

OVERVIEW OF KEY REGULATORY ISSUES

Presentation to
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Office of Commissioner Deborah Taylor Tate

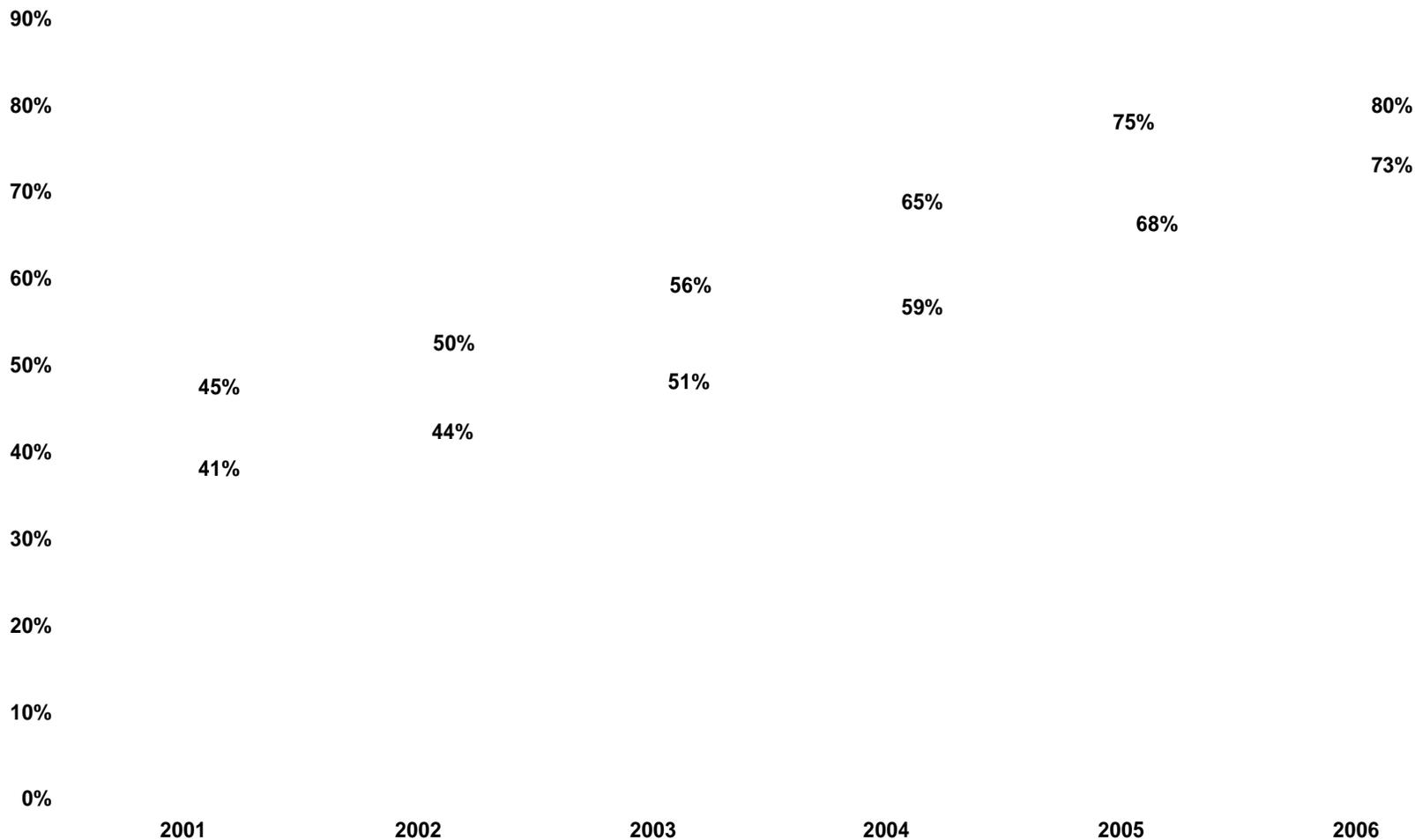
CTIA – The Wireless Association®

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THE U.S. WIRELESS INDUSTRY

- There are now more than an estimated 263 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.
- According to CostQuest Associates, 96.8% of Americans live in ZIP codes with 3G mobile wireless service availability.
 - More than two-thirds of Americans live in ZIP codes with three or more 3G mobile wireless competitors.
- Wireless minutes of use reached 2.1 trillion for 2007.
- The average wireless customer has approximately 823 minutes of use per month.

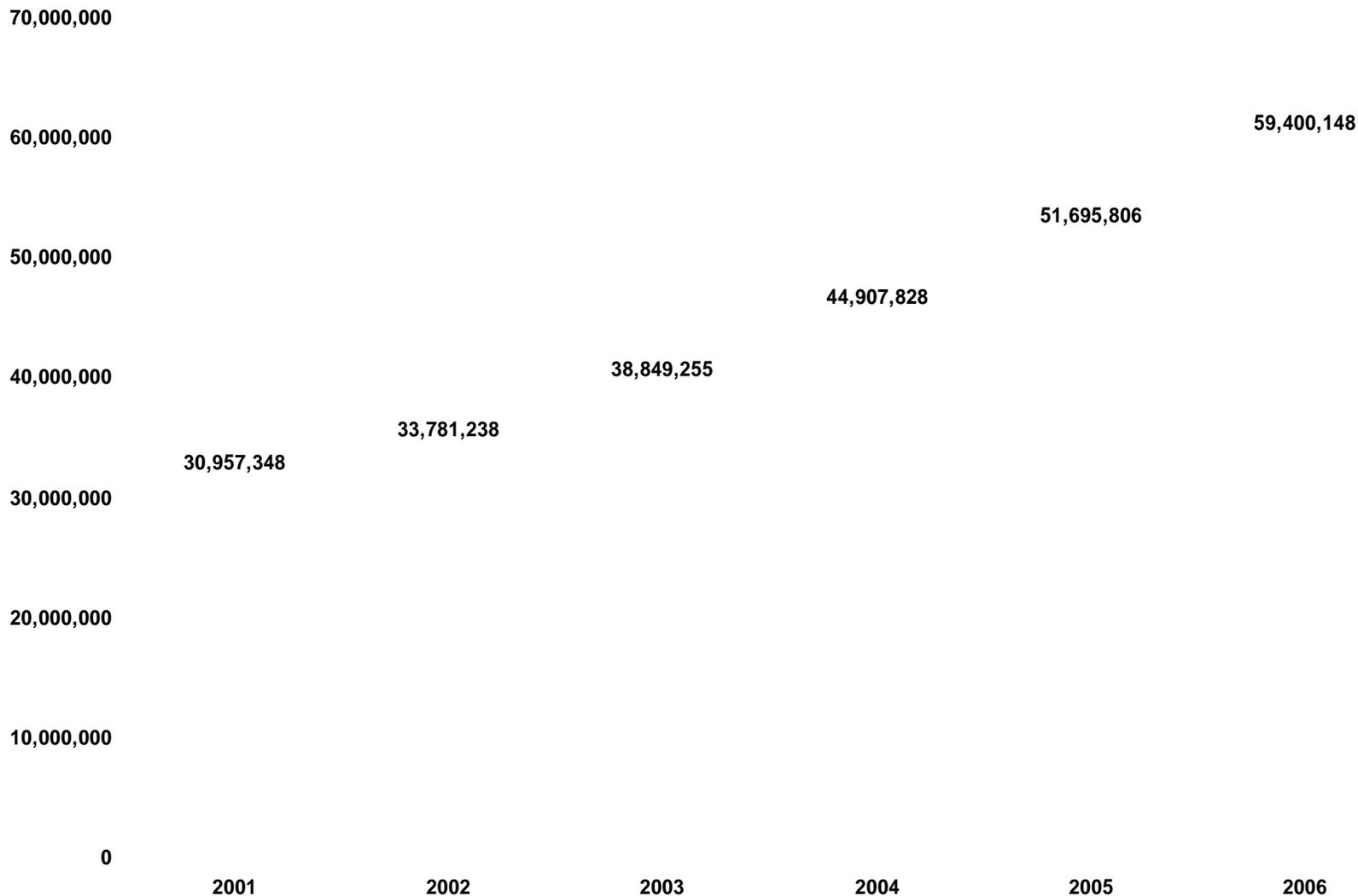
Rural and National Wireless Penetration: Rural Equated with EAs with Fewer than 100 Pops per Square Mile



Low Density Area Penetration

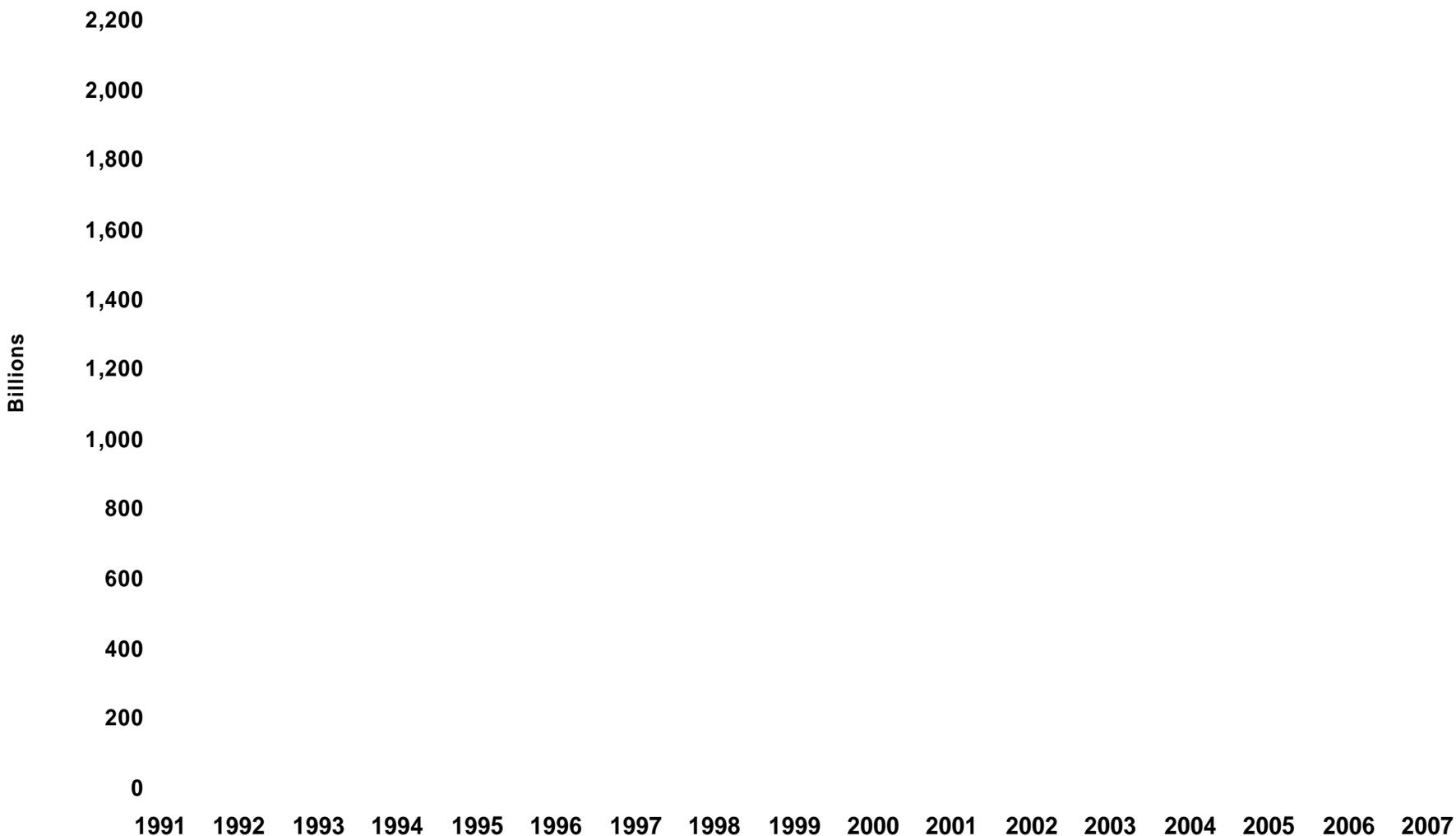
National Penetration

Total Estimated Rural Wireless Subscribership (based on EAs with 100 or less per square mile)



Low Density Area Wireless Subscribership

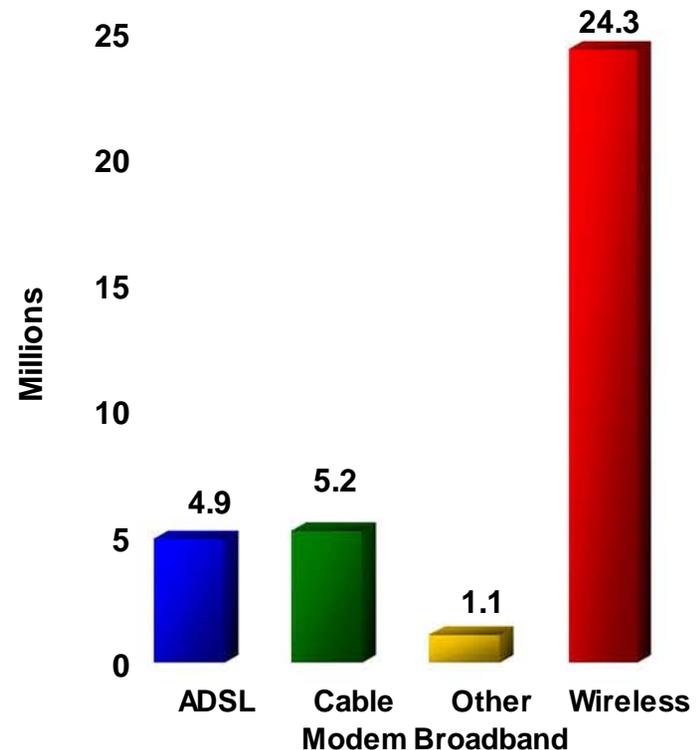
Reported Wireless Minutes of Use Exceeded 2.1 Trillion in 2007



Wireless is a Growing Means of High-Speed Access

- From June 2006 to June 2007, total high-speed lines grew 55%, from 65.3 million to 100.9 million lines, and 68% of all adds were mobile wireless subscriptions.
- From June 2006 to June 2007:
 - ADSL’s share of total broadband lines fell from 35% to 27%,
 - Cable modem’s share fell from 45% to 34%.
 - Mobile wireless’ share of total broadband lines rose from 17% to 35% of total broadband lines.
 - The share of “other” forms of broadband (including fixed wireless, satellite, fiber, and broadband over power line) fell to 2.6% of total broadband lines – although their total line count grew 80%, from 1.5 to 2.7 million.

High Speed Net Adds by Type, June 2006 – June 2007



KEY REGULATORY ISSUES

- National Regulatory Framework
- Broadband
- Universal Service
- Intercarrier Compensation
- Other Issues
 - Numbering
 - Privacy
 - Regulatory Fees

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.
 - States would still have the ability to regulate other terms and conditions of mobile wireless providers.
- 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).

BROADBAND ISSUES

- Reasonable Network Management
 - Reasonable network management is necessary to ensure a quality broadband experience and the definition of “reasonable network management” is dependent on a variety of factors, most importantly technology.
 - Wireless networks are different from traditional wired broadband connections. Sharing of the medium between users and between services makes network management a critical element of maintaining quality service for all users – particularly with respect to latency-sensitive services.
 - Unlike wired services that can add capacity through greater buildout, constraints on expansion of network capacity are a reality for spectrum-based services. Because of this constraint, wireless networks must be more aggressively managed to maximize the consumer benefit from their network provider.
 - Additionally, a number of factors such as number of users in a cell, number of users in a cell sector, foliage, weather, handset design, geography, and network topography all dynamically affect network management.

BROADBAND ISSUES

- SMS and Common Short Codes

- Common Short Codes utilize SMS – an information service – to provide short addresses to business partners for the purpose of marketing a service to a carriers' customers.
- Because the underlying service (SMS) is properly classified as an information service, and CSC's are not telecommunications but simply an addressing convention, imposition of Title II non-discrimination requirements would be inappropriate.

- Skype dismissal

- The FCC should dismiss the pending Petition by Skype to impose wireless *Carterfone* regulation particularly in light of the evolving nature of the wireless industry and industry response to consumer demand for wireless devices and applications.

- Broadband Data Collections

- Additional data collections from carriers on broadband availability are unnecessarily duplicative of commercial efforts already in the marketplace, will not provide the Commission with any meaningful new data, and will expose wireless carriers sensitive competitive data.
- Moreover, recent changes to FCC Form 477 should be evaluated prior to requiring additional data collections.
- The Commission should recognize, in ongoing broadband proceedings, the unique benefits that mobile wireless broadband delivers to consumers (such as pay-as-you-go wireless broadband) and the unique challenges associated with providing these services.

UNIVERSAL SERVICE

- The FCC should recognize that ubiquitous mobile wireless service is a key and unfulfilled universal service goal.
 - Approximately 23.2 million U.S. residents currently do not have access to 3G mobile broadband services at their primary place of residence.
 - Approximately 42% of road miles in the U.S. do not have access to 3G mobile broadband service.
 - Approximately \$22 billion in initial investment is needed to build out infrastructure to facilitate ubiquitous mobile broadband service.
- The FCC should establish universal service mechanisms that enable consumers to rely on mobile wireless, wireline, or both technologies.
 - That means mechanisms that do not distort consumer choice.
- CTIA supports dedicated high-cost funding for deployment of mobility and broadband.
- CTIA supports interim steps to eliminate excessive support for rural ILECs.
- The FCC should demand accountability from ALL wireline and wireless ETCs.
- CTIA supports adoption of a numbers-based universal service contribution mechanism that addresses low-income and low-ARPU consumers.

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 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.
- In the interim, the Commission should exercise its exclusive jurisdiction over IP-based voice services and establish a uniform termination rate no higher than the current ISP-bound traffic rate (\$0.0007 per minute).