

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)
Communications Services)

UTAM REPORT TO THE FCC

January 4, 2005

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TABLE OF CONTENTS

| | Page |
|---|-------------|
| I. EXECUTIVE SUMMARY | 2 |
| II. UPCS MARKET DEVELOPMENT..... | 3 |
| III. DEPLOYMENT ACTIVITIES | 5 |
| A. Deployment Procedures | 5 |
| B. Prior Coordination Notice (“PCN”) Procedure | 5 |
| C. Product Deployment | 7 |
| IV. RELOCATION ACTIVITIES..... | 7 |
| V. OPERATIONAL, ORGANIZATIONAL AND FINANCIAL STATUS | 8 |
| A. Operational Status | 8 |
| B. Membership and Staffing | 8 |
| C. Funding..... | 9 |
| VI. OUTREACH ACTIVITIES..... | 9 |
| VII. CONCLUSION..... | 9 |

I. EXECUTIVE SUMMARY

As noted in previous reports to the Commission, UTAM continues to meet the objectives established by the Commission in bringing UPCS systems to the public. Over the course of the reporting period, the processes and procedures put in place to allow the deployment of UPCS devices have continued to work well and continue to be adhered to by manufacturers of UPCS devices.² As in the past, UTAM will continue to monitor these processes and procedures and make any refinements deemed necessary.

Since UTAM filed its last report with the Commission in July 2004, UTAM is pleased to report that the following tasks have been accomplished:

- ▶ Nationally, in the 1920 – 1930 MHz Isochronous band, UTAM has increased the number of counties available for unencumbered deployment to 3,086, or 98% of the U.S. In the 1910 – 1920 MHz asynchronous band, 2,855 counties, or 91%, of the country is available for unencumbered deployment.

II. UPCS MARKET DEVELOPMENT

The UPCS band is undergoing significant regulatory change. As an initial matter, substantial parts of the UPCS band have been reallocated to Nextel as part of the 800 MHz rebanding (1910-1915 MHz) and to Advanced Wireless Services (1915-1920 MHz). The FCC has also modified the technical parameters of the band, with the concurrence of UTAM, to permit the deployment of systems based on the Digital

² Under FCC rules, parties must execute a signed Subscriber Agreement with UTAM, receive UTAM certification and obtain FCC authorization before marketing or installing a UPCS product of device. See 47 C.F.R § 15.307.

Enhanced Cordless Telephone (“DECT”) specification. And, with the sunset of the incumbent microwave cost relocation rules in April of 2005, manufacturers will soon be able to deploy a range of nomadic devices. As a result, UTAM has adapted and revised certain processes to accommodate these changes and new technologies.

UPCS, and the use of enterprise-based wireless systems has been an integral part of conducting business for some time. From small businesses to large businesses, from small elementary schools to college campuses, the use of these unlicensed wireless devices has improved productivity and has made communications more convenient. In many industries, the use of these devices is almost a competitive necessity; in others, such as nuclear power plants and hospitals, these systems serve mission-critical applications because of the heightened interference protection that UPCS devices provide. In addition, the sizes of the systems being deployed continue to grow and, in many cases, are supporting hundreds of users. In some of these locations, the high density of users in a small area has created the need for additional spectrum.

In April of 2005, which marks the 10th anniversary of the grant of a PCS authorization, incumbent microwave users will no longer receive cost compensation for relocating to avoid interference by PCS and UPCS users. In October of 2003, six months prior to that date, UTAM sent letters to all remaining microwave incumbents in the 1920-1930 MHz band indicating that, on April 5, 2005, manufacturers would begin deployment of nomadic devices and therefore that such microwave users should either contact UTAM immediately or plan to cease operation on that date. To date, UTAM has received no responses from any incumbent users, and therefore believes that

deployment of nomadic devices will proceed without complication. The ability to deploy nomadic devices opens the door to a wide range of new applications for UPCS.

UTAM has also participated extensively in a number of proceedings relating to the reallocation of the 1910-1920 MHz bands. Since the adoption of the UPCS rules, UTAM has funded the relocation of microwave users from the UPCS band segment, including 1910-1920 MHz. In light of the relocation, UTAM has worked to ensure that the out-of-pocket costs of manufacturers in relocating microwave users from the 1910-1920 MHz band is fully repaid by the new users of those bands.

Notwithstanding the repayment of expenditures for 1910-1920 MHz and the sunset of the cost-sharing rules, UTAM still has significant obligations relating to microwave relocation. Specifically, UTAM negotiated an agreement with the PCS carriers in the band that permits UTAM to pay cost-sharing obligations over time. These cost-sharing obligations remain outstanding, and UTAM will continue to collect per device fees from manufacturers of devices in the band as a means of offsetting those obligations. Due to the mass market nature of DECT devices, however, UTAM is restructuring its fee schedule such that, instead of a \$20 per unit fee, manufacturers now producing equipment for the band will be charged a one time fee of \$50,000 and a per device charge of only \$0.50.

Through its participation in these regulatory activities, UTAM has continued its efforts to ensure that the UPCS frequencies are utilized efficiently and that UPCS devices are deployed rapidly and fully. Markets that are successful tend to attract additional competitors, and the market for unlicensed products is no different.

Additional competitors continue to introduce new unlicensed products with enhanced

features and applications. As a result of the additional competition, end users are enjoying the benefits of downward pressure on pricing. Further, as the technology continues to become less expensive, it is expected to create wider demand for these systems both in volume and in the size of systems deployed, as users will opt to provide coverage over greater areas of their business and expand the use of these devices to more employees.

III. DEPLOYMENT ACTIVITIES

A. Deployment Procedures

As stated in previous reports, UTAM is pleased that the procedures developed and refined to facilitate the deployment of UPCS devices continue to be effective and are being readily adhered to by manufacturers. In an ongoing effort to effectively streamline its operations and to respond to suggestions made by participating manufacturers and others, UTAM will continue to evaluate and refine these procedures, as needed. To date, the lack of any interference incidents with microwave incumbents attests to the quality of the processes and the adherence to them by the manufacturers.

Members are complying with the requirements, set forth in the Subscriber Agreement, to update the Database Management System (DBMS) when products are sold and installed. These updates allow UTAM to monitor market development, aggregate power generation and ensure compliance with pre-designated power limits set for Zone 1 counties.

Also, as specified in the Subscriber Agreement, UTAM, through an independent third party, continues to audit its subscriber members' deployment records to ensure

that UTAM's records accurately track product deployments, thereby ensuring the integrity of the DBMS. This audit is intended to ensure that the data base monitoring mechanisms are operating as intended and that the proper clearing fees are paid. To date, no major discrepancies have been observed.

B. Prior Coordination Notice ("PCN") Procedure

As noted in earlier reports to the Commission, UTAM has classified each county in the United States based upon a two-zone classification system. Zone 1 counties are those counties distant from existing microwave operations that permit deployment of UPCS products up to a pre-determined and "pre-coordinated" power limit. In contrast, Zone 2 counties have existing microwave operations either nearby or in the county and, as a result, UPCS product deployments cannot occur within such a county until a site-specific coordination has been successfully completed. There are also 1,145 Isochronous and 1,207 Asynchronous Zone 2 counties that UTAM has classified as "non-scheduled". These counties qualify for a pre-coordinated Zone 1 status; however, their business population is typically less than 5,000 and therefore has not been scheduled for conversion at this time. These counties are automatically converted by UTAM, via the PCN process, when any subscriber files for site-specific coordination in that county.

Through January 3, 2005, UTAM, has converted 1,939, or 62% of the counties in the 1920 - 1930 MHz Isochronous band to Zone 1 status. When the qualified Zone 2 "non-scheduled" counties are considered, 98% of the counties in the U.S. would qualify as Zone 1. In the 1910 - 1920 GHz Asynchronous band, the total number of Zone 1 counties has reached 1,648, or 53% of the counties in the U.S. When the qualified

Zone 2 “non-scheduled” counties are considered, 91% of the counties are available for unencumbered deployment in this band.

C. Product Deployment

Also, as in past reporting periods, product deployment continues at a reasonable pace. Quarter-over-quarter product deployments continue to demonstrate a growth curve indicative of a maturing market. As chartered, UTAM will continue to coordinate the deployment of these unlicensed devices and to collect the associated clearing fees. As more fully detailed in the UTAM Plan filed with the Commission, UTAM will use these fees to finance the relocation of microwave incumbents from the spectrum allocated to UPCS.

As mentioned above, UTAM is also preparing to modify its policies and procedures to compliment the recent rule changes in the isochronous band that will allow the utilization of other standards, such as PHS and DECT. With the rule change, and the sunset of Cost Sharing in April 2005, UTAM is expecting a significant increase in product deployment of non-coordinated, consumer oriented, nomadic devices, such as cordless phones. In connection with these changes, UTAM is also in the process of restructuring its clearing fees to be more in line with a consumer price point while continuing to pay down its financial obligations incurred in clearing the band.

IV. RELOCATION ACTIVITIES

The continued successful growth of the UPCS market ultimately depends on the full clearing of the UPCS band. While the complete clearing will still take a few more years, UTAM has taken steps that will both facilitate ease of deployment and accelerate the clearing process.

As mentioned in previous reports to the Commission, UTAM, in an effort to accelerate the clearing process, has entered into a comprehensive cost sharing agreement with the PCIA Clearinghouse and its members. Under the agreement, UTAM will share the costs of relocated microwave links with the PCS carriers responsible for their relocation. The result of this agreement has been to convert a significant number of counties to Zone 1 status, many of which contain major metropolitan areas. It is anticipated that this accelerated clearing effort will contribute to the continued growth of the UPCS market, and in turn, generate accelerated clearing fees that will be applied, in part, to the costs incurred under the cost sharing agreement and increase the potential for opening up the UPCS band to nomadic devices.

V. OPERATIONAL, ORGANIZATIONAL AND FINANCIAL STATUS

A. Operational Status

UTAM continues to successfully use the operational procedures that it put in place to oversee the deployment of UPCS devices and coordinate deployment with incumbent microwave systems. UTAM will continue to evaluate these processes and refine them as necessary.

B. Membership and Staffing

The voting membership currently consists of Alcatel USA, ASCOM Wireless Solutions, Avaya, IWATSU America, Motorola, Inc., NEC America, Inc., Nortel Networks Inc., SpectraLink Corporation, Tadiran, Inc., Seimens Information and Communications Networks and Toshiba. In addition, UTAM also has numerous associate members.³ Given the ongoing number of inquiries for requirements to operate in the UPCS band,

³ A complete list of UTAM Board of Trustees and Associate Members is attached.

combined with the continued clearing of the UPCS band and the recent rule changes, UTAM is confident that additional manufacturers and distributors will become voting members in the course of 2005.

C. Funding

UTAM has continued to collect clearing fees from the deployment of UPCS products. As mentioned above, UTAM is currently evaluating a revised clearing fee structure to align more with a consumer price point, down significantly from its current fee of \$20 per radiating unit. Based on early assessments, the actual and forecasted growth in clearing fees from increased deployments resulting from the recent rule changes indicates that these fees, combined with UTAM's current assets, will keep UTAM in a sound financial position into the foreseeable future.

VI. OUTREACH ACTIVITIES

UTAM has continued its efforts to maintain contacts with other PCS-related industry groups in order to remain current on industry developments. UTAM continues to discuss UTAM's participation in the FCC's cost sharing process with representatives of the PCIA clearinghouse. In addition, UTAM has worked together with a number of organizations in coordinating activities in support of the recent rule changes implemented by the Commission. At the same time, UTAM has been receptive to, and worked in conjunction with, other classes of device manufacturers to promote the broadest availability of unlicensed products for the American public.

Through its members, UTAM also participates in other industry-wide seminars and trade shows to increase the awareness of the market for UPCS devices. In

addition, UTAM continues to answer inquiries regarding its objectives and processes and provides information to interested parties as necessary.

VII. CONCLUSION

UTAM is once again pleased to report that the framework that has been established and maintained for the deployment of unlicensed devices continues to work successfully. UTAM is confident that the success of the UPCS industry shall continue with the recent changes to the UPCS band/ And, as microwave incumbents are cleared from the UPCS frequencies, the UPCS industry will have the ability to deploy even more service offerings to the public. The continued growth of UPCS sales, the continued adherence by manufacturers to UTAM's operational processes and UTAM's continued efforts to prevent harmful interference to microwave incumbents indicate that UTAM is maintaining a proper course for fulfilling its overall charter. UTAM will continue to monitor and refine its operations to meet the dynamics of the UPCS market and looks forward to the challenges that lie ahead.

Respectfully Submitted,

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January 4, 2005

APPENDIX A

UTAM BOARD OF TRUSTEES AND ASSOCIATE MEMBERS

VOTING MEMBERS

Alcatel USA – Mr. Jose Paulett
ASCOM Wireless Solutions. – Mr. Chad West **
Avaya, Inc. – Ms. Sandy Abramson (*President*) **
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Siemens Inforamation

** Member of the Board of Trustees

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| | |
|---|----------------------------------|
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