

# **FCC MODIFIES ADVANCED WIRELESS SERVICE RULES TO PROVIDE GREATER FLEXIBILITY AND ACCESS TO SPECTRUM FOR SMALL AND RURAL PROVIDERS**

In an Order on Reconsideration adopted this week, the Federal Communications Commission (FCC) advanced its efforts to make spectrum available for an array of innovative wireless services and technologies, including voice, data, video, and other wireless broadband services offered over Third Generation (“3G”) mobile networks. Today’s Order modifies the band plan, and licensing and service rules – originally adopted in October 2003 – for the 90 MHz of Advanced Wireless Service (AWS) spectrum at 1710-1755 MHz and 2110-2155 MHz. The modifications adopted today respond to Petitions for Reconsideration filed by five parties in response to the original AWS service rules.

The changes made in the Order adopted today enhance flexibility for potential AWS licensees and provide additional opportunities for smaller and rural wireless carriers to access this spectrum. The original band plan for this spectrum adopted by the FCC in October 2003 included a mixture of license sizes and geographic areas in order to accommodate the needs of wireless providers of various sizes serving a range of different geographic areas. Today’s Order maintains such a mixture but increases the amount of spectrum licensed on a small geographic area basis (Cellular Market Areas, or CMAs) from 10 MHz to 20 MHz in order to provide greater opportunities for smaller rural or regional providers to obtain access to this spectrum at auction. The Order also provides for an additional 10 MHz of spectrum licensed by Economic Areas (EAs).

The new band plan splits the original 30 MHz E block at 1740-1755 MHz and 2140-2155 MHz into one 10 MHz block (new block E) and one 20 MHz block (new block F), in order to facilitate access to the spectrum by a wider array of new and existing wireless carriers seeking to deploy advanced services, improve service quality, augment existing networks, or expand coverage areas. Today’s Order also restructures the band plan by aligning the CMA, EA, and REAG spectrum blocks in order to enable operators to aggregate similarly-licensed spectrum more easily. For more information, please see the attached diagram depicting the old and new band plans for the 1710-1755 MHz and 2120-2155 MHz spectrum.

In addition to the changes made to the AWS band plan and geographic licensing areas, today’s Order modifies one of the original technical rules by removing a restriction on transmitter output power levels. Finally, the Commission today affirmed its 2003 decision not to set aside a portion of the 1710-1755 MHz and 2110-2155 MHz bands exclusively for small businesses that meet certain eligibility criteria and its 2003 decision to provide two levels of bidding credits to small businesses that are winning bidders for

licenses in those bands. The Commission declined a request to add a third level of bidding credits and two proposals that would have amended its rules pertaining to eligibility for designated entity ("DE") status and DE benefits such as bidding credits. The Commission also declined a third proposal to amend the DE rules in this proceeding, but stated that it would examine this issue further in a separate action.

In December 2004, the FCC announced its intention to auction the 1710-1755 MHz and 2120-2155 MHz AWS spectrum as early as June 2006. The resolution of the pending petitions on this spectrum and the new rules adopted today will enable the FCC to move forward expeditiously with its plans to auction this spectrum. The timely auction and licensing of this spectrum will in turn provide operators with new resources to provide advanced and innovative wireless services to the American public.

## **FCC ISSUES INQUIRY FOR ANNUAL REPORT TO CONGRESS ON VIDEO COMPETITION**

The Commission this week released a Notice of Inquiry for its Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming, as required by Congress.

The *Notice of Inquiry*, which seeks comment and information on competition in the video programming market, is designed to assist the FCC with its annual Competition Report. In the 2005 Competition Report, the FCC expects to report on changes in the competitive environment over the last year. The *Notice* seeks information that will allow the FCC to evaluate the status of competition in the video marketplace, changes in the market since the 2004 Competition Report, prospects for new entrants to that market, factors that have facilitated or impeded competition, and the effect of competition on industry groups and most importantly, consumers. The Commission expects to send the 2005 Competition Report to Congress by the end of the year.

The *Notice* solicits comments and information on video distributors in the market for the delivery of video programming, including those using both wireline and wireless technologies. Video programming distributors include cable systems, direct broadcast satellite ("DBS") providers, large home satellite dish or C-Band dish ("C-Band") providers, broadband service providers ("BSPs"), private cable or satellite master antenna television ("PCO") systems, open video systems ("OVS"), multichannel multipoint distribution services or wireless cable systems ("wireless cable"), local exchange carrier ("LEC") systems, utility-operated systems, and over-the-air broadcast television stations.

The FCC seeks information on video programming distributed on videocassettes and DVDs through retail distribution outlets, and on video programming distributed over the Internet and via Internet Protocol (IP) networks. The *Notice* also requests information that will allow the FCC to evaluate horizontal concentration in the video marketplace,

vertical integration between programming distributors and programming services, and other issues relating to the programming available to consumers. The *Notice* further asks for information on technical issues, including equipment and emerging services. Finally the *Notice* seeks comments regarding developments in foreign markets, as they may contribute to the FCC's understanding of domestic markets.

## **J.D. Power and Associates Ranks Verizon Highest in Customer Satisfaction for High-End Business Data for Second Year in a Row**

For the second year in a row, Verizon ranked highest in the J.D. Power and Associates Major Provider Business Telecommunications Services Study<sup>SM</sup>. Verizon scored well above the industry average.

Both Kathy Koelle, who heads up Verizon's small and mid-size business sales for Verizon, and Eduardo Menascé, president of Verizon Enterprise Solutions Group, praised the hard work and efforts of their staffs to provide excellent customer service to their business customers, which range from very small businesses up to the largest corporations.

J.D. Power and Associates determines overall customer satisfaction for this study by rating major telecommunication providers in seven categories:

- Sales reps and account executives
- Performance and reliability
- Billing
- Image
- Offerings and promotions
- Customer service
- Cost of service

Verizon came out on top in six out of the seven categories.

According to J.D. Power and Associates, its study is based on responses from more than 5,100 U.S. businesses of all sizes (from two to more than 500 employees) that subscribe to at least one advanced telecommunications services such as ATM, fiber optic services, frame relay, Ethernet, and Internet protocol virtual private network (IP/VPN) or another packet or cell technology. For more information on this study, visit [jdpower.com](http://jdpower.com).

With more than \$71 billion in annual revenues, Verizon Communications Inc. (NYSE:VZ) is one of the world's leading providers of communications services. Verizon has a diverse work force of more than 214,000 in four business units: Domestic Telecom

provides customers based in 28 states with wireline and other telecommunications services, including broadband. Verizon Wireless owns and operates the nation's most reliable wireless network, serving 47.4 million voice and data customers across the United States. Information Services operates directory publishing businesses and provides electronic commerce services. International includes wireline and wireless operations and investments, primarily in the Americas and Europe. For more information, visit [www.verizon.com](http://www.verizon.com).