems Users Alliance, the Mobile Wireless Communications Alliance, and the Wireless Broadband Alliance. As an FCC-appointed frequency coordinator for the Industrial/Business Pool frequencies below 512 MHz, the 800 MHz and 900 MHz Business Pools, the 800 MHz General Category frequencies for Business Eligibles and conventional SMR systems, and the 929 MHz paging frequencies, PCIA represents and serves the interests of tens of thousands of FCC licensees.

² Amendment of the Commission’s Rules to Establish New Personal Communications Services, Narrowband PCS, GEN Docket No. 90-314, ET Docket No. 92-100; Implementation of Section 309(j) of the Communications Act - Competitive Bidding, Narrowband PCS, PP Docket No. 93-253, *Second Report and Order and Second Further Notice of Proposed Rule Making*, (rel. May 18, 2000) (“*Second R&O and Second FNPRM*”); 65 Fed. Reg. 35875 (June 6, (Continued...))

proposal to auction the remaining one megahertz of narrowband PCS spectrum currently held in reserve. The Commission also seeks comment on how this reserve spectrum should be channelized, and whether it should rechannelize the remaining unlicensed but currently channelized narrowband PCS spectrum.

I. INTRODUCTION AND SUMMARY

As discussed in greater detail below, PCIA supports the Commission's tentative conclusion to auction the remaining one megahertz of narrowband PCS spectrum at the same time it auctions the existing unlicensed spectrum, and believes that this additional spectrum is necessary in order for narrowband PCS licensees to remain competitive with other CMRS providers, to allow new and innovative services to be offered, and to permit additional new entrants. PCIA further urges the Commission to rechannelize the remaining unlicensed spectrum in larger blocks, consisting primarily of nationwide license areas. After considerable industry deliberation and the exploration of numerous channelization options by industry members—including both small and large businesses—PCIA submits its proposed consensus bandplan. This bandplan includes the rechannelization of the existing unlicensed narrowband PCS channels as well as the channelization of the 1 MHz of reserved spectrum. Adoption of PCIA's proposed bandplan will facilitate the development of innovative services, thereby permitting narrowband PCS licensees to compete against other wireless service providers.

(...Continued)

2000). The Commission extended the deadline for submission of comments from July 5, 2000 to July 19, 2000. *See Order*, GEN Docket No. 90-314; ET Docket No. 92-100; PP Docket No. 93-253 (rel. June 26, 2000); 65 Fed. Reg. 41035 (July 3, 2000).

II. LICENSING OF RESERVE SPECTRUM.

PCIA supports the Commission's proposal to make the remaining one megahertz of reserve spectrum available to those interested in bringing new and innovative services to the public. PCIA believes that, as the narrowband PCS industry matures, licensees are beginning to utilize this spectrum more fully in order to bring new wireless data services to consumers.³ Moreover, licensing of this additional spectrum is necessary for existing narrowband PCS providers to remain competitive in the marketplace.

In light of the Commission's removal of the spectrum aggregation limit for narrowband PCS services, the introduction of new products and services, and the explosion of wireless internet/data services, licensing of the reserve narrowband PCS spectrum will permit narrowband PCS licensees to meet market demands for more advanced services. The PCIA band proposal permits both new market entrants and existing licensees to utilize this additional spectrum efficiently. Accordingly, as discussed in the following section, PCIA encourages the Commission to adopt its proposed consensus bandplan, which provides for the channelization of the reserve spectrum and the rechannelization of the remaining unlicensed spectrum in a fashion that serves the public interest.

III. CHANNELIZATION OF RESERVE AND PREVIOUSLY UNLICENSED CHANNELIZED SPECTRUM.

PCIA urges the Commission to use a rational approach in its channelization of any additional spectrum, recognizing the enormous investment made by existing messaging and narrowband PCS carriers to utilize available spectrum and bring wireless data services to

³ Indeed, it is PCIA's understanding that almost all of the previous narrowband PCS licensees notified the Commission that they had met the five-year construction standard.

consumers. PCIA members represent the messaging industry and existing narrowband PCS licensees and, as such, are in a position to comment on acceptable channelization plans that would not cause interference to existing licenses, while simultaneously providing a migration path for future growth in the messaging industry. Members of the messaging industry deliberated for many weeks and arrived at this consensus bandplan only after much discussion and the evaluation of a range of other alternatives. While PCIA notes that the proposed bandplan may not be the unanimous choice of all industry members, it is certainly the overwhelming preference and drew the most favorable response in lengthy discussions among industry representatives.

The following bandplan channelizes (1) the remaining one megahertz of reserve narrowband PCS spectrum; (2) the existing, channelized spectrum; and (3) the spectrum returned by SkyTel and CONXUS. PCIA’s proposed channelization plan accommodates ReFLEX, the existing standard for narrowband PCS, which is compatible with 50 kHz block sizes.

Accordingly, as evidenced in the consensus channelization plan attached as Appendix A, PCIA adopts a 50 kHz bandwidth as the standard building block for its proposed bandplan. PCIA’s proposed consensus bandplan can be summarized as follows:

Spectrum Band	Channelization	Geographic Area
901 to 902 MHz	One 12.5 kHz unpaired channel Two 50 kHz unpaired channels Four 50 kHz unpaired channels	MTA License Regional Licenses Nationwide Licenses
930 to 931 MHz paired with 901 to 902 MHz	Three 150 kHz/50 kHz paired channels One 100 kHz/50 kHz paired channel One 100 kHz unpaired channel	Nationwide Licenses Nationwide License Regional License
940 to 941 MHz paired with 901 to 902 MHz	One 150 kHz/50 kHz paired channel One 50 kHz/50 kHz paired channel Three 100 kHz unpaired channels One 100 kHz unpaired channel	Nationwide License MTA License Nationwide Licenses Regional License

PCIA's bandplan provides incumbent licensees and potential market entrants—both small and large businesses alike—with maximum flexibility to construct optimal licensed areas that suit their particular needs and capabilities, including their assessments of consumer demand. PCIA supports the Commission's continued interest in structuring its rules and competitive bidding procedures in order to accommodate participation by a broad range of players, including small businesses and new entrants. In particular, the narrowband PCS industry has been a model of participation for small businesses, as a survey of PCIA's members can attest. The proposed consensus bandplan's use of 50 kHz building blocks promotes the Commission's policy of encouraging market participation. The 50 kHz blocks are small enough to encourage and facilitate competition in the narrowband PCS industry by small businesses; at the same time, however, 50 kHz blocks are sufficiently large for licensees to develop a substantial consumer base with sufficient geographic coverage to offer viable, competitive services.

Furthermore, with the Commission's removal of the narrowband PCS spectrum aggregation limit, companies who require larger blocks of spectrum may aggregate 50 kHz blocks to suit their needs. Additionally, for those entities that require paired spectrum, there are several paired licenses, of varying sizes. Moreover, there are a number of unpaired licenses that can be accumulated by auction participants who might desire unpaired spectrum. However, with PCIA's proposed bandplan, this unpaired spectrum can also be easily aggregated during the auction, to permit pairing in a seamless fashion by those applicants who desire such pairing. PCIA therefore believes that this industry consensus bandplan represents the best interests of all affected parties and is an efficient, effective channelization of the remaining narrowband PCS spectrum.

If the Commission were to jettison 50 kHz channel block sizes, it would inhibit participation by all but the very largest of companies without regard for the need for competitive,

smaller players within the market. The use of 50 kHz spectrum blocks increases the likelihood that the upfront cost of entering the narrowband PCS market is not prohibitive. As the Commission recognizes, small businesses should be able to acquire licenses at auction and should not have to rely upon the secondary market.⁴ Moreover, as the broadband PCS marketplace illustrates, small businesses cannot count on large spectrum holders to disaggregate or partition their licenses on a broad scale. The broadband PCS market instructively demonstrates that even large spectrum holders are resistant to the idea of losing control of spectrum. The limited willingness to partition or disaggregate spectrum is likely to be even more pronounced in the narrowband PCS market, where there is a smaller amount of total spectrum available.

IV. ADOPTION OF PCIA'S BANDPLAN WILL PERMIT A SINGLE, EFFICIENT AUCTION.

Based on PCIA's consensus bandplan, a single, simultaneous multiple round auction could be held for the narrowband PCS spectrum. Should the Commission decide to utilize a different bandplan, PCIA has reservations on whether combined or separate auctions would be necessary as appropriate. Adoption of PCIA's consensus bandplan would permit streamlining of the licensing process and would allow participants to acquire, in a single transaction, the necessary spectrum to provide new or innovative services. The use of a single auction could permit licensees to revise their business strategies in response to information gathered within the framework of the auction, and thus permit licensees to acquire licenses efficiently. As an end result, participants will bid aggressively for licenses they need and are in a position to use. If licenses are auctioned piecemeal in multiple auctions, participants may bid on licenses in one auction contingent upon the acquisition of a license in a subsequent auction. The auction

⁴ 12.5 kHz unpaired licenses should be especially beneficial for small business entities.

participant is thus forced to gamble on its ability to stitch together the combination of licenses necessary to implement its business plan. In sum, a single auction could provide aggregators as well as small businesses the necessary flexibility to acquire the licenses needed in the most efficient manner.

V. SERVICE AREA ALLOCATIONS.

PCIA does not endorse the Commission's decision to reallocate narrowband PCS spectrum and to license remaining spectrum based solely on Major Trading Areas ("MTAs").⁵ Although PCIA supported licensing on a MTA basis in prior comments submitted over three years ago,⁶ the paging/messaging market has matured and changed such that the ability to provide coast-to-coast coverage is of paramount importance to many, if not most, licensees. Accordingly, PCIA believes that nationwide geographic licensing areas are the most appropriate size for licensing the majority of the spectrum.⁷ Licensing of all remaining spectrum on an MTA basis will impede the ability of narrowband licensees to compete with other CMRS providers, who are increasingly acquiring nationwide licenses and providing services that encompass broad

⁵ See *Second R&O and Second FNPRM* at ¶ 10 (adopting MTA-based service areas for remaining narrowband PCS spectrum).

⁶ See *In the Matter of Amendment of the Commission's Rules to Establish New Personal Communications Services, Narrowband PCS, GEN Docket No. 90-314, ET Docket No. 92-100; Implementation of Section 309(j) of the Communications Act—Competitive Bidding, Narrowband PCS, PP Docket No. 93-253, Comments of the Personal Communications Industry Association at 5-8* (filed June 18, 1997).

⁷ PCIA submitted a petition for reconsideration of the Commission's decision to license the remaining narrowband PCS spectrum on an MTA basis. See *Amendment of the Commission's Rules to Establish New Personal Communications Services, Narrowband PCS, GEN Docket No. 90-314, ET Docket No. 92-100; Implementation of Section 309(j) of the Communications Act - Competitive Bidding, Narrowband PCS, PP Docket No. 93-253, Second Report and Order and Second Further Notice of Proposed Rule Making, Petition for Reconsideration of Personal Communications Industry Association* (filed July 6, 2000).

geographic areas. Larger licensed areas permit licensees the ability to provide additional, varied services and minimize interference concerns.

PCIA thus urges the Commission to license the remaining narrowband spectrum, for the most part, on a nationwide basis. First, the marketplace demands that wireless Internet/data providers be capable of providing service nationwide. Consumers of wireless services depend upon the portability of their services and expect continuous coverage, regardless of where they travel across the United States. Narrowband PCS providers currently compete with nationwide, broadband wireless players who are all providing seamless, nationwide service.⁸ As the Commission is well aware, recent mergers have created telecommunications carriers with the ability to provide diverse, nationwide services. For example, the recent consolidations of Bell Atlantic/GTE/Vodafone AirTouch and PageNet/Arch, the proposed merger of SBC and BellSouth's wireless holdings, and VoiceStream's acquisitions of Aerial and OmniPoint are only part of a long roll call of such past or pending consolidations. Additionally, AT&T, Sprint PCS, and Nextel all have significant nationwide coverage areas. Narrowband PCS licensees must have similar geographic coverage and scope in order to be competitive in the wireless marketplace.

Second, nationwide licenses will aid greatly in interference coordination requirements. MTA license areas entail a great deal more adjacent licensee coordination requirements, thereby causing the inefficient use of limited narrowband PCS spectrum. Narrowband PCS licenses, if licensed on a widescale MTA basis, will need to either set aside "guard band" spectrum at the

⁸ See Implementation of Section 6002(b) of the Omnibus Reconciliation Act of 1993; Annual Report and Analysis of Competitive Market Conditions With Respect to Commercial Mobile Services, *Fourth Report*, 14 FCC Rcd 10145, 10185-87 (1999) (noting increasing competition between narrowband PCS licensees and broadband PCS and Specialized Mobile Radio licensees, among others).

border regions or otherwise reach an acceptable interference sharing agreement with adjacent MTA licensees. Although broadband wireless licensees are faced with similar interference coordination requirements, these licensees have a greater quantity of spectrum available to provide such a guard band, even if inefficiently blocked due to adjacent licensee interference concerns. In contrast, the limited amount of spectrum allocated to narrowband PCS necessitates that it be used as efficiently as possible.

Third, nationwide licensing will be consistent with the demands of messaging industry consumers. The Commission's initial regional narrowband PCS auction provides concrete evidence of the widespread demand for nationwide licenses. As the results from the initial regional narrowband PCS auction illustrate, bidders in this auction sought to create a nationwide footprint by aggregating regional licenses.⁹ By offering nationwide licenses, the Commission will reduce the cost of auction participation, as bidders need not expend resources in an attempt to piece together a nationwide license and can be assured that, if they submit the winning bid, that they will obtain a nationwide license. The end result will be increased competition for the remaining licenses, with a rational geographic service for the majority of licenses.

As a final matter, however, PCIA believes that there is a continued need for some licenses based on regional and MTA service areas. Accordingly, PCIA's proposed bandplan

⁹ Indeed, in the Commission's regional narrowband PCS auction in 1994, two-thirds of the available licenses were combined to form nationwide licenses. The 1994 narrowband PCS auction divided the United States geographically into five regional license areas. Pagemart II, Inc. (now Weblink Wireless), PCS Development Corporation (now CONXUS), MobileMedia PCS, Inc. and Advanced Wireless Messaging, Inc. (now TSR Wireless) each purchased licenses in all five regions, thereby creating nationwide licenses. *See* Public Notice, "Announcing the High Bidders in the Auction of 30 Regional Narrowband (PCS) Licenses; Winning Bids Total \$490,901,787" (rel. Nov. 9, 1994).

accommodates these interests and provides for some licenses that are based upon regional or MTA service areas. The flexibility built into PCIA's plan will ensure that a wide range of entities, especially smaller businesses and existing paging licensees, will be capable of bidding in an upcoming narrowband PCS auction. PCIA believes that licensing remaining spectrum predominantly on a nationwide basis, with some allowances for MTA or regional licenses, accurately tracks market demand and will foster the greatest amount of competition in an upcoming narrowband PCS auction.

VI. CONCLUSION

PCIA supports the Commission's tentative conclusion to auction the remaining one megahertz of reserved narrowband PCS spectrum. At the same time, PCIA urges the Commission to rechannelize the remaining unlicensed narrowband PCS spectrum and to auction this rechannelized spectrum together with the reserve spectrum in a single, simultaneous multiple round auction using PCIA's proposed consensus bandplan. PCIA does not support, however, the Commission's decision to license the remaining spectrum exclusively on an MTA basis. As PCIA's bandplan illustrates, the majority of the remaining spectrum should be licensed on a nationwide basis, with some MTA and regional licenses to ensure adequate flexibility for a variety of service offerings. Adoption of PCIA's proposed channelization plan, which has the broad support of members of the messaging industry, not only will ensure the efficient licensing of the remaining narrowband PCS spectrum, but will accommodate the spectrum needs of participants ranging from small market entrants to large incumbent licensees, thus fostering continued competition among CMRS providers.

Respectfully submitted,

**PERSONAL COMMUNICATIONS INDUSTRY
ASSOCIATION**

By: /s/ Robert L. Hoggarth

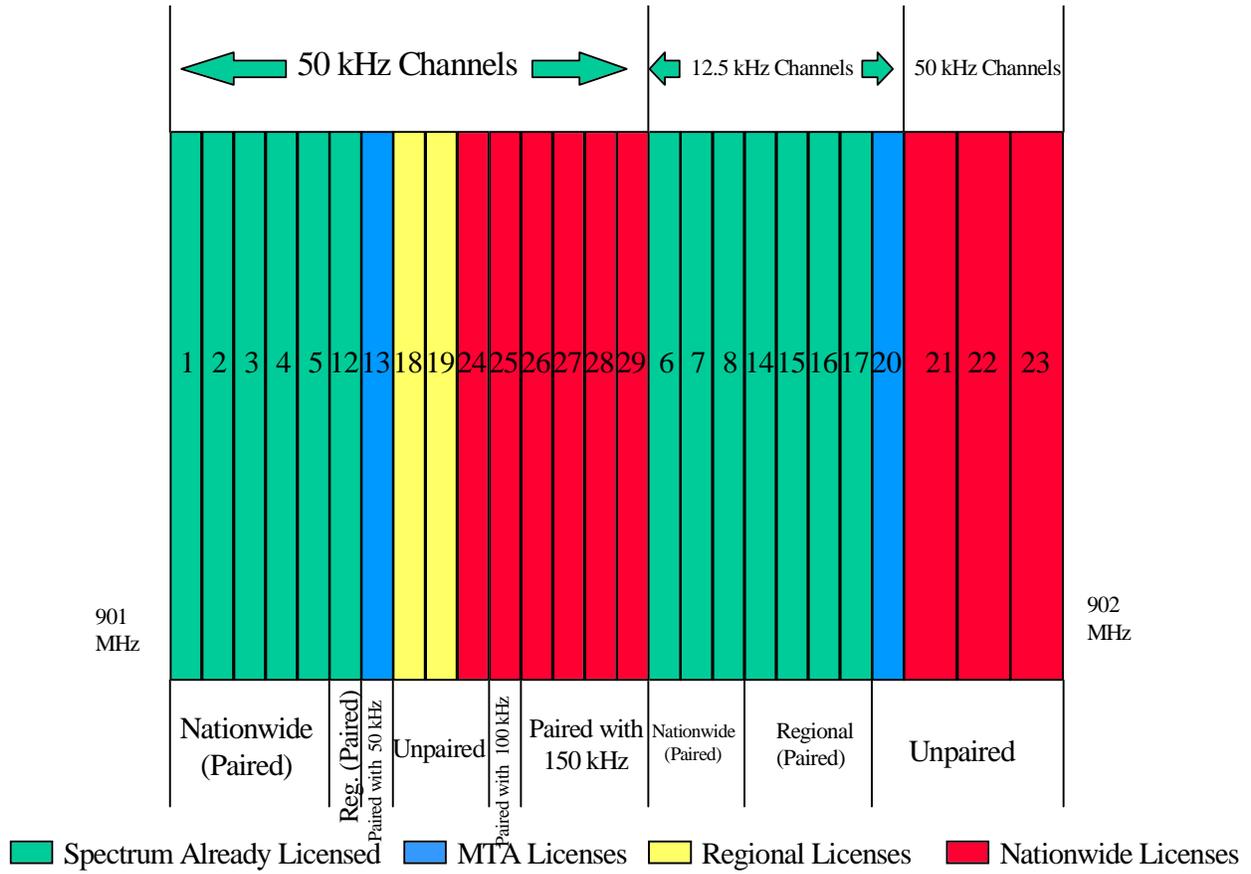
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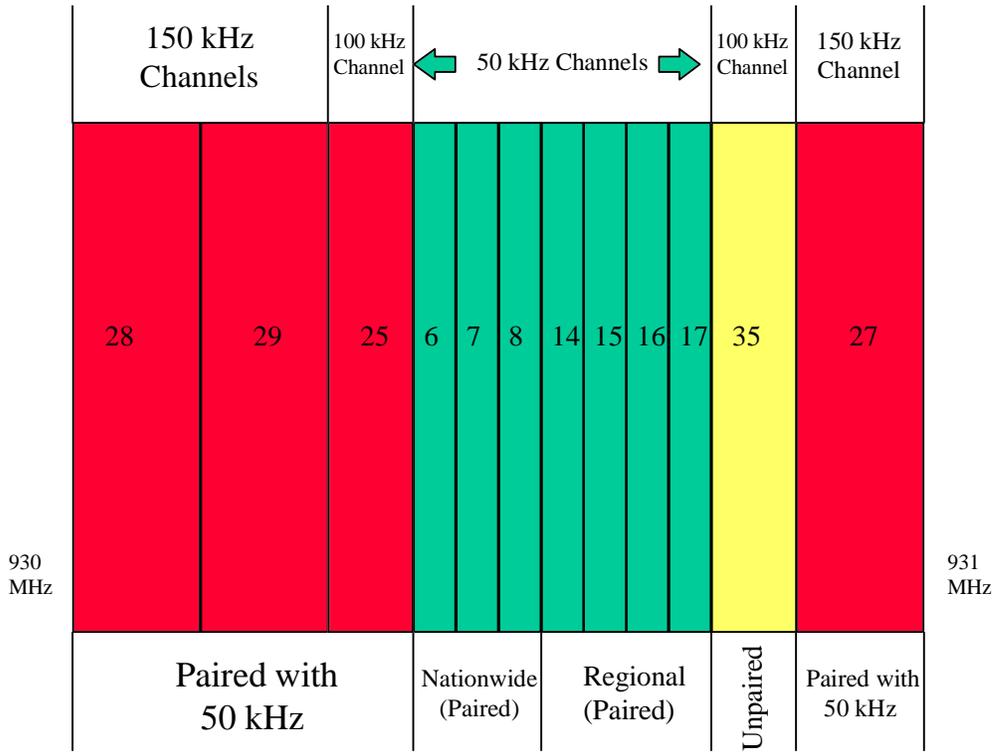
Dated: July 19, 2000

APPENDIX A PCIA BANDPLAN PROPOSAL

NARROWBAND PCS CHANNELS IN THE 901-902 MHZ BAND PCIA BANDPLAN

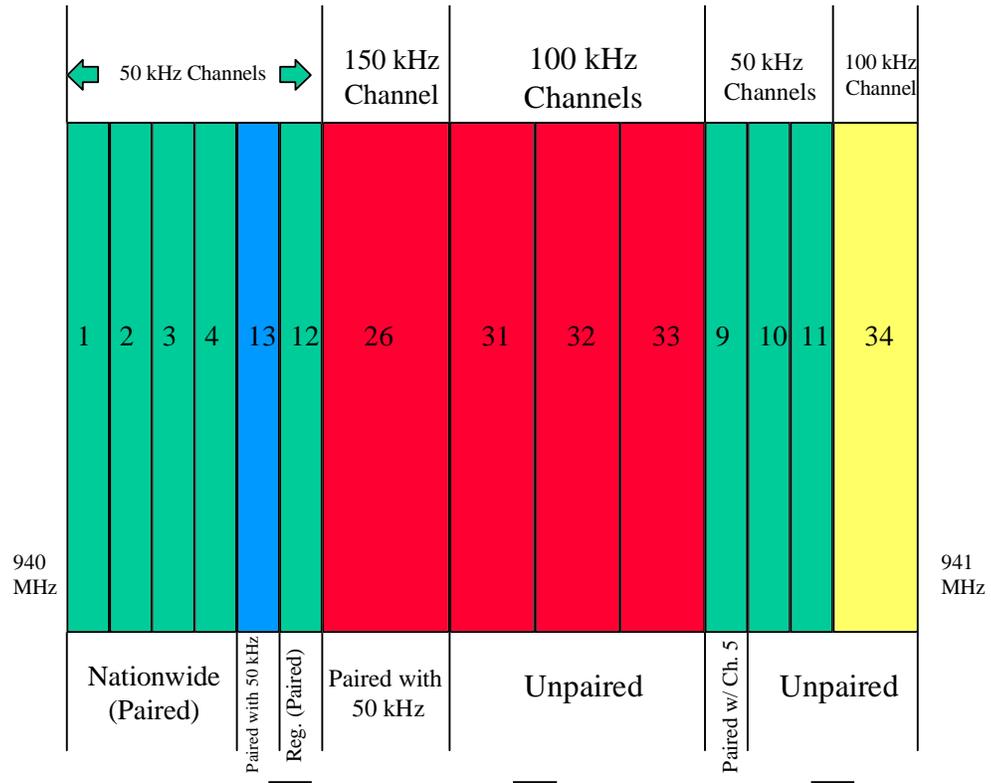


NARROWBAND PCS CHANNELS IN THE 930-931 MHZ BAND PCIA BANDPLAN



■ Spectrum Already Licensed
 ■ MTA Licenses
 ■ Regional Licenses
 ■ Nationwide Licenses

NARROWBAND PCS CHANNELS IN THE 940-941 MHZ BAND PCIA BANDPLAN



█ Spectrum Already Licensed
 █ MTA Licenses
 █ Regional Licenses
 █ Nationwide Licenses