OVERVIEW OF KEY REGULATORY ISSUES

Presentation to

Scott Deutchman and Bruce Gottlieb

Office of Commissioner Michael J. Copps

CTIA – The Wireless Association®

May 19, 2006

CTIA – THE WIRELESS ASSOCIATION®

- Has over 200 member companies, representing all facets of the industry – carriers, manufacturers, vendors, wireless data, and content.
- Represents all sectors of wireless communications – cellular, personal communication services and enhanced specialized mobile radio services.
- Advocates for the industry at the FCC, in Congress, with the Administration, and in the States.
- Hosts two annual industry conferences.
- Supports the Wireless Foundation.
- Provides a certification program for wireless phones.

CTIA ACTIVITIES

- Wireless AMBER Alerts
- Wireless Consumer Code
- Content Guidelines
- Business Continuity / Disaster Recovery Program
- Wireless Emergency Alert Service
- Various Foundation Programs (Call to Protect, Get Wise About Wireless)

THE U.S. WIRELESS INDUSTRY

CTIA
The Wireless Association®

- By year-end 2005, there were 208 million customers nationwide – nearly 69% of all Americans. That's an increase of 114% from June 2000.
- The FCC has found that 97% of Americans live in counties in which three or more wireless service providers offer services, and 87% in counties where five or more wireless providers offer service.
- The National Center for Health Statistics has found that 8.4% of households have at least one wireless phone and no land-line phone.

WIRELESS IN RURAL AMERICA

- In 2004, the BLS reported that household wireless penetration in rural America was 50.5%.

- Counties with populations of less than 100 people per square mile have access to an average of 3.7 mobile providers.

Sources: Bureau of Labor Statistics, FCC Annual CMRS Competition Report

THE CMRS REGULATORY MODEL

- The FCC's regulatory model for CMRS services has been hugely successful, leading to billions of dollars in investment, the deployment of new technologies and innovative services, and the expansion of capacity in response to growing demand.
- In order to ensure that this track record of success continues, the Commission should:
  - Ensure that wireless carriers have access to more licensed spectrum.
  - Maintain the exclusive use, flexible rights model, while protecting licensees from harmful interference.
  - Promote policies that facilitate more efficient use of scarce spectrum.
  - Eliminate regulations that impose unreasonable costs on the industry and/or favor one technology platform over another.
  - Rely primarily on industry led solutions for addressing public interest issues, such as content, accessibility, and consumer protection.

KEY REGULATORY ISSUES

- National Regulatory Framework
- Spectrum
- Universal Service
- Intercarrier Compensation

NATIONAL REGULATORY FRAMEWORK

- The CMRS industry, a competitive industry which operates without regard to jurisdictional boundaries, is facing an environment that will negatively impact consumers – differing regulation in each state.
- The FCC should declare that wireless carrier early termination fees are “rates” subject to exclusive federal jurisdiction under section 332(c)(3) of the Act.
- The FCC should adopt federal truth-in-billing regulations modeled on the CTIA Consumer Code for wireless.
- States would still have the ability to enforce state consumer protection statutes of general applicability (*e.g.*, fraud statutes).

SPECTRUM ISSUES

- Advanced Wireless Services
  - Wireless voice alone justifies the need for more spectrum, and wireless data penetration in the U.S. is projected to top 50% within five years.
  - CTIA supports an aggressive schedule for the auction of spectrum in the 1710-1755 and 2110-2155 MHz bands.
  - CTIA supports the FCC's decisions to allocate additional spectrum to AWS.
- 700 MHz
  - CTIA supports the bandplan and transition established for 700 MHz AWS Spectrum.
- Base Station Radiated Power Limits
  - CTIA has proposed modifications to Part 22 PCS and Part 24 AWS base station radiated power limits to provide the option of a power spectral density limit.
- Spectrum Management
  - CTIA supports the Continental Airlines petition asking the FCC to prohibit the Massachusetts Port Authority from exerting exclusive control over a tenant's provision of unlicensed Wi-Fi services at Boston-Logan Airport.
- Wireless Repeaters
  - To address increasing incidences of harmful interference to wireless licensee networks, CTIA has asked the FCC to clarify that wireless repeaters may only operate under the authority and control of licensees.

UNIVERSAL SERVICE

CTIA
The Wireless Association®

- As a significant net payer into the universal service fund, the wireless industry is concerned about fund growth, as well as a shrinking contribution base.
- Consumers, the only intended beneficiaries of universal service, should be central to any reforms. Consumers never benefit from regulations that distort the competitive marketplace.
- The wireless industry's 200+ million consumers (and those yet to receive service) demand that wireless be part of the universal service equation.
- CTIA supports adoption of a numbers- and capacity-based universal service contribution mechanism that addresses low-income and low ARPU consumers.
- CTIA supports market-driven, competitively-neutral reforms to the high-cost mechanisms.
- CTIA has proposed transitioning from the current five high-cost mechanisms to one mechanism that calculates support for all ETCs based on the costs of the most efficient technology for a given geographic area. CTIA also supports short term reforms to the existing high-cost mechanisms (*e.g.*, study area consolidation, elimination of profits from universal service calculations, etc.).
- CTIA is open to considering other market-driven reforms, *e.g.*, reverse auctions.
- The FCC should consider other reforms to improve the integrity of the universal service system.

INTERCONNECTION

- Intercarrier compensation is a significant cost for the wireless industry that impacts its ability to serve customers on an even footing with wireline carriers – particularly in rural areas.
- The FCC should seize the opportunity presented by the Intercarrier Compensation Reform Proceeding and adopt lasting reforms that accommodate a highly-competitive, multidimensional telecommunications marketplace.
- Intercarrier compensation reform should be guided by certain key principles relating to consumer choice, efficiency, the elimination of regulatory distinctions, and administrative simplicity.
- CTIA's Mutually Efficient Traffic Exchange ("METE") Proposal would achieve each of the FCC's stated goals for reform.