

In the matter of:)
)
Auction of Licenses for the Lower and) DA 01-593
Upper Paging Bands Scheduled for) March 7, 2001
June 26, 2001)
)
Comment Sought on Reserve Prices)
or Minimum Opening Bids and)
Other Auction Procedural Issues)

To: The Commission

"Comments on Report No. AUC-01-40-A (Auction No. 40)"

The Federal Communications Commission wishes to auction off the spectrum already being used by many paging carriers and two-way radio services, especially in smaller communities and rural parts of the country, in order to generate revenue and to relieve the Commission's burden of the traditional single-station licensing procedures that have been "frozen" since 1995. The problem in doing this auction is that the nature of the paging and two-way business has substantially changed since the 1995 "freeze" and putting the additional burden on carriers of having to "buy" the frequencies they already use in order to provide service to additional areas that the carrier wishes to cover will present a hardship in most cases.

Paging revenues are way down as the bankruptcies since 1995 in the paging industry will prove. Bankrupt companies include Metromedia, PageNet, and TSR Wireless. And in an article in the Friday, March 16, 2001 edition of "The Washington Post" it was announced that Metrocall may need to file for bankruptcy protection before April 15. Companies today, large and small, cannot find the revenue to buy spectrum they already have just to satisfy the fact that the FCC no longer wants to do site-specific licensing. And they shouldn't have to. If a company already has the coverage requirement met within an Economic Area (EA) and is the only company licensed on that frequency within that EA, then the Commission should assign that

frequency to that company without auction.

However, if an auction must be held, then the Reserve Price/Opening Bids have been set way too high. Opening bids should be equal to what would have been the fee for filing for an additional site under the old system, which is \$145 and not the \$500, \$800, or \$2,800 given in the report.

Conclusion

An auction addresses the needs of the Commission (i.e., generates revenue and reduces licensing burden) but does not address the needs of the Carriers, especially the thousands of small carriers that founded this industry and struggle today to compete with their small customer base in niche markets.

The Commission must not let the small carriers be crushed by a company that might have deep financial pockets and allow auctions on existing channels currently in use within a licensed geographic area. Should the Commission wish to continue with its geographic licensing proposal, it should not auction, but rather automatically convert incumbent users with in established geographic areas to geographic licenses, and then auction off the remaining frequencies.

If you have any questions, please feel free to contact me by calling 703-758-2552.

Sincerely,

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