

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

July 1, 2008

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UTAM, Inc. ("UTAM"), the frequency coordinator for the unlicensed personal communications service ("UPCS") band, herewith submits its semi-annual report on implementation of the UTAM Plan for Financing and Managing 2 GHz Microwave Relocation.¹ As detailed below, UTAM continues to fulfill its obligations to facilitate the deployment of UPCS devices. The market for UPCS devices continues to expand as applications of wireless technology continue to penetrate all facets of business, the home, education and health care. The procedures that UTAM has put in place to ensure compliance with its charter continue to work well in managing the deployment of unlicensed devices.

¹ UTAM Plan for Financing and Managing 2 GHz Microwave Relocation, GEN Docket No. 90-314 (filed Aug. 1, 1994) [hereinafter "UTAM Plan"]. On April 19, 1995, the Commission formally approved UTAM as the UPCS frequency coordinator. As part of its responsibilities, UTAM was charged with submitting biannual progress reports to update: (a) the financial and band-clearing plans; (b) projections of future band clearing; (c) the extent of incumbent microwave relocations; (d) the extent of UPCS device deployment; and (e) any difficulties encountered in implementing the UTAM Plan. Amendment of the Commission's Rules to Establish New Personal Communications Services, 10 FCC Rcd 7955 (1995) (Fourth Memorandum Opinion and Order).

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, including those made to accommodate changes to the rules governing the UPCS band, continue 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 2007, UTAM is pleased to report that the following key activities:

- UTAM's membership continues to grow as manufacturers take advantage of the rules changes made allowing for the use of the DECT standard. Since our last report, membership in UTAM has grown by two and membership now stands at forty-nine.
- Since the rules changes that have allowed the use of the DECT standard, over 21M UPCS devices have been deployed and the volume is continuing to grow.
- Given the financial success of UTAM since the changes made to allow for the DECT standard, UTAM's financial obligations have been paid down to the point where the obligations are less than what UTAM is expecting to receive from the reimbursement of its expenses for the re-allocation of the 1915 – 1920 MHz band for use for AWS. As a result, UTAM has lowered its clearing fees from \$0.50 per radiating unit, to \$0.05 per unit.

² Under FCC rules, parties must execute a signed Subscriber Agreement with UTAM, which stipulates that they will pay their fair share of the costs for clearing the UPCS band. Upon receipt of the Subscriber Agreement, UTAM issues the party an affidavit, which is a required document to obtain FCC authorization before marketing or installing a UPCS product or device. See 47 C.F.R § 15.307.

II. UPCS MARKET DEVELOPMENT

As noted in UTAM's previous semi-annual reports, the UPCS band has undergone significant change both in the regulatory arena and in market development. Since the modification of the Part 15 rules in April 2005 to permit the deployment of systems based on the Digital Enhanced Cordless Telephone ("DECT") specification, manufacturers of DECT based products have deployed over 21M devices in the Unlicensed PCS band. The volume of devices is now heavily weighted toward the consumer market, with the marketing of single base station, multiple handset pre-packaged offerings, whereas in past years, fixed, enterprise multiple base station systems, with many roaming handsets, such as in a hospital application, were the only systems operating in the band. Manufacturers now market products under the DECT 6.0 standard and play off the interference avoidance characteristics of the UPCS band to position the products as "interference free" which has been received well by the consumer market given past negative experiences with interference encountered by devices utilizing other unlicensed bands.

The interest in the UPCS band is not only reflected in the volume of devices deployed, but in the number of manufacturers that are deploying products in the band. UTAM's membership now numbers 49 manufacturers and more are expecting to join in the months ahead.

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 UPCS based products is no different. 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, enhanced features and in the size of systems deployed, as users will opt to provide coverage over greater areas of their businesses and homes.

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. In 2007, UTAM was reimbursed \$12.7M by Sprint-Nextel for its obligation to UTAM for the costs UTAM incurred in clearing the 1910 – 1915 MHz portion of the band that was reallocated to Sprint-Nextel. UTAM is also owed the same amount from the proceedings of the auctioning off of the 1915 – 1920 MHz band that has been allocated to Advanced Wireless Services (AWS). When that portion of the spectrum is auctioned off UTAM encourages the Commission to insure that UTAM is reimbursed in total for its costs in clearing that portion of the band in the simplest fashion possible.

Notwithstanding the repayment of expenditures for 1910-1915 MHz, 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. In addition, UTAM must pay back those funds put up by manufacturers to get UTAM started. As of June 30, 2008 UTAM's remaining financial obligations totaled \$11.3M. With the reimbursement of \$12.7M expected from the AWS

auction, UTAM's net obligation is negative in the amount of \$1.4M. As a result, and as mentioned in our previous report to the commission, effective January 1, 2008, UTAM lowered its clearing fee from \$0.50 per radiating unit to \$0.05 per unit. Consideration is also being given to eliminating the fee in its entirety, given the expected reimbursement from the AWS auction. With UTAM's obligations fully met, net of the reimbursement from the AWS auction, UTAM's primary reason for existence is to collect the reimbursement from the AWS auction it is owed and distribute it to the carriers and members to whom it has outstanding obligations.

UTAM will continue to require a \$50,000 up front membership fee as a means to recover a small portion of the costs expended for clearing the band.

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.

As specified in the Subscriber Agreement, UTAM, through an independent third party, continues to audit its subscriber members' product deployment records. This audit is intended to ensure that members pay their fair share of the cost to clear the band. To date, no major discrepancies have been observed.

B. Product Deployment

Over the current reporting period, product deployment continues to increase at an ever-increasing rate as new manufacturers begin deploying products and existing members expand their product offerings. Since UTAM's inception over 21M products have been deployed in the UPCS band, the majority of which are based on the DECT standard. Given the success that DECT appears to be having in the marketplace, UTAM anticipates that the volume of deployments will continue to increase at a substantial rate over the next few year as new manufactures enter the market and existing manufacturers enhance their product offerings. This increase is a direct result of the sunset of the 2 GHz microwave relocation rules, and the changes made in Part 15 rules. As chartered, UTAM will continue to collect the associated clearing fees for these products and as more fully detailed in the UTAM Plan filed with the Commission, UTAM will use these fees to pay off it obligations incurred in the course of the relocation of microwave incumbents from the spectrum allocated to UPCS.

IV. 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. Changes to the UPCS band and the modification of UTAM procedures to accommodate these changes appear to be working as intended, however they will continue to be monitored to insure that they are accomplishing what was intended.

B. Membership and Staffing

The voting membership currently consists of those companies listed in Appendix A. Given the recent increase in membership, and the continued high level of interest being expressed by additional manufacturers, UTAM is anticipating a continued increase in its membership in the course of 2008.

C. Funding

UTAM has continued to collect clearing fees from the deployment of UPCS products. As mentioned above, effective January 1, 2008 UTAM has lowered its clearing fee to \$0.05 per radiating unit. The lower fees should prove sufficient enough to maintain UTAM's operations until such time as UTAM can collect the obligations owed it from the 1915 – 1920 AWS auctions and distribute those funds to eliminate all of its obligations. If the funds should prove insufficient, UTAM will raise them in accordance with its requirements to maintain a sound financial position.

V. 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 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 UPSC devices. In

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

VI. 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 ongoing success of the UPCS industry shall continue along its current trajectory. The continued growth of UPCS sales and the continued adherence by manufacturers to UTAM's operational processes 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 1, 2008

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