

OVERVIEW OF KEY REGULATORY ISSUES

Presentation to

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THE U.S. WIRELESS INDUSTRY

- There are now more than 219 million wireless subscribers nationwide.
- The FCC has found that 98% of Americans live in counties in which three or more wireless service providers offer services.
- Wireless minutes of use reached 1.5 trillion in 2005.
- The average wireless customer has approximately 740 minutes of use per month

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.
- If necessary to address market failure, 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**

- CTIA supported an aggressive schedule for the auction of spectrum in the 1710-1755 and 2110-2155 MHz bands and is working with incumbents and new licensees to address relocation issues.
- CTIA supports the FCC's decisions to allocate additional spectrum to AWS.

- **700 MHz**

- CTIA will work with the FCC to ensure that the 700 MHz AWS spectrum is auctioned on schedule. CTIA opposes the Cyren Call proposal for reallocation of 700 MHz spectrum.

- **Base Station Radiated Power Limits**

- CTIA has proposed modifications to Part 24 PCS and Part 27 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 unlicensed Wi-Fi services.

- **Wireless Repeaters**

- To address increasing incidences of harmful interference, CTIA has asked the FCC to clarify that wireless repeaters may only operate under the authority and control of licensees.

UNIVERSAL SERVICE

- 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 219+ 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. The Missoula Plan would not.