

would not create a significant increase in value for Nextel because iDEN does not require contiguous spectrum.

312. For similar reasons, we find that Verizon's analysis understates the value of the non-contiguous spectrum rights being given up by Nextel. While the market value of non-contiguous spectrum is generally lower than that of contiguous spectrum, Verizon's analysis does not sufficiently account for Nextel's highly effective use of iDEN technology to maximize the capacity that it derives from non-contiguous spectrum. Using iDEN, Nextel can and does provide interconnected mobile voice and data at current-generation speeds on the spectrum it currently uses.<sup>726</sup> In fact, Nextel has been able to achieve capacity and throughput levels that are superior to many providers that operate on contiguous spectrum. Therefore, from a technology perspective, Nextel does not gain significant new capability to provide these services as a result of converting from non-contiguous spectrum to contiguous spectrum in the 800 MHz band.<sup>727</sup>

313. While we conclude that Verizon has not taken Nextel's efficient use of non-contiguous spectrum into account, we do not agree with Nextel's contention that its use of iDEN means that non-contiguous and contiguous spectrum rights should be valued equally. Even in an iDEN configuration, Nextel will realize some increase in technical efficiency as a result of using contiguous spectrum. For example, moving to contiguous spectrum will give Nextel somewhat more flexibility to optimize frequency reuse in its iDEN network, and Nextel will have fewer constraints on spectrum use because once relocation is complete, the contiguous band will be cleared of non-Nextel incumbents. Because Nextel has not taken these variables into account in its valuation of the 800 MHz spectrum it is relinquishing, we have conducted our own analysis to determine the appropriate offset for contiguous and non-contiguous spectrum.

314. *Contiguous Spectrum at 800 MHz.* We start by estimating the value to Nextel of the spectrum rights to the six megahertz of contiguous spectrum currently occupied by NPSPAC. We believe that Verizon's proposed market valuation of the six megahertz at \$1.82 MHz-pop, for a total of \$3.2 billion, is overstated. This valuation figure is derived using the same "enterprise valuation" method that Verizon uses to value the 1.9 GHz spectrum. As noted above, we find that this method results in an inflated value for the 1.9 GHz spectrum, and accordingly, it overstates the value of 800 MHz spectrum to at least an equal degree.

315. We believe that our above-determined \$1.70/MHz-pop valuation of the 1.9 GHz spectrum represents a more appropriate baseline for determining the value of the contiguous 800 MHz spectrum being acquired by Nextel. Although Nextel asserts a higher value for 800 MHz spectrum (both contiguous and non-contiguous) based on propagation characteristics, based on our analysis of comparable sales discussed above, we have not found that this factor adds appreciable value to 800 MHz spectrum in comparison to 1.9 GHz spectrum. Moreover, to the extent that it may add value, there are other factors that tend to cancel out any such difference as applied to the 800 MHz spectrum that Nextel will acquire. First, we assume that the market value of six megahertz of spectrum would not be proportional on a per-megahertz basis to the market value of ten megahertz of spectrum. Where we have established new bands for advanced wireless services, we have never established licensing blocks smaller than ten megahertz. In addition, a six megahertz block provides no more capacity than a five megahertz block for the typical CDMA configuration based on 1.25 MHz channels, *i.e.*, only four channels can be

<sup>726</sup> See Sun Fire Study at 17.

<sup>727</sup> See Letter dated Dec. 19, 2003 from Regina Keeney, Esq. Counsel for Nextel to Michael J. Wilhelm, Esq., WTB at 16. See also Nextel Communications, Inc. Proposed Spectrum Swap: Working Through the Noise, UBS Investment Research Report dated April 15, 2004 at 6 (*April 15 UBS Report*).

accommodated in either case.

316. We also find that an offset should be made against the six megahertz of contiguous 800 MHz spectrum that Nextel is gaining because it is also relinquishing two megahertz of contiguous spectrum at 816-817 MHz/861-862 MHz. This reduces Nextel's net gain of contiguous spectrum from six megahertz to four megahertz. We also make an adjustment for operational restrictions that Nextel is accepting under this order at the new lower edge of its contiguous 800 MHz ESMR spectrum. As described by Nextel, these restrictions will effectively limit Nextel's use of half a megahertz of its ESMR spectrum after rebanding.<sup>728</sup> Based on all of the above factors, we conclude that Nextel should be credited with the net gain of 3.5 megahertz of contiguous 800 MHz spectrum as opposed to six megahertz. Applying our baseline of \$1.70/MHz-pop to this amount of spectrum on a nationwide basis yields an approximate value of \$1.739 billion.<sup>729</sup>

317. *Non-Contiguous Spectrum at 800 MHz.* In addition to determining the value of contiguous spectrum at 800 MHz, we also must consider the value of the non-contiguous 800 MHz spectrum rights being relinquished by Nextel in the General Category and interleaved spectrum bands. Again, we are presented with a range of values by the parties. Verizon values Nextel's non-contiguous spectrum rights at \$.45/MHz-pop—one quarter the value it ascribes to contiguous spectrum—which we regard as too low.<sup>730</sup> Nextel, on the other hand, argues for a valuation of \$2.02/MHz-pop, which we regard as thinly supported, since it is based on a single secondary market transaction.<sup>731</sup> As in our discussion of contiguous spectrum above, we focus our analysis of non-contiguous spectrum on its specific use in Nextel's existing network and service, which we consider more relevant than its hypothetical market value to other parties. In particular, we focus on the differences in technical efficiency that affect iDEN operation on contiguous versus non-contiguous spectrum. While these differences are difficult to quantify with precision, we have identified variables that we believe provide a reasonable measure of the increase in efficiency that Nextel will realize as a result of obtaining rights to contiguous spectrum, and which can be used to provide an appropriate discount on the value of the non-contiguous spectrum rights it is relinquishing. We set forth this analysis below.

318. *Interleaved Channels.* In the 809.75-816/854.75-861 MHz band, 80 SMR channel pairs totaling 4 megahertz of bandwidth are interleaved with public safety and B/ILT channels. The interleaved nature of the band plan puts twenty of these channels at band edges adjacent to non-SMR spectrum, including public safety spectrum. Using the OOB limits applicable to EA licenses,<sup>732</sup> we assume that if Nextel is operating on one of its band-edge channels in the vicinity of an adjacent-channel non-SMR

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<sup>728</sup> Nextel June 4, 2004 *Ex Parte* at 3. This record statement by Nextel, as with all such statements in the record, is governed by Section 1.17 of the Commission's rules governing accuracy in written statements to the Commission. See 47 C.F.R. § 1.17.

<sup>729</sup> We make a small downward adjustment to the two megahertz offset because while Nextel is giving up all of its spectrum holdings at 816-817/861-862 MHz, our records indicate that there are seventeen EA licenses in this band licensed to parties other than Nextel, which these licensees are not required to relinquish. Accordingly, in calculating the MHz-pop (11.56 million pops) value of the two megahertz of spectrum given up by Nextel, we have deducted the population of those non-Nextel EAs from the calculation.

<sup>730</sup> Kane Reece Report at Table 7.

<sup>731</sup> See Sun Fire Study. The Sun Fire valuation is based on Nextel's acquisition of Chadmoore Communications. Although this transaction is a useful data point, we do not believe it provides sufficient support in and of itself for the valuation proposed in the report.

<sup>732</sup> 47 C.F.R. § 90.683.

licensee, Nextel must limit use of its band-edge channel to avoid interference. We estimate that this reduces the utility of the band edge channels by fifty-percent, because they can still be used in areas where the adjacent non-SMR licensee is operating on a non-band-edge channel. A fifty-percent impairment to one quarter of the eighty interleaved channels translates to a 12.5 percent reduction in capacity—effectively one out of every eight channels that Nextel is unable to use on interleaved spectrum but could use if the same channels formed a single contiguous block. Thus, we believe a 12.5 percent discount is an appropriate benchmark for the technical efficiency loss in an iDEN configuration from the spectrum being non-contiguous.

319. Applying this analysis to the interleaved spectrum rights being given up by Nextel, we have reviewed Nextel's interleaved spectrum holdings in eleven top US markets.<sup>733</sup> We believe that focusing on Nextel's spectrum holdings in top markets is appropriate because these are the markets where Nextel's gains and losses of spectrum are likely to have the most significant impact on efficiency. In less populated markets, efficiency gains from using contiguous as opposed to non-contiguous spectrum are less likely to translate into an economic benefit for Nextel, and the net loss of bandwidth is less likely to translate into an economic loss. In these markets, Nextel holds an average of 3.84 megahertz of interleaved SMR spectrum—in fact, in all but two of these markets, it holds all eighty available interleaved SMR channels.<sup>734</sup> On average, non-Nextel incumbents occupy only 0.08 megahertz of spectrum in the interleaved EA blocks licensed to Nextel. Because these non-Nextel incumbents must be protected by Nextel, we attribute an average of 3.76 megahertz of interleaved spectrum to Nextel.

320. To determine the value of this spectrum, we start with our \$1.70/MHz-pop baseline value for contiguous 800 MHz spectrum, and discount it by 12.5 percent, resulting in a MHz-pops value of \$1.49.<sup>735</sup> In addition, because Nextel does not have full nationwide coverage on interleaved spectrum, we adjust the population coverage figure from 286 million to 234 million.<sup>736</sup> This results an approximate valuation of \$1.309 billion for Nextel's interleaved spectrum rights.

321. *General Category.* The 806-809.75/851-854.75 MHz General Category band more closely resembles contiguous spectrum than the 800 MHz interleaved band, because it is not divided into interleaved band segments specifically assigned to SMR, public safety, and B/ILT. Instead, the General

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<sup>733</sup> For purposes of this review, we have analyzed eleven of the top fifteen US markets, excluding three border markets—Detroit, Seattle, and San Diego—as well as Atlanta. The border markets are excluded because under band reconfiguration, Nextel will both give up and receive smaller amounts of 800 MHz spectrum in these markets, so they are not representative. We have excluded Atlanta because Southern LINC may receive a significant portion of the contiguous 800 MHz spectrum in that market if it elects ESMR status. See ¶¶ 164-169 *supra*. Thus, it is also not a representative market.

<sup>734</sup> See Exhibits attached to Letter, dated July 26, 2002, from Michael K. Powell, Chairman, Federal Communications Commission to the Honorable W.J. (Billy) Tauzin, Chairman, Committee on Energy and Commerce, U.S. House of Representatives (2002 Report to Congress).

<sup>735</sup> We recognize that the \$1.70 MHz-pops value we have derived for 1.9 GHz is based in part on the nationwide nature of that spectrum block, whereas the 800 MHz spectrum being given up by Nextel does not cover 100 percent of the population. However, the coverage afforded by Nextel's 800 MHz interleaved and General Category spectrum is substantial: Nextel covers approximately 234 million pops (about eighty-one percent of the national population) and virtually all major markets. We regard this as sufficiently close to nationwide coverage that applying the same valuation is appropriate.

<sup>736</sup> See Kane Reece Study at 36, Table 5B. Kane Reece bases the estimate of Nextel's coverage on Commission licensing records.

Category band is segmented into six contiguous twenty-five channel blocks licensed on an EA basis.<sup>737</sup> The vast majority of these EA licenses are held by Nextel. The band is not fully contiguous, because EA licensees must protect grandfathered site-based licenses in the General Category band. Thus, in markets where there are non-Nextel incumbents, Nextel must maintain a seventy-mile spacing for co-channel interference protection,<sup>738</sup> which will likely prevent Nextel from employing that channel in that same market. To account for this circumstance, we discount Nextel's spectrum rights in the General Category by the number of channels that it is prevented from using because of the need to protect co-channel incumbents. But in contrast to the interleaved band, we do not consider it necessary to discount Nextel's General Category spectrum rights holdings based on the presence of adjacent channel non-SMR incumbents. Most of the General Category incumbents are single-channel conventional systems rather than the five-channel trunked systems found in the interleaved block. In addition, over the past several years Nextel has purchased the spectrum rights of many of these incumbents in order to clear and consolidate its General Category spectrum rights. This affords Nextel more channels to choose from in the General Category band than it has in the interleaved band, even where incumbents in adjacent non-SMR bands that must be protected.

322. Using the same markets that we have reviewed to assess Nextel's interleaved spectrum rights, our licensing records indicate that Nextel holds an average of 6.9 megahertz of General Category spectrum in these markets (out of a total of 7.5 megahertz) through EA licenses. On average, non-Nextel incumbents occupy 1.78 megahertz of spectrum in the EA blocks licensed to Nextel in these markets.<sup>739</sup> Because these co-channel incumbents prevent Nextel from using all of its General Category channels in a particular market, Nextel is on average only able to use 5.12 megahertz of its total 6.9 megahertz of General Category spectrum. We therefore apply our \$1.70/MHz-pop baseline to 5.12 megahertz, and use the same adjusted population figure (234 million) applied to the interleaved spectrum, resulting in an approximate valuation of \$2.037 billion for Nextel's General Category spectrum rights.

323. *Combined 800 MHz Spectrum Offsets.* Offsetting the valuation amounts for Nextel's contiguous and non-contiguous spectrum rights as determined above results in an offset to Nextel of approximately \$1.622 billion for its net loss of 800 MHz spectrum. We note that our calculation is based on a spectrum amount that is slightly higher than the 4.5 megahertz identified by Nextel as the average amount of 800 MHz net bandwidth it is giving up in the exchange.<sup>740</sup> However, we believe this amount also provides a reasonable basis for valuation if we were to use 4.5 megahertz as our benchmark. By relinquishing 4.5 megahertz of spectrum on a nationwide basis, Nextel is giving up forty-five percent of the bandwidth it is gaining at 1.9 GHz. But our \$1.607 billion valuation of Nextel's relinquished 800 MHz spectrum is approximately one third of the \$4.86 billion value we attribute to the 1.9 GHz spectrum. Thus, on a per-MHz basis, this spectrum has a value twenty-seven percent lower than the 1.9 GHz spectrum. We regard this as an appropriate discount to account for the non-contiguous nature of some of the spectrum and for the somewhat lower population coverage. Accordingly, in the financial reconciliation to be made by the Transition Administrator at the end of the band reconfiguration process,

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<sup>737</sup> See 47 CFR § 90.615

<sup>738</sup> See 47 C.F.R. § 90.621.

<sup>739</sup> See 2002 Report to Congress.

<sup>740</sup> Our calculations based on the top markets show Nextel giving up an average of 4.96 megahertz in these markets rather than the 4.5 megahertz that Nextel identified based on a running average of all markets nationwide. Because the top markets are where demand for spectrum capacity is likely to be highest, we see them as providing an appropriate measure of the value of spectrum that Nextel is giving up, even if the average amount of spectrum on a nationwide basis is slightly lower.

Nextel will receive a credit of \$1.607 billion for its relinquishment of 800 MHz spectrum rights.<sup>741</sup>

(iii) 700 MHz Guard Band Spectrum

324. Nextel submits that it paid \$350 million at auction for its 700 MHz Guard Band spectrum and thus should be credited that amount as part of the Commission's determination of compensation that is equitable to Nextel. We disagree. Given the slow development of services in the 700 MHz Guard Band, and the presence of incumbent television stations that may remain there beyond the period contemplated in the 700 MHz Guard Band licensees' business plans, there is no assurance that the Guard Band spectrum is worth today what Nextel paid for it in 2001. Moreover, as noted, *supra*, this spectrum cannot be made available to public safety in the near term and any potential long-term benefit it might afford to public safety or any value it might have in the marketplace is purely speculative at this point.<sup>742</sup> That said, however, we have no basis to conclude, absolutely, that the record in the future rule making proceeding will not inform us that the 700 MHz Guard Band spectrum may be used to benefit of public safety. The above factors considered, we have determined that Nextel's relinquishing its 700 MHz Guard Band spectrum—although its present worth cannot legitimately be quantified in monetary terms—it does add *de minimis* value to the overall bundle of spectral and financial benefits that Nextel brings to the table to justify giving it access to the 1.9 GHz spectrum. Thus, Nextel's surrender of this spectrum has weighed, albeit not heavily, in the equities that undergird our determination that the balance we establish today is equitable to all concerned.

5. Financial Aspects of Band Reconfiguration

325. The financial and other aspects of band reconfiguration will be conducted in a manner that provides optimum transparency and protection of affected licensees and the public. The first step in the process will be Nextel's delivery to the Commission the following set of documents. The items listed in the first three bullets below ensure that funds for band reconfiguration will remain available until the project is completed. The item in the fourth bullet governs companies related to Nextel such as Nextel Partners, which will be required to perform certain acts, *e.g.*, reconfiguration of their own facilities, in connection with band reconfiguration. Moreover, certain of such companies and, it is believed, Nextel, have operations in Canada and Mexico, which operations may have to be modified in order to derive suitable border band plans.<sup>743</sup> The document referenced in the fourth bullet binds all such entities to the obligations assumed hereunder by Nextel to the extent necessary to implement 800 MHz band reconfiguration, nationwide. Specifically,

- Within sixty days of the publication of this *Report and Order* in the Federal Register, Nextel shall comply with the following conditions precedent commencing any operations within the 1.9 GHz band:

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<sup>741</sup> See ¶ 35 *supra*.

<sup>742</sup> See ¶ 278 *supra*.

<sup>743</sup> Nextel Partners (Partners) is an affiliate of Nextel Communications, Inc. (Nextel.) Nextel holds about a thirty-percent non-controlling interest in Partners which is separately listed and traded on NASDAQ. Nextel and Partners have an agreement concerning the branding of Partner's service as Nextel and associated quality, marketing, switch sharing and related standards and provisions. Partners, an independent FCC licensee, was created for the express purpose of speeding the deployment of Nextel's iDEN service in secondary, tertiary and rural markets. Partners filed in this proceeding confirming its support of the Consensus Plan and agreement to contribute its spectrum to and participate in the 800 MHz realignment along with Nextel. Accordingly, Nextel's commitments include Partners' service areas as well.

- Certify that it has obtained an irrevocable letter of credit, in all material respects identical to that contained in Appendix E hereto, which provides assurances that \$2.5 billion will be available for band reconfiguration, notwithstanding the financial condition of Nextel, or its successor(s).
- Specify on the initial letter of credit and any subsequent letters of credit, a Trustee, acceptable to the Commission, which shall draw upon and disburse funds in accordance with the terms thereof and the Transition Administrator's instructions. Further, on the occasion of a material breach by Nextel of its obligations hereunder, as declared by the Commission, said trustee shall receive the remaining balance of the letter(s) of credit to hold in trust and disburse in accordance with the terms of this *Report and Order*. Said funds shall be devoted exclusively to reconfiguration of the 800 MHz band except as otherwise provided in this *Report and Order*.
- Deliver an opinion letter from counsel clearly stating, subject only to customary assumptions, limitations and qualifications, that in a proceeding under Title 11 of the United States Code, 11 U.S.C. Section 101 et seq. (the "Bankruptcy Code"), in which Nextel is the debtor, the bankruptcy court would not treat the Letter of Credit or proceeds of the Letter of Credit as property of Nextel's bankruptcy estate under Section 541 of the Bankruptcy Code. The scope of the opinion letter must also cover such other opinions as the Commission shall request. The opinion letter must contain detailed legal analysis of the basis of counsel's opinion. A draft opinion letter must be submitted for review and approval by the Commission's Office of General Counsel prior to issuance of the letter. Bankruptcy counsel, and, if applicable, counsel's firm, must have a Martindale-Hubbell rating of "A/V" and must satisfy the Commission in all other respects.
- Supply a letter or letters, in content satisfactory to the Commission, from any and all parties having a financial or equitable interest in any existing or proposed 800 MHz system, whether in the United States, Mexico or Canada, and connected in any way to Nextel by way of being a subsidiary, partner, or otherwise; to the effect that such parties are bound to perform the obligations imposed on Nextel herein to the extent such obligations are necessary or desirable in the completion of reconfiguration of the 800 MHz band.

326. With this *Report and Order*, the Commission is hereby modifying the licenses of certain 800 MHz band licensees, as specified herein. As indicated above, once the details of the band reconfiguration become clear (e.g., the specific relocation channel and any other necessary operating parameters are identified), affected licensees will file applications for further modification with the Commission, which will be acted upon by the Wireless Telecommunications Bureau under its delegated authority. As conditions precedent to Nextel's commencement of any operations under its 1.9 GHz licenses, however, (a) Nextel shall provide the documents specified in the previous paragraph within the required sixty day timeframe, (b) the Commission must approve these documents,<sup>744</sup> (c) Nextel must pay to UTAM the amount of required reimbursement specified in paragraph 249 *supra*; and (d) Nextel shall file such additional applications, notifications, etc. as the Commission's Rules may require. In addition,

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<sup>744</sup> We hereby delegate to the Wireless Telecommunications Bureau this approval authority.

the 1.9 GHz licenses, which shall be for a ten-year term, are subject to the following license conditions.<sup>745</sup>

- Operations on the 1.9 GHz spectrum shall be discontinued in any EA region where Nextel fails to timely abate unacceptable interference to any 800 MHz public safety or CII system as described in ¶¶ 139-141, *supra*.
- Nextel must reconfigure the 800 MHz band within thirty-six months as described herein. If Nextel fails to meet the final benchmark, for reasons that Nextel could reasonably have avoided, the Commission will determine whether forfeitures should be imposed and/or whether Nextel licenses, including, but not limited to, its 1.9 GHz licenses, should be revoked.
- Nextel shall certify to the Commission that all BAS facilities have been relocated within 30 months after the effective date of this *Report and Order*. If Nextel fails to meet this benchmark, for reasons that Nextel could reasonably have avoided, the Commission will determine whether forfeitures should be imposed and/or whether Nextel licenses, including, but not limited to, its 1.9 GHz licenses, should be revoked.
- The 1.9 GHz licenses shall not be assigned to any person or entity who or which has not demonstrated to the satisfaction of the Commission that it will, and has the capacity to, assume all of Nextel's obligations hereunder.

327. The Transition Administrator will provide to the Commission a monthly report, in form and substance satisfactory to the Commission, describing the progress of band reconfiguration. This report shall include a disclosure of the Transition Administrator's expenses and salary. Salary of Transition Administrator and staff shall be reasonable and customary with salary of employee having analogous responsibilities. Nextel shall pay the Transition Administrators salary and reasonable expenses within thirty days of the presentation of an invoice therefore and may not condition payment in any way nor may it delay or deny payment without prior Commission approval. "Reasonable expenses" will be determined according to standards provided by the Commission. Such standards shall be informed by expenses that are reasonable and customary with similar projects entailing similar responsibilities as those envisioned for the Transition Administrator.

328. Nextel shall keep accurate records of the labor and material reasonably expended or acquired in connection with clearance of the 1.9 GHz band. An annual audit of these expenses shall be made, at Nextel's expense, by an auditing firm satisfactory to the Commission. All Nextel claims for labor and equipment shall be at Nextel's actual cost, without markup.

## 6. Financial Reconciliation Process

329. As noted above, we seek to ensure that Nextel is treated equitably in facilitating 800 MHz band reconfiguration but does not realize an undue windfall.<sup>746</sup> To this end, we condition the grant of 1.9 GHz band spectrum rights to Nextel on its meeting the obligations imposed by this *Report and Order*, and on its payment to the U.S. Treasury of any difference between the value of the 1.9 GHz band spectrum rights and the net sum of: (a) the value of spectrum rights relinquished by Nextel, and (b) Nextel's costs

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<sup>745</sup> The expiration of the 1.9 GHz licenses shall be ten years from the date this *Report and Order* is published in the Federal Register. In the event that the Commission must revoke Nextel's license for failing to complete reconfiguration in a timely fashion, the Commission will provide Nextel a Special Temporary Authorization to allow its customers a reasonable amount of time to migrate to other CMRS providers.

<sup>746</sup> See ¶ 212 *supra*.

incurred in reconfiguring the 800 MHz band and (c) Nextel's costs incurred in clearing the 1.9 GHz band.<sup>747</sup> In this regard, we recognize the importance of setting forth a procedural framework to determine whether Nextel must make a payment to the Treasury to cover any difference between the value of its credits and the value of spectrum rights in the 1.9 GHz band and to ensure that such payment flows to the Treasury in a timely and orderly manner. In this connection, we fashion certain procedural steps to afford certainty to this "true-up" process, while still providing Nextel with flexibility in the manner in which it effects any required payment. We also provide measures to ensure that funding is available for 800 MHz band reconfiguration throughout the nation, including the areas bordering Mexico and Canada. Overall we believe that the measures we detail below are reasonable and necessary to ensure that first responders and the public receive the full benefit of our realignment plan.

330. At the conclusion of the thirty-six month band reconfiguration process specified herein, but no later than six months thereafter—essentially no later than forty-two months after commencement of the band reconfiguration process—the following financial reconciliation will be made:

- Nextel will be allotted a \$1.607 billion credit for relinquishing rights to an average of 4.5 megahertz of spectrum in the 800 MHz band.
- Nextel will provide the Transition Administrator an accounting of the funds spent:
  - to reconfigure its own systems in the 800 MHz band;<sup>748</sup> and
  - to clear the 1.9 GHz band of incumbents and to reimburse UTAM.
- Nextel will also provide the Transition Administrator an accounting of funds, if any, Nextel receives as reimbursement for clearing the 1.9 GHz band.
- The Transition Administrator shall provide an accounting of the funds spent to reconfigure the systems of incumbent operators in the 800 MHz band, including its own salary and expenses. This accounting shall include certifications from each relocated licensee that all necessary reconfiguration work has been completed and that Nextel and said licensee agree on the sum paid for such work.
- Upon compliance with the foregoing requirements, Nextel will be allotted appropriate credits.
- To the extent that those combined credits total less than the value of the 1.9 GHz spectrum, Nextel shall make a payment equal to the difference to the United States Treasury at the conclusion of the relocation process.
- Should a payment to the Treasury prove necessary, we direct the Wireless Telecommunications Bureau to release a *Public Notice* announcing the amount to be paid to the Treasury. Thirty days following release of such Public Notice, Nextel shall make such payment to the Treasury.
- Nextel may use monies separate and apart from the letter of credit to make such payment. However, should a balance remain on any letter(s) of credit after band reconfiguration has been completed, Nextel may elect to apply such excess funds to the payment to the Treasury.

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<sup>747</sup> See ¶¶ 12, 34-35, 212 *supra*.

<sup>748</sup> See ¶¶ 298-323 *supra*.

331. We remain vigilant to our central purpose in this proceeding—alleviating interference to public safety—and therefore take steps to ensure that the security for funding reconfiguration remains available until the conclusion on the relocation process. Thus, the letter of credit shall remain open until the true-up process has been completed. At no time during the life of the letter(s) of credit shall the balance fall below \$850 million. Nextel may terminate the letter(s) of credit only after band reconfiguration is complete and after the financial reconciliation process is complete, including any payments to the Treasury.

332. In the event that reconfiguration of the 800 MHz border areas is not completed at the end of the thirty-six month reconfiguration process due to circumstances outside of Nextel's control, the Transition Administrator shall estimate how much completing the reconfiguration will cost. Within thirty days of the completion of this estimate Nextel shall elect to either extend the life of the letter(s) of credit or secure a separate letter of credit to cover the costs of border area reconfiguration. The estimated cost of reconfiguring the 800 MHz band in the border areas shall be included as a credit in the computations described in paragraph 330 *supra*.

## VII. SERVICE POOL CONSOLIDATION – THE PCIA PETITION

333. In the *NPRM*, the Commission sought comment on PCIA's petition for rulemaking to consolidate the B/ILT Pools in the 800 MHz and 900 MHz band.<sup>749</sup> The majority of comments received in response to PCIA's petition for service pool consolidation in the 800 MHz and 900 MHz bands were from utilities and other CII entities<sup>750</sup> most of which opposed consolidation.<sup>751</sup> Some CII interests argued that consolidation would hinder their access to needed spectrum,<sup>752</sup> because business radio users—with eligibility rules less stringent than those applicable to Industrial/Land Transportation users—would dominate a consolidated band.<sup>753</sup> Cinergy, Entergy, and Scana also opposed, for the same reasons, lifting the freeze on intercategory sharing.<sup>754</sup> Boeing averred that the current service pool division in the band and the freeze on intercategory sharing protects against the incursions of CMRS operations into Private Land Mobile Radio spectrum.<sup>755</sup> However, a contrary view was expressed by parties who argued that allowing CMRS operations would be beneficial to the extent that it affords additional flexibility in

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<sup>749</sup> See *NPRM*, 17 FCC Rcd at 4917-18 ¶¶ 84-85.

<sup>750</sup> See, e.g., Ameren Comments at 6; API Comments at 16-17; Cinergy Comments at 58-60; Entergy Comments at 53; Exelon Comments at 9; FL P&L Comments at 5; Scana Comments at 42.

<sup>751</sup> See, e.g., API Comments at 16-17; Cinergy Comments at 58-60; Entergy Comments at 53; FL P&L Comments at 5; Scana Comments at 42; *but see*, e.g., Ameren Comments at 6; Exelon Comments at 9; API Comments at 16-17 (noting, for reasons explained below, that API is not "strictly opposed" to the proposed consolidation of the two frequency pools).

<sup>752</sup> API Comments at 16; Cinergy Comments at 58-60; Entergy Comments at 53; FL P&L Comments at 5; Scana Comments at 42.

<sup>753</sup> Compare 47 C.F.R. § 90.35(b) (Business Pool) with 47 C.F.R. § 90.617(b) (Industrial//Land Transportation Pool).

<sup>754</sup> Cinergy Comments at 58-60; Entergy Comments at 53; Scana Comments at 42; *see also* API Comments at 16.

<sup>755</sup> "If the freeze were lifted, it is likely that history would repeat itself and SMR applicants will inundate the Commission with requests for intercategory sharing with a view towards converting increasingly scarce private radio spectrum to commercial services." Boeing Comments at 12.

spectrum use.<sup>756</sup> Others support consolidation, *inter alia* because they believe it would promote spectrum-sharing.<sup>757</sup> One commenting party urged that we prohibit cellularized operation in the consolidated 900 MHz band lest the interference problem currently encountered by 800 MHz systems be replicated at 900 MHz.<sup>758</sup>

334. We are consolidating the 800 MHz and 900 MHz B/ILT Pools. Any eligible Business or Industrial/Land Transportation entity will be eligible to be licensed on the consolidated channels.<sup>759</sup> We agree with the parties, *supra*, who note that our recent "refarming" efforts in consolidating the service pools in bands below 512 MHz have resulted in improved spectrum efficiency without undue burden on licensees.<sup>760</sup> Thus, we are not persuaded by the arguments from some CII interests that today's action will impair their access to spectrum.<sup>761</sup> Also, because consolidation makes intercategory sharing moot, licensees and the Commission will be spared the resource burdens associated with intercategory sharing requests.<sup>762</sup> Finally, although we note the concern expressed about the effects of cellularized operation in a consolidated 900 MHz band, we believe that proscribing cellularized operation in a band in which interference to public safety communications is not an issue could unnecessarily hinder realization of the efficiencies inherent in cellular-architecture and other advanced technologies.

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<sup>756</sup> Cascade Two Way Radio Comments at 4.

<sup>757</sup> Exelon Comments at 9. In addition to consolidating the 800 MHz and 900 MHz Business and Industrial/Land Transportation services into one pool, Exelon also recommends that we "permit new intercategory sharing." *Id.* Exelon contends that the only restriction on this new intercategory sharing should be a strict prohibition against the operation of cellularized systems in the expanded pools in order to protect them from the same interference problems currently being experienced by Business and Industrial/Land Transportation licensees. *Id.*

<sup>758</sup> See Exelon Comments at 9.

<sup>759</sup> See 47 C.F.R. § 90.35.

<sup>760</sup> See generally In The Matter Of Replacement Of Part 90 By Part 88 To Revise The Private Land Mobile Radio Services And Modify The Policies Governing Them And Examination Of Exclusivity And Frequency Assignments Policies Of The Private Land Mobile Services, PR Docket No. 92-235 (*Refarming*).

<sup>761</sup> API Comments at 16; Cinergy Comments at 58-60; Entergy Comments at 53; FL P&L Comments at 5; Scana Comments at 42.

<sup>762</sup> Under the existing rules, there are provisions that allow entities establishing eligibility under one radio service to obtain a license for a frequency in another radio service under certain conditions (interservice sharing). Because we are consolidating the Business and Industrial/Land Transportation Pools into one pool and eliminating the individual radio service categories, interservice sharing rules will no longer be necessary with regard to applicants from either service seeking frequencies previously allotted to the other service. Under consolidation, applicants will have the opportunity to apply directly for in-pool frequencies that were previously allocated to either the Business or Industrial/Land Transportation service. We will modify the Commission's Rules accordingly. However, our action does not otherwise affect the current freeze on intercategory sharing with respect to applicants from the newly consolidated Business/Industrial Land Transportation Pool seeking intercategory sharing of those frequencies specifically allocated to Public Safety Pool. See Inter-Category Sharing of Private Mobile Radio Frequencies in the 806-821/851-866 MHz Bands, *Order*, 10 FCC Rcd 7350 (WTB 1995) (*Intercategory Freeze Order*).

**VIII. OPERATIONAL FLEXIBILITY IN THE 900 MHz BAND**

335. In the Balanced Budget Act Proceeding<sup>763</sup> the Commission amended its rules to permit CMRS use of PLMR frequencies in the 800 MHz land mobile band and allowed PLMR licensees to transfer their licenses to CMRS entities.<sup>764</sup> The Commission sought comment on whether, in the interest of regulatory symmetry, similar rules should apply in the 900 MHz land mobile spectrum.<sup>765</sup> In the *NPRM* in this proceeding, the Commission sought further comment on this issue in light of Nextel's White Paper proposal to accommodate displaced 800 MHz B/ILT licensees in the 900 MHz land mobile band.<sup>766</sup>

336. In general, parties supported the proposal to allow CMRS operations on 900 MHz PLMR spectrum.<sup>767</sup> Although the proposal to relocate all 800 MHz B/ILT and SMR licensees to the 900 MHz band is no longer germane, we find that other factors merit our making the 800 MHz and 900 MHz CMRS rules complementary. In particular, we note that Nextel will have to shift some of its operations from the 800 MHz band to 900 MHz in order to provide the "green space" necessary to effect reconfiguration of the 800 MHz band. Moreover, as noted above,<sup>768</sup> Nextel may have to share spectrum in the 816-824 MHz segment of the reconfigured band with other ESMR licensees. To the extent that such sharing may reduce the amount of 800 MHz spectrum available to Nextel, we believe we should provide the regulatory flexibility necessary for Nextel to make up the shortfall by using 900 MHz channels. We have less concern about unacceptable interference resulting from such 900 MHz ESMR use because there are no public safety channels allocated in the 900 MHz band. Moreover, because there currently is no extensive ESMR use of the 900 MHz band, ESMR licensees designing systems "from the ground up" in the 900 MHz band will be better able to take interference abatement into account when designing their systems. However, we will not hesitate to act should it appear that the interference environment in the 900 MHz band is becoming unfavorable.

337. We therefore will allow 900 MHz PLMR licensees to initiate CMRS operations on their currently authorized spectrum or to assign their authorizations to others for CMRS use. In the *BBA R&O and FNPRM*, the Commission inquired whether to impose a holding period requirement on all new 900 MHz applications, thereby to avoid trafficking in 900 MHz licenses.<sup>769</sup> Although the Commission, in the *BBA Proceeding*, put parties on notice that it might impose a holding period in the future we decline to do so since we observed no speculative runs on 900 MHz PLMR spectrum after the release of the *BBA R&O*

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<sup>763</sup> See generally, *Implementation of Sections 309(j) and 337 of Communications Act of 1934 as Amended*, WT Docket 99-87 (*BBA Proceeding*).

<sup>764</sup> See *Implementation of Sections 309(j) and 337 of Communications Act of 1934 as Amended, Report and Order and Further Notice of Proposed Rulemaking*, WT Docket 99-87, 15 FCC Rcd 22709, 22761 ¶¶ 110-111 (FCC 2000) (*BBA R&O and FNPRM*).

<sup>765</sup> *Id.*, 15 FCC Rcd at 22773-22774 ¶¶ 143-144.

<sup>766</sup> *NPRM*, 17 FCC Rcd 4918 at ¶ 86. This essentially transferred the issue from WT Docket 99-87 to the instant proceeding. See *Implementation of Sections 309(j) and 337 of Communications Act of 1934 as Amended, Second Report and Order and Second Further Notice of Proposed Rulemaking*, 18 FCC Rcd 3034, 3047 n. 5.

<sup>767</sup> See Nextel Comments at 65. See also Ad Hoc Wireless Alliance Comments at 8-10.

<sup>768</sup> See ¶ 159 *supra*.

<sup>769</sup> *BBA R&O and FNPRM*, 15 FCC Rcd 22709, 22774 ¶ 144.

and FNPRM.<sup>770</sup>

## IX. CONCLUSION

338. There may be no matter within our jurisdiction more crucial to Homeland Security and the overall general safety of life and property than assuring that public safety communications systems are free from unacceptable interference and have adequate capacity. Indeed, one of the express purposes of this agency's creation was for the "purpose of promoting safety of life and property through the use of wire and radio communications,"<sup>771</sup> and we thus would be derelict were we to ignore an opportunity—such as that represented by 800 MHz band reconfiguration—that allows us to increase the reliability and capacity of 800 MHz public safety communications systems.

339. We stress, however, that the actions we take today in response to a unique set of circumstances regarding interference to public safety communications in the 800 MHz band are consistent with our statutory obligations generally to use competitive bidding in the allocation of spectrum. Although our emphasis herein has been on public safety requirements, the far more favorable interference environment in the post-reconfiguration 800 MHz band will ensure other 800 MHz licensees will also benefit from the band reconfiguration plan and related policies that we have adopted. Underlying the policies we enunciate today is the tenet put forth by many of the commenting parties in this proceeding: parties must work together to abate interference and endure an occasional hardship as a necessary concession to the nation's overall Homeland Security obligations.

## X. ORDERING CLAUSES

340. IT IS ORDERED that, pursuant to the authority of Sections 1, 4(i), 303(f) and (r), 309, 316, and 332 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 303(f) and (r), 309, 316, and 332, the rule changes specified in Appendix C are adopted.

341. IT IS FURTHER ORDERED that the rule changes set forth in Appendix C WILL BECOME EFFECTIVE sixty days after publication in the Federal Register. This action is taken pursuant to Sections 1, 4(i), 303(f) and (r), 309, 316 and 332 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 303(f) and (r), 309, 316, and 332.

342. IT IS FURTHER ORDERED that, pursuant to Section 309 and 316 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 309, and 316, the licenses of all 800 MHz band licensees (including, but not limited to, Nextel Communications, Inc.), are hereby modified as specified in this *Report and Order*; provided, however, that in the event Nextel rejects any of the conditions for modification required in this *Report and Order*, all the modifications of all the 800 MHz licenses specified in this *Report and Order* are suspended unless and until the Commission orders otherwise. Nextel will be deemed to have rejected such conditions (a) unless it files with the Commission a written acceptance of all such conditions within thirty days of the publication of this *Report and Order* in the Federal Register, or (b) if it files a judicial appeal of this *Report and Order* within thirty days of the publication of this *Report and Order* in the Federal Register. Pursuant to Section 316(a)(1) of the

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<sup>770</sup> Moreover, we believe our existing rules also provide necessary safeguards. See 47 C.F.R. § 90.155 (requires licensees to have stations placed in operation within twelve months from the date of grant to avoid automatic cancellation; 47 C.F.R. § 90.609 (requires complete construction of a radio facility prior to any transfer or assignment) and 47 C.F.R. 90.157 (licenses will cancel automatically if there is a discontinuance of station operation for twelve months or more).

<sup>771</sup> See 47 U.S.C. § 151.

Communications Act of 1934, as amended, 47 U.S.C. § 316(a)(1), publication of this *Report and Order* in the Federal Register shall constitute notification in writing of our Order modifying Nextel's 800 MHz licenses and those of all other 800 MHz licenses, and of the grounds and reasons therefore, and Nextel and these other 800 MHz licensees shall have thirty days from the date of such publication to protest such Order.

343. IT IS FURTHER ORDERED that, pursuant to Section 309 and 316 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 309 and 316, the Wireless Telecommunications Bureau shall further modify such licenses as are necessary in order to implement band reconfiguration in the manner specified in this *Report and Order*.<sup>772</sup>

344. IT IS FURTHER ORDERED that within sixty days of the publication of this *Report and Order* in the Federal Register, Nextel shall comply with the following conditions precedent to its operations on the 1.9 GHz band:

- Nextel shall certify that it has obtained an irrevocable letter of credit, in all material respects identical to that contained in Appendix E hereto, which provides assurances that \$2.5 billion will be available for band reconfiguration, notwithstanding the financial condition of Nextel, or its successor(s).
- Nextel shall specify on the initial letter of credit and any subsequent letters of credit, a Trustee, acceptable to the Commission, which shall draw upon and disburse funds in accordance with the terms thereof and the Transition Administrator's instructions. Further, on the occasion of a material breach by Nextel of its obligations hereunder, as declared by the Commission, said trustee shall receive the remaining balance of the letter(s) of credit to hold in trust and disburse in accordance with the terms of this *Report and Order*. Said funds shall be devoted exclusively to reconfiguration of the 800 MHz band except as otherwise provided in this *Report and Order*.
- Nextel shall deliver an opinion letter from counsel clearly stating, subject only to customary assumptions, limitations and qualifications, that in a proceeding under Title 11 of the United States Code, 11 U.S.C. Section 101 et seq. (the "Bankruptcy Code"), in which Nextel is the debtor, the bankruptcy court would not treat the Letter of Credit or proceeds of the Letter of Credit as property of Nextel's bankruptcy estate under Section 541 of the Bankruptcy Code. The scope of the opinion letter must also cover such other opinions as the Commission shall request. The opinion letter must contain detailed legal analysis of the basis of counsel's opinion. A draft opinion letter must be submitted for review and approval by the Commission's Office of General Counsel prior to issuance of the letter. Bankruptcy counsel, and, if applicable, counsel's firm, must have a Martindale-Hubbell rating of "A/V" and must satisfy the Commission in all other respects.
- Nextel shall provide a letter or letters, in content satisfactory to the Commission, from any and all parties having a financial or equitable interest in any existing or proposed 800 MHz system, whether in the United States, Mexico or Canada, and connected in any way to Nextel by way of being a subsidiary, partner, or otherwise; to the effect that such parties are bound to perform the obligations imposed on Nextel herein to the extent such obligations are necessary

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<sup>772</sup> The expiration of each said further modified license shall be the date specified thereon. Provided, however, that if such a specified date is less than five years from the date this *Report and Order* is published in the Federal Register, then, notwithstanding the expiration date specified on the license, the license shall expire five years after the date this *Report and Order* is published in the Federal Register.

or desirable in the completion of reconfiguration of the 800 MHz band.

- Nextel shall obtain the Commission's approval of all documents it submits pursuant to this paragraph.

345. IT IS FURTHER ORDERED that Nextel's 1.9 GHz modified licenses do not authorize Nextel to begin operations in the band until Nextel files with the Commission an acknowledgement that meets the requirements of paragraph 87 *supra*.

346. IT IS FURTHER ORDERED that within thirty days of the publication of this *Report and Order* in the Federal Register, Nextel and Southern LINC shall deliver to the Commission an agreement for the channel distribution for all 800 MHz licensees in the areas shown in Appendix G.

347. IT IS FURTHER ORDERED that, in addition to the license conditions set forth above and below in this *Report and Order*, and also in addition to such other conditions as the Commission may, in its discretion, deem necessary to ensure reconfiguration of the 800 MHz band and timely clearance of the 1.9 GHz band, Nextel's modified licenses authorizing operations within the 1.9 GHz band are conditioned on the following:

- Nextel must complete, and the Transition Administrator must certify that Nextel has completed, the retuning of Channels 1-120 in twenty NPSPAC Regions within eighteen months after the release of a Public Notice announcing the start date of reconfiguration in the first NPSPAC region. If Nextel fails to meet this benchmark, for reasons that Nextel, with the exercise of due diligence could reasonably have avoided, the Commission may consider and exercise any appropriate enforcement action within its authority, including assessment of monetary forfeitures or, if warranted, license revocation.
- The 1.9 GHz licenses shall not be assigned to any person or entity who or which has not demonstrated to the satisfaction of the Commission that it will, and has the capacity to, assume all of Nextel's obligations hereunder.
- Nextel shall certify to the Commission that all BAS facilities have been relocated within thirty months after the effective date of this *Report and Order*. If Nextel fails to meet this benchmark, for reasons that Nextel could reasonably have avoided, the Commission will determine whether forfeitures should be imposed and/or whether Nextel licenses, including, but not limited to, its 1.9 GHz licenses, should be revoked.
- If 800 MHz band reconfiguration is not complete, in accordance with the certification of the Transition Administrator, thirty-six months following release of a Public Notice announcing the start date of reconfiguration in the first NPSPAC region, for reasons that Nextel could reasonably have avoided, the Commission will determine whether forfeitures should be imposed and/or whether Nextel licenses, including, but not limited to, its 1.9 GHz licenses, should be revoked.
- The 1.9 GHz licenses shall be for a ten-year term, subject, however to the foregoing termination provisions; and renewal will be conditioned on Nextel supplying substantial service<sup>773</sup> within the ten-year period.

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<sup>773</sup> "Substantial service" is defined as service which is sound, favorable, and substantially above a level of mediocre service which just might minimally warrant renewal.

348. IT IS FURTHER ORDERED that Nextel, the Association of Public Safety Communications Officials-International, the Industrial Telecommunications Association, Southern LINC and the United Telecom Council, shall form a Transition Administrator search committee within fifteen days of the date of the release of this *Report and Order*, and shall recommend a Transition Administrator to the Chief of the Public Safety and Critical Infrastructure Division of the Wireless Telecommunications Bureau no later than forty-five days after the release of this *Report and Order*.

349. IT IS FURTHER ORDERED that the Transition Administrator, within ten days of a request from Nextel, will request funds necessary for band reconfiguration of a given NPSPAC Region as the need therefore arises, from the Letter of Credit Trustee which shall disburse such funds within five business days of receipt thereof from the issuing bank, or at such later time as the Transition Administrator shall specify in writing.

350. IT IS FURTHER ORDERED that the Transition Administrator will provide to the Commission a monthly report, in form and substance satisfactory to the Commission, describing the progress of band reconfiguration. This report shall include a disclosure of the Transition Administrator's salary and reasonable expenses.

351. IT IS FURTHER ORDERED that Nextel shall keep accurate records of the labor and material reasonably expended or acquired in connection with clearance of the 1.9 GHz band. An annual audit of these expenses shall be made, at Nextel's expense, by an auditing firm satisfactory to the Commission. All Nextel claims for labor and equipment shall be at Nextel's actual cost, without markup.

352. IT IS FURTHER ORDERED that (a) as a condition of its 1.9 GHz modified licenses, Nextel shall reimburse UTAM twenty-five percent, on a *pro rata* basis, of UTAM's total relocation costs incurred as of the date that Nextel gains access to the band, (b) Nextel's 1.9 GHz modified licenses do not authorize Nextel to begin operations in the band until it pays this amount to UTAM, and (c) Nextel shall be entitled to seek reimbursement from UTAM for the actual proportional cost associated with Nextel's relocation of any remaining microwave links in the band.

353. IT IS FURTHER ORDERED that, as a condition on Nextel's 1.9 GHz licenses, Nextel SHALL, as described herein, relocate all BAS licensees in the 1990-2025 MHz band within thirty months after the effective date of this *Report and Order*, and in this connection, comply with the following requirements:

- Nextel shall file with the Commission and copy the MSS licensees within thirty days after the effective date of this *Report and Order* its plan for the relocation of BAS operations in the markets that will be relocated during stage one (*i.e.*, relocations made within eighteen months after the effective date of this *Report and Order*).
- Nextel shall follow a negotiation period for stage one relocations that ends May 31, 2005 and that ends March 31, 2006 for stage two relocations (*i.e.*, relocations made within thirty months after the effective date of this *Report and Order*).
- Nextel shall provide comparable facilities to BAS incumbents that are relocated.
- Nextel shall file progress reports within twelve months and twenty-four months after the effective date of this *Report and Order* on the status of the transition, including identifying the markets that will be relocated during stage one, and all remaining markets that will be relocated during stage two.
- Nextel shall certify to the Commission that all BAS facilities have been relocated within thirty months after the effective date of this *Report and Order*. If Nextel fails to meet this

benchmark, for reasons that Nextel could reasonably have avoided, the Commission will determine whether forfeitures should be imposed and/or whether Nextel licenses, including, but not limited to, its 1.9 GHz licenses, should be revoked.

- Nextel shall be entitled to seek reimbursement from MSS licensees that have entered the band for the MSS licensee's pro rata share of Nextel's costs to clear the top thirty markets and relocate all fixed BAS facilities, regardless of market size, incurred during the thirty-six month reconfiguration process. Nextel shall be required to inform the Commission and MSS licensees on whether it will or will not seek reimbursement from MSS licensees within twelve months after the effective date of this *Report and Order*.
- Nextel shall have an obligation to reimburse MSS licensees for Nextel's pro rata share of the actual costs associated with the relocation of BAS incumbents in the band incurred by MSS licensees during the thirty-six month reconfiguration period.
- Nextel shall conform to the technical criteria specified in TSB 10-F or generally acceptable good engineering practices for determining interference potential between BAS and Nextel operations.

354. IT IS FURTHER ORDERED that, at the conclusion of band reconfiguration, Nextel will provide to the Transition Administrator an accounting of the funds:

- Spent to reconfigure its own systems in the 800 MHz band;
- Spent to clear the 1.9 GHz band of incumbents and to reimburse UTAM; and
- Received as reimbursement, if any, for clearing the 1.9 GHz band.

355. IT IS FURTHER ORDERED that, at the conclusion of band reconfiguration, the Transition Administrator shall provide an accounting of the funds spent to reconfigure the systems of incumbent operators in the 800 MHz band. This accounting shall include certifications from each relocated licensee that all necessary reconfiguration work has been completed and that Nextel and said licensee agree on the sum paid for such work.

356. IT IS FURTHER ORDERED that, as a condition of its 800 MHz and 1.9 GHz modified licenses, Nextel shall, within thirty days of the completion of the thirty-six month band reconfiguration process, as certified by the Transition Administrator and if band reconfiguration has not been completed in the border areas, elect to extend the life of the letter of credit or elect to secure a separate letter of credit, in an amount sufficient to ensure the reconfiguration of the 800 MHz licensees operating in the border area, as detailed herein.

357. IT IS FURTHER ORDERED that, as a condition of its 800 MHz and 1.9 GHz modified licenses, in the event that the computations described in paragraphs ¶ 329-332 *supra* disclose that the credits afforded Nextel thereunder are less than the value of the 1.9 GHz spectrum rights that Nextel is receiving hereunder, Nextel SHALL DEPOSIT the difference in the United States Treasury; and Nextel SHALL NOT discontinue the letter(s) of credit it is required to maintain hereunder until such deposit has been received and acknowledged.

358. IT IS FURTHER ORDERED that, within thirty days of Commission approval of the Transition Administrator, the Transition Administrator will provide the Commission with a schedule detailing when band reconfiguration shall commence for each NPSPAC-Region. The plan should also detail—by NPSPAC Region—which relocation option each non-Nextel ESMR licensees has chosen

359. IT IS FURTHER ORDERED that the Petition for Rulemakings filed by the Wireless Information Networks Forum and UTStarcom Inc., and the Petition for Waivers filed by Lucent Technologies Inc., Ascom Wireless Solutions Inc., Alaska Power & Telephone Company Inc., and UTStarcom Inc. and Drew University ARE DENIED IN PART.

360. IT IS Further ORDERED that the PCIA Petition for Rulemaking IS GRANTED to the extent stated herein and denied in all other respects. This action is taken pursuant to Sections 4(i), 303(f) and (r), and 332 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i), 303(f) and (r), and 332.

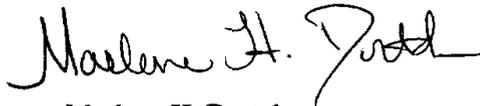
361. IT IS FURTHER ORDERED that the Petitions for Reconsideration and Clarification filed by the Association for Maximum Service Television and the National Association of Broadcasters, and the Society of Broadcast Engineers ARE GRANTED to the extent described herein.

362. IT IS FURTHER ORDERED that the Petition for Reconsideration and Clarification filed by the Boeing Company IS DENIED to the extent described herein.

363. IT IS FURTHER ORDERED that the Final Regulatory Flexibility Analysis, required by Section 604 of the Regulatory Flexibility Act, 5 U.S.C. 604, and as set forth in Appendix B is ADOPTED.

364. IT IS FURTHER ORDERED that the Commission's Consumer Information and Governmental Affairs Bureau, Reference Information Center, SHALL SEND a copy of this Report and Order, including the Final Regulatory Flexibility Analysis, to the Chief Counsel for Advocacy of the Small Business Administration.

FEDERAL COMMUNICATIONS COMMISSION



Marlene H. Dortch,  
Secretary

**XI. PROCEDURAL MATTERS****A. Regulatory Flexibility Act**

365. As required by the Regulatory Flexibility Act (RFA), the Commission has prepared a Final Regulatory Flexibility Analysis (Supplemental FRFA) of the possible impact on small entities of the changes in its rules adopted in this Report and Order. The FRFA is set forth in Appendix B. The Office of Public Affairs will send a copy of the *Report and Order*, including the FRFA, to the Chief Counsel for Advocacy of the Small Business Administration, in accordance with the RFA.

**B. Paperwork Reduction Act**

366. This *Report and Order* contains a new information collection, which has been submitted to the Office of Management and Budget (OMB) for approval. As part of our continuing effort to reduce paperwork burdens, we invite the general public to take this opportunity to comment on the information collection contained in this *Report and Order*, as required by the Paperwork Reduction Act of 1995, Pub. L. No. 104-13. Public comments should be submitted to OMB and the Commission, and are due thirty days from date of publication of this *Report and Order* in the Federal Register. Comments should address: (a) whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's burden estimates; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on the respondents, including the use of automated collection techniques or other forms of information technology.

**APPENDIX A: FINAL REGULATORY FLEXIBILITY ANALYSIS**

1. As required by the Regulatory Flexibility Act of 1980, as amended (RFA),<sup>774</sup> an Initial Regulatory Flexibility Analysis (IRFA) was incorporated in the *Notice of Proposed Rule Making (NPRM)*.<sup>775</sup> The Commission sought written public comment on the proposals in the *NPRM*, including comment on the IRFA.<sup>776</sup> Three commenting parties specifically addressed the IRFA.<sup>777</sup> We discuss those comments below. This present Final Regulatory Flexibility Analysis (FRFA) conforms to the RFA.<sup>778</sup>

**A. Need for, and Objectives of, the *Report and Order*:**

2. In this *Report and Order*, we have concluded that reconfiguration of the 800 MHz band is essential, over the long term, to assure that critical public safety communications may be accommodated without unacceptable interference, as that term is defined in the *Report and Order*. Because increasing instances of interference to 800 MHz public safety communications systems made it imperative that we act to stem such interference without delay, we adopted rules that hold the involved ESMR and cellular telephone licensees strictly responsible for abating interference by application of a variety of technical remedies which have been subsumed in this proceeding under the rubric of *Enhanced Best Practices*. Specifically, the Commission took the following actions:

- adopted a new 800 MHz band plan that, after a transition period, will separate high-density ESMR systems in the band, principally those operated by Nextel, from public safety and other non-cellular 800 MHz operations.
- require Nextel to relinquish all of its 800 MHz spectrum holdings below 817 MHz/862 MHz resulting in an additional average of 4.5 megahertz of 800 MHz band spectrum becoming available to the public safety community, particularly in the major markets where the shortage of public safety spectrum is most acute;
- established a transition mechanism for band reconfiguration with minimal disruption to the operations of all affected 800 MHz incumbents during the transition period;
- required Nextel to pay all band reconfiguration costs of public safety and other 800 MHz incumbents that result from transition to the new band plan;
- defined unacceptable interference as a function of threshold received power levels of desired signals;

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<sup>774</sup> See 5 U.S.C. § 603. The RFA, see 5 U.S.C. §§ 601-612, has been amended by the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA), Pub. L. No. 104-121, Title II, 110 Stat. 857 (1996).

<sup>775</sup> See *Improving Public Safety Communications in the 800 MHz Band; Consolidating the 900 MHz Industrial/Land Transportation and Business Pool Channels*, WT Docket No. 02-55, *Notice of Proposed Rulemaking*, 17 FCC Rcd 4873, 4927 (2002) (*NPRM*).

<sup>776</sup> See *id.* at 4920 ¶ 93.

<sup>777</sup> Business Autophones, Inc., Comments on IRFA (May 6, 2002) Skitronics, LLC, Comments on IRFA (May 6, 2002); Small Business in Telecommunications, Comments on IRFA (May 6, 2002).

<sup>778</sup> See 5 U.S.C. § 604.

- placed strict responsibility for abatement of unacceptable interference on the licensees whose systems are the source of such interference;
- required prior notification, upon request, of the activation or modification of ESMR and cellular telephone cells;
- established firm rules—including response times of twenty-four hours and abatement initiation time of forty-eight—for procedures to be used to identify, report and remedy instances of unacceptable interference;
- modified certain Nextel licenses to accommodate a nationwide allocation in the 1910-1915 MHz/1990-1995 MHz paired spectrum block, in exchange for Nextel's surrendering spectrum, and bearing the financial burden and risk of reconfiguring the 800 MHz band;
- consolidated the Business and Industrial/Land Transportation Pools in the 800 MHz and 900 MHz bands, and
- allowed 900 MHz Private Land Mobile Radio (PLMR) licensees to initiate CMRS operations on their currently authorized spectrum or to assign their authorizations to others for CMRS use.

3. The Commission has taken these actions to immediately stem increasing instances of interference to 800 MHz public safety communications systems. The Commission has long recognized that the nation's public safety community requires effective radio communications systems free of unacceptable interference if public safety agencies are to adequately protect the safety of lives and property. The actions taken by the Commission in this *Report and Order* create a suitable spectrum environment for public safety and Critical Infrastructure Industries systems operating in the 800 MHz band.

4. In the *Fourth Memorandum Opinion and Order*, we both grant and deny petitions for reconsideration and clarification of the *Third Report and Order* and *Third Memorandum Opinion and Order*. We grant petitions to the extent described herein and clarify several points relating to BAS operations by licensees operating on different channel plans during the transition to the new BAS channel plan at 2025-2110 MHz. We otherwise deny the petitions relating to BAS relocation issues in the 1990-2025 MHz band. We also no longer require BAS licensees in TV markets 31-210 to cease operation on channels 1 and 2 (1990-2008 MHz and 2008-2025 MHz, respectively) until they have been relocated to their final channel plan in the 2025-2110 MHz band, but otherwise retain our previously adopted relocation rules for MSS licensees. The changes we adopt are necessary to allow Nextel, as a new entrant in the 1990-2025 MHz band, to participate in the relocation process we had previously established for BAS incumbents.

**B. Summary of Significant Issues Raised by Public Comments in Response to the IRFA:**

5. Three parties submitted comments specifically in response to the IRFA: Business Autophones, Inc. (Business Autophones), Small Business in Telecommunications (SBT), and Skitronics, LLC (Skitronics).<sup>779</sup> Business Autophones opines that the Nextel Plan, which contemplated relocating B/ILT licensees from the 800 MHz band to the 700 MHz and 900 MHz at their own expense, would be financially devastating to small business B/ILT licensees and urges the Commission to either abate

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<sup>779</sup> Business Autophones, Inc., Comments on IRFA (May 6, 2002) Skitronics, LLC, Comments on IRFA (May 6, 2002); Small Business in Telecommunications, Comments on IRFA (May 6, 2002).

interference on a case-by-case basis or adopt the plan proposed by NAM/MRFAC which reconfigured the band but did not relocate B/ILT licensees.<sup>780</sup> For the reasons described *infra* we have adopted a band plan that does not relocate B/ILT licensees to the 700 MHz and 900 MHz band and requires Nextel to finance any necessary relocation of B/ILT licensees.

6. Skitronics posits on the impact of four separate alternatives set forth in the *NPRM* on small businesses.

- Skitronics echoes Business Autophones concerns about the effect of the proposal to relocate B/ILT licensees from the 800 MHz band to the 700 MHz and 900 MHz at their own expense.<sup>781</sup> As we discuss at ¶ 27 *infra*, we did not choose this alternative.
- Skitronics argues that Nextel's alternative proposal, one that would allow incumbent 800 MHz operators to remain in the band on a secondary status, would deleteriously affect small business SMR operators by impacting these business' growth prospects as well as their ability to guarantee continuous service to their customers.<sup>782</sup> We note that although Nextel offered this alternative in its original *White Paper* proposal, Nextel removed it as part of the plan it submitted as a member of the Consensus Parties. Therefore, we ceased to consider this alternative at that time and we have not chosen to enact that alternative as a rule.
- Skitronics argues that the Commission's consideration of moving 800 MHz incumbents to the 2.1 GHz imposes significant costs on small business SMR licensees since the propagation qualities of the 2.1 GHz spectrum make it unsuitable for SMR use and there is a lack of available equipment suitable for SMR operations in this band.<sup>783</sup> As in the case of the alternative of allowing SMR licensees to remain in the 800 MHz band on a secondary basis, this alternative was superseded by the alternative set forth by the Consensus Parties in the Consensus Plan and we have not chosen to move 800 MHz incumbents to the 2.1 GHz band.
- Skitronics contends that the alternative mentioned in the *NPRM* that has the least impact on small business is enforcement of existing rules against those licensees responsible for causing interference to public safety on a case-by-case basis.<sup>784</sup> For the reasons discussed at ¶ 29 *infra*, we declined to adopt this alternative.

7. Unlike the two other comments received in response to the IRFA, SBT focuses its comments on the adequacy of the IRFA in terms of its compliance with the RFA. Specifically, SBT makes the following arguments:

- the IRFA does not describe the significant or potential economic impact of the *NPRM* on small entities as required by the RFA,<sup>785</sup>

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<sup>780</sup> See Business Autophones Comments on IRFA at 2-3.

<sup>781</sup> Skitronics Comments on IRFA at 6-10.

<sup>782</sup> *Id.* at 10-11.

<sup>783</sup> *Id.* at 11-13.

<sup>784</sup> *Id.* at 4, 16.

<sup>785</sup> SBT Comments at 3-4 (*citing* 5 U.S.C. § 603(a)).

- the IRFA omits any description of the problem to be rectified by the regulation to be promulgated or an objective for any proposed rule as required by the RFA;<sup>786</sup>
- the Commission either relied on outdated statistical sources in calculating the number of affected small licensees or failed to cite to the source(s) entirely;<sup>787</sup>
- SBT agrees with the IRFA's conclusion that the *NPRM* does not propose a rule that will entail additional reporting, record-keeping, and other compliance requirements because the *NPRM* does not, in fact, propose any rules.<sup>788</sup> However, in Section D *infra* we add new reporting and other requirements.
- SBT urges the Commission to amend the *NPRM*'s IRFA in any subsequent IRFA or FRFA if a substantive rule emerges from this proceeding.<sup>789</sup>
- SBT contends that the Commission should convert the *NPRM* to a Notice of Inquiry (NOI) and issue a second *NPRM* to propose specific rules.<sup>790</sup>

8. With regard to SBT's comments, as an initial matter we believe that we do not need to issue a NOI in this proceeding because the IRFA's description of the problem of interference to public safety systems in the 800 MHz band is a sufficient description of the problem to be rectified in this proceeding.<sup>791</sup> Moreover, we believe our description of the two plans under consideration in the *NPRM* adequately described the rules under consideration.<sup>792</sup> We also note that the Consensus Parties filed a plan superseding one of the plans discussed in the *NPRM* on September 23, 2002 and the major revision of that new plan on December 24, 2002. Both of these plans, as well as the comments received in response to these plans, proposed substantive rules. Moreover, in the interest of ensuring a complete record, the Commission opened two additional notice and comment rounds to obtain public comment on these two plans. Our position, therefore, is that the Commission clearly stated its proposals either in the *NPRM* and IRFA or fully clarified them in the two subsequent notice and comment rounds that permitted full comment on subsequently proposed plans. Indeed, the Commission received the bulk of all comments in

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<sup>786</sup> *Id.* at 4. According to SBT, the Commission's tentative conclusion that spectrum reallocation serves the public interest because it would resolve harmful interference to 800 MHz public safety licensees "falls far short" of satisfying the requirements of 5 U.S.C. § 603(b)(1). *See id.*

<sup>787</sup> *Id.* at 5-10.

<sup>788</sup> *Id.* at 10-11. For the same reason, SBT concurs with the IRFA's conclusion that the *NPRM* does not propose any rule that duplicates, overlaps, or conflicts with other federal rules. *See id.* at 12.

<sup>789</sup> *Id.* at 11, 12. In addition, SBT recommends that the Commission amend the IRFA to comply with 5 U.S.C. § 603(c)(3) by discussing alternatives to rules proposed by the Commission. *See id.* at 11. Once again, SBT reiterates that the Commission has not proposed any rules and therefore could not have discussed alternatives to such rules. *Id.* To the extent that the IRFA discusses alternative proposals for rule changes that were submitted to the Commission, SBT contends that such "alternatives" do not qualify as alternatives proposed by the Commission *Id.*

<sup>790</sup> *Id.* at 12-13. SBT believes that the Commission should use a NOI "whenever it lacks information about the industry to be regulated or the exact nature of the problem to be addressed." *Id.* at 13.

<sup>791</sup> *See NPRM* at 4927.

<sup>792</sup> *Id.*

this proceeding subsequent to the comment period initiated in the *NPRM*. Finally, we note that in Section C, *infra*, we are using updated statistical sources to assess the impact of the rules we adopt today on small businesses.

**C. Description and Estimate of the Number of Small Entities To Which the Rules Will Apply:**

9. The RFA directs agencies to provide a description of, and, where feasible, an estimate of the number of small entities that may be affected by the proposed rules, if adopted.<sup>793</sup> The RFA generally defines the term “small entity” as having the same meaning as the terms “small business,” “small organization,” and “small governmental jurisdiction.”<sup>794</sup> In addition, the term “small business” has the same meaning as the term “small business concern” under the Small Business Act.<sup>795</sup> A “small business concern” is one that is: (1) is independently owned and operated; (2) is not dominant in its field of operation; and (3) satisfies any additional criteria established by the Small Business Administration (SBA).<sup>796</sup> Below, we further describe and estimate the number of small entity licensees and regulatees that may be affected by the rule changes adopted herein.

10. A “small organization” is generally any not-for-profit enterprise which is independently owned and operated and is not dominant in its field.<sup>797</sup> Nationwide, there are approximately 1.6 million small organizations.<sup>798</sup> We note that, according to SBA data, there are approximately 22.4 million small businesses nationwide.<sup>799</sup> We describe and estimate, below, the number of small entities—applicants, licensees, and radio equipment manufacturers—that may be affected by this *Report and Order*.

11. *Governmental Entities*. The term “small governmental jurisdiction” is defined as “governments of cities, towns, townships, villages, school districts, or special districts, with a population of less than fifty thousand.”<sup>800</sup> As of 1997, there were approximately 87,453 governmental jurisdictions in the United States.<sup>801</sup> This number includes 39,044 county governments, municipalities, and townships, of which 37,546 (approximately 96.2%) have populations of fewer than 50,000, and of which 1,498 have populations of 50,000 or more. Thus, we estimate the number of small governmental jurisdictions overall to be 84,098 or fewer.

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<sup>793</sup> 5 U.S.C. § 603(b)(3).

<sup>794</sup> 5 U.S.C. § 601(6).

<sup>795</sup> 5 U.S.C. § 601(3) (incorporating by reference the definition of “small-business concern” in the Small Business Act, 15 U.S.C. § 632). Pursuant to 5 U.S.C. § 601(3), the statutory definition of a small business applies “unless an agency, after consultation with the Office of Advocacy of the Small Business Administration and after opportunity for public comment, establishes one or more definitions of such term which are appropriate to the activities of the agency and publishes such definition(s) in the Federal Register.”

<sup>796</sup> 15 U.S.C. § 632.

<sup>797</sup> 5 U.S.C. § 601(4).

<sup>798</sup> Independent Sector, *The New Nonprofit Almanac & Desk Reference* (2002).

<sup>799</sup> See SBA, *Programs and Services*, SBA Pamphlet No. CO-0028, at page 40 (July 2002).

<sup>800</sup> 5 U.S.C. § 601(5).

<sup>801</sup> U.S. Census Bureau, *Statistical Abstract of the United States: 2000*, Section 9, pages 299-300, Tables 490 and 492.

12. *Wireless Telecommunications.* The SBA has developed a small business size standard for wireless firms within the broad economic census category "Cellular and Other Wireless Telecommunications."<sup>802</sup> Under this SBA category, a wireless business is small if it has 1,500 or fewer employees. For the census category Cellular and Other Wireless Telecommunications firms, Census Bureau data for 1997 show that there were 977 firms in this category, total, that operated for the entire year.<sup>803</sup> Of this total, 965 firms had employment of 999 or fewer employees, and an additional 12 firms had employment of 1,000 employees or more.<sup>804</sup> Thus, under this category and size standard, the majority of firms can be considered small.

13. *Public Safety Radio Licensees.* As a general matter, Public Safety Radio Pool licensees include police, fire, local government, forestry conservation, highway maintenance, and emergency medical services.<sup>805</sup> The SBA rules contain a definition for cellular and other wireless telecommunications companies which encompasses business entities engaged in radiotelephone communications employing no more than 1,500 persons.<sup>806</sup> There are a total of approximately 127,540 licensees within these services.<sup>807</sup> With respect to local governments, in particular, since many governmental entities as well as private businesses comprise the licensees for these services, we include under public safety services the number of government entities affected.

14. *Business, Industrial and Land Transportation Licensees.* At present, there are 3239 Business and Industrial/Land Transportation (B/ILT) licensees that may be affected by this Report and Order.<sup>808</sup> The Commission does not require B/ILT licensees to disclose information about number of employees, so the

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<sup>802</sup> 13 C.F.R. § 121.201, NAICS code 513322 (changed to 517212 in October 2002).

<sup>803</sup> U.S. Census Bureau, 1997 Economic Census, Subject Series: "Information," Table 5, Employment Size of Firms Subject to Federal Income Tax: 1997, NAICS code 513322 (issued October 2000).

<sup>804</sup> U.S. Census Bureau, 1997 Economic Census, Subject Series: "Information," Table 5, Employment Size of Firms Subject to Federal Income Tax: 1997, NAICS code 513322 (issued October 2000). The census data do not provide a more precise estimate of the number of firms that have employment of 1,500 or fewer employees; the largest category provided is "Firms with 1000 employees or more."

<sup>805</sup> See subparts A and B of Part 90 of the Commission's Rules, 47 C.F.R. §§ 90.1-90.22. Police licensees include 26,608 licensees that serve state, county, and municipal enforcement through telephony (voice), telegraphy (code), and teletype and facsimile (printed material). Fire licensees include 22,677 licensees comprised of private volunteer or professional fire companies, as well as units under governmental control. Public Safety Radio Pool licensees also include 40,512 licensees that are state, county, or municipal entities that use radio for official purposes. There are also 7,325 forestry service licensees comprised of licensees from state departments of conservation and private forest organizations that set up communications networks among fire lookout towers and ground crews. The 9,480 state and local governments are highway maintenance licensees that provide emergency and routine communications to aid other public safety services to keep main roads safe for vehicular traffic. Emergency medical licensees (1,460) use these channels for emergency medical service communications related to the delivery of emergency medical treatment. Another 19,478 licensees include medical services, rescue organizations, veterinarians, persons with disabilities, disaster relief organizations, school buses, beach patrols, establishments in isolated areas, communications standby facilities, and emergency repair of public communications facilities.

<sup>806</sup> See 13 C.F.R. § 121.201 (NAICS Code 517212).

<sup>807</sup> There is no information currently available about the number within the 127,540 that have less than 1500 employees.

<sup>808</sup> This number is based on the Commission's licensing database.

Commission does not have information that could be used to determine how many B/ILT licenses constitute small entities under this definition. Moreover, we note that B/ILT licensees generally are not in the business of providing cellular or other wireless telecommunications services but instead use the licensed facilities in support of other business activities.

15. *Specialized Mobile Radio Licenses.* The Commission awards "small entity" and "very small entity" bidding credits in auctions for Specialized Mobile Radio (SMR) geographic area licenses in the 800 MHz and 900 MHz bands to firms that had revenues of no more than \$15 million in each of the three previous calendar years, or that had revenues of no more than \$3 million in each of the previous calendar years, respectively.<sup>809</sup> In the context of both the 800 MHz and 900 MHz service, the SBA has approved the definitions of "small entity" and "very small entity."<sup>810</sup> These bidding credits apply to SMR providers in the 800 MHz and 900 MHz bands that either hold geographic area licenses or have obtained extended implementation authorizations. The Commission does not know how many firms provide 800 MHz or 900 MHz geographic area SMR service pursuant to extended implementation authorizations, nor how many of these providers have annual revenues of no more than \$15 million. One firm has over \$15 million in revenues. The Commission assumes, for purposes here, that all of the remaining existing extended implementation authorizations are held by small entities, as that term is defined by the SBA. The Commission has held auctions for geographic area licenses in the 800 MHz SMR band. In the 800 MHz auction, 38 of the 524 licenses won were won by small and very small entities.

16. *Wireless Communications Equipment Manufacturers.* The SBA has established a small business size standard for radio and television broadcasting and wireless communications equipment manufacturing. Under the standard, firms are considered small if they have 1000 or fewer employees.<sup>811</sup> Census Bureau data for 1997 indicates that, for that year, there were a total of 1,215 establishments<sup>812</sup> in this category.<sup>813</sup> Of those, there were 1,150 that had employment under 500, and an additional 37 that had employment of 500 to 999. The Commission estimates that the majority of wireless communications equipment manufacturers are small businesses.<sup>814</sup>

17. *Broadcast Auxiliary Service (BAS).* BAS involves a variety of transmitters, generally used to relay broadcast programming to the public (through translator and booster stations) or within the program

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<sup>809</sup> 47 C.F.R. § 90.814(b)(1).

<sup>810</sup> See Letter, dated Aug. 10, 1999, from A. Alvarez, Administrator, Small Business Administration to Tom Sugrue, Chief, Wireless Telecommunications Bureau, Federal Communications Commission.

<sup>811</sup> 13 C.F.R. § 121.201, NAICS code 334220.

<sup>812</sup> The number of "establishments" is a less helpful indicator of small business prevalence in this context than would be the number of "firms" or "companies," because the latter take into account the concept of common ownership or control. Any single physical location for an entity is an establishment, even though that location may be owned by a different establishment. Thus, the number given may reflect inflated numbers of businesses in this category, including the numbers of small businesses. In this category, the Census break-out data for firms or companies only gives the total number of such entities for 1997, which was 1,089.

<sup>813</sup> U.S. Census Bureau, *1997 Economic Census, Industry Series: Manufacturing, "Industry Statistics by Employment Size,"* Table 4, (issued August 1999) NAICS code 334220. We note, however that the predominant manufacturers of 800 MHz equipment, Motorola and M/A COM Private Radio Systems, Inc. are not considered small businesses.

<sup>814</sup> We note, however that the predominant manufacturers of 800 MHz equipment, Motorola and M/A COM Private Radio Systems, Inc. are not considered small businesses.

distribution chain (from a remote news gathering unit back to the stations). The Commission has not developed a definition of small entities specific to broadcast auxiliary licensees. The U.S. Small Business Administration (SBA) has developed small business size standards, as follows: 1) For TV BAS, we will use the size standard for Television Broadcasting, which consists of all such companies having annual receipts of no more than \$12.0 million;<sup>815</sup> 2) For Aural BAS, we will use the size standard for Radio Stations, which consists of all such companies having annual receipts of no more than \$6 million;<sup>816</sup> 3) For Remote Pickup BAS we will use the small business size standard for Television Broadcasting when used by a TV station and that for Radio Stations when used by such a station.

18. According to Commission staff review of BIA Publications, Inc. Master Access Television Analyzer Database as of May 16, 2003, about 814 of the 1,220 commercial television stations in the United States had revenues of \$12 million or less. We note, however, that, in assessing whether a business concern qualifies as small under the above definition, business (control) affiliations<sup>817</sup> must be included.<sup>818</sup>

Our estimate, therefore, likely overstates the number of small entities that might be affected by our action, because the revenue figure on which it is based does not include or aggregate revenues from affiliated companies. There are also 2,127 low power television stations (LPTV).<sup>819</sup> Given the nature of this service, we will presume that all LPTV licensees qualify as small entities under the SBA size standard. According to Commission staff review of BIA Publications, Inc., Master Access Radio Analyzer Database, as of May 16, 2003, about 10,427 of the 10,945 commercial radio stations in the United States had revenue of \$6 million or less. We note, however, that many radio stations are affiliated with much larger corporations with much higher revenue, and, that in assessing whether a business concern qualifies as small under the above definition, such business (control) affiliations<sup>820</sup> are included.<sup>821</sup> Our estimate, therefore, likely overstates the number of small businesses that might be affected by our action.

19. *Cable Antenna Relay Service (CARS)*. CARS includes transmitters generally used to relay cable programming within cable television system distribution systems. The SBA has developed a small business size standard for Cable and other Program Distribution, which consists of all such companies having annual receipts of no more than \$12.5 million. According to Census Bureau data for 1997, there were 1,311 firms within the industry category Cable and Other Program Distribution, total, that operated for the entire year.<sup>822</sup> Of this total, 1,180 firms had annual receipts of under \$10 million, and an additional

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<sup>815</sup> 13 C.F.R. § 121.201, NAICS code 515120.

<sup>816</sup> *Id.* NAICS code 515112.

<sup>817</sup> "Concerns are affiliates of each other when one concern controls or has the power to control the other or a third party or parties controls or has to power to control both." 13 C.F.R. § 121.103(a)(1).

<sup>818</sup> "SBA counts the receipts or employees of the concern whose size is at issue and those of all its domestic concern's size." 13 C.F.R. § 121.103(a)(4).

<sup>819</sup> FCC News Release, "Broadcast Station Totals as of September 30, 2002" (Nov. 6, 2002).

<sup>820</sup> "Concerns are affiliates of each other when one concern controls or has the power to control the other, or a third party or parties controls or has the power to control both." 13 C.F.R. § 121.103(a)(1).

<sup>821</sup> "SBA counts the receipts or employees of the concern whose size is at issue and those of all its domestic and foreign affiliates, regardless of whether the affiliates are organized for profit, in determining the concern's size." 13 C.F.R. § 121.103(a)(4).

<sup>822</sup> 13 C.F.R. § 121.201, NAICS code 517510 (changed from 513220 in October 2002).

fifty-two firms had receipts of \$10 million to \$24,999,999.00.<sup>823</sup> Thus, under this standard, the majority of firms can be considered small.

20. *Geostationary, Non-Geostationary Orbit, Fixed Satellite, or Mobile Satellite Service Operators (including 2 GHz MSS systems)*. The Commission has not developed a definition of small entities applicable to geostationary or non-geostationary orbit, fixed-satellite or mobile-satellite service operators. The SBA has developed a small business size standard for Satellite Telecommunications Carriers, which consists of all such companies having \$12.5 million or less in annual receipts.<sup>824</sup> According to Census Bureau data for 1997, there were 324 firms that operated for the entire year.<sup>825</sup> Of this total, 273 firms had annual receipts under \$10 million, and an additional twenty-four firms had annual receipts of \$10 million to \$24,999,990.<sup>826</sup> Thus, under this size standard, the majority of firms can be considered small.

21. *Fixed Microwave Services*. Microwave services include common carrier,<sup>827</sup> private-operational fixed,<sup>828</sup> and broadcast auxiliary radio services.<sup>829</sup> At present, there are approximately 36,708 common carrier fixed licensees and 59,291 private operational-fixed licensees and broadcast auxiliary radio licensees in the microwave services. The Commission has not yet defined a small business with respect to microwave services. For purposes of the FRFA, we will use the SBA's definition applicable to wireless and other telecommunications companies—*i.e.*, an entity with no more than 1,500 persons.<sup>830</sup> According to Census Bureau data for 1997, there were 977 firms in this category, total, that operated for the entire year.<sup>831</sup> Of this total, 965 firms had employment of 999 or fewer employees, and an additional twelve firms had employment of 1,000 employees or more.<sup>832</sup> Thus, under this size standard, majority of firms can be considered small.

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<sup>823</sup> *Id.*

<sup>824</sup> 13 C.F.R. § 121.201, NAICS code 517410 (changed from 513340 in October 2002).

<sup>825</sup> U.S. Census Bureau, 1997 Economic Census, Subject Series: Information, "Receipt Size of Firms Subject to Federal Income Tax: 1997," Table 4, NAICS code 513340 (issued October 2000).

<sup>826</sup> *Id.*

<sup>827</sup> 47 CFR Part 101 *et seq.* (formerly, part 21 of the Commission's Rules).

<sup>828</sup> Persons eligible under Parts 80 and 90 of the Commission's rules can use Private-Operational Fixed Microwave services. See 47 CFR parts 80 and 90. Stations in this service are called operational-fixed to distinguish them from common carrier and public fixed stations. Only the licensee may use the operational-fixed station, and only for communications related to the licensee's commercial, industrial, or safety operations.

<sup>829</sup> Auxiliary Microwave Service is governed by Part 74 of Title 47 of the Commission's Rules. See 47 CFR Part 74 *et seq.* Available to licensees of broadcast stations and to broadcast and cable network entities, broadcast auxiliary microwave stations are used for relaying broadcast television signals from the studio to the transmitter, or between two points such as a main studio and an auxiliary studio. The service also includes mobile TV pickups, which relay signals from a remote location back to the studio.

<sup>830</sup> 13 C.F.R. § 121.201, NAICS code 517212 (formerly 213322).

<sup>831</sup> U.S. Census Bureau, 1997 Economic Census, Subject Series: Information, "Employment Size of Firms Subject to Federal Income Tax: 1997," Table 5, NAICS code 217212 (issues Oct. 2000).

<sup>832</sup> *Id.* The census data do not provide a more precise estimate of the number of firms that have employment of 1,500 or fewer employees; the largest category provided is "Firms with 1,000 employees or more."

22. We note that the number of firms does not necessarily track the number of licensees. We estimate that all of the Fixed Microwave licensees (excluding broadcast auxiliary licensees) would qualify as small entities under the SBA definition. Of these licenses, approximately fourteen are issued for frequencies in the Emerging Technology bands affected by this proceeding. This, assuming that these entities also qualify as small businesses, as many as fourteen small business licensees could be affected by the rules we adopt. We note that these entities have been subject to relocation by UTAM under rules originally adopted in the Commission's *Emerging Technologies* proceeding. UTAM is the Commission's frequency coordinator for UPCS devices in the 1910-1930 MHz band. The *Fifth Report and Order* anticipates that these general relocation rules will continue to apply to FS microwave licensees and does not propose to modify the class of licensees that are subject to these relocation provisions.

**D. Description of Projected Reporting, Recordkeeping, and Other Compliance Requirements**

23. We expect that, at most, the rules adopted herein will result in nominal new reporting, recordkeeping, or other compliance requirements imposed on entities affected in this proceeding, as discussed Appendix B and ¶¶ 355-356, *infra*. The rules we adopt herein require that any Cellular Radiotelephone and/or ESMR licensee that receives an interference complaint from a public safety/CII licensee shall promptly respond to such complaint. Cellular Radiotelephone licensees, in conjunction ESMR licensees, shall establish an electronic means of receiving the initial complaint and shall respond on an "as soon as possible" basis and no later than twenty-four hours after receipt of initial notification. The purpose of this notification rule is to provide public safety/CII licensees a means to communicate to Cellular Radio Telephone and/or ESMR licensees instances of interference and for Cellular Radiotelephone and/or ESMR licensees to immediately initiate corrective action.

24. Additionally, the rules we adopt today provide that, upon request by a public safety/CII licensee, Cellular Radiotelephone and/or ESMR licensees must provide to the public safety/CII licensee the following information before any new cell sites are constructed or any existing cells are modified: (1) location; (2) effective radiated power; (3) antenna height; and (4) channels in use. The purpose of this rule is for informational purposes only and does not entitle the public safety/CII licensee to approve or disapprove the activation of a proposed cell site or to demand changes to the proposed technical parameters. The principal purpose of this rule is to facilitate a dialogue between Cellular Radiotelephone licensees and public safety/CII licensees regarding potential interference, identification of interference, and voluntary corrective measures.

**E. Steps Taken to Minimize Significant Economic Impact on Small Entities, and Significant Alternatives Considered:**

25. The RFA requires an agency to describe any significant alternatives that it has considered in reaching its proposed approach, which may include the following four alternatives (among others): (1) the establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance or reporting requirements under the rule for small entities; (3) the use of performance, rather than design standards; and (4) an exemption from coverage of the rule, or any part thereof, for small entities.<sup>833</sup>

26. Our decision to reconfigure the 800 MHz band is generally size-neutral, but some aspects are beneficial to small entities for the following reasons:

- Although there are significant short-term costs associated with band reconfiguration, it is the

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<sup>833</sup> See 5 U.S.C. § 603(c)(1-4).

solution most likely to yield maximum interference protection benefits for the least cost over the long run. This cost savings are significant for small entities with limited resources.

- Once implemented, a reconfigured band will reduce both the upfront amount of coordinated engineering work necessary to prevent interference and the burden of troubleshooting interference incidents on a case-by-case basis. This will allow small entities to utilize their scarce engineering resources more effectively.

27. We also considered proposals to reallocate (1) Nextel's 700 MHz Guard Band Block B spectrum, and the Upper 700 MHz band to public safety use; and (2) provide private radio licensees 2:1 access to 900 MHz spectrum. Our decision to decline to adopt these proposals was generally size-neutral but has the following impact on small entities:

- Since the Upper 700 MHz band is designated for auction, our decision not to utilize this band will allow small entities to bid on it in the future.
- Because we contemplate a future rulemaking proceeding to determine the ultimate disposition of Nextel's 700 MHz Guard Band spectrum, we afford small businesses an opportunity to comment on the future use of this spectrum.

28. We have considered the costs of realignment and the limited resources of small entities, including public safety, in effectuating band realignment. We believe that our decision will not have a significant economic impact on small entities in this regard because the cost of 800 MHz realignment will be borne by Nextel (*i.e.*, Nextel will pay relocation costs). We reject the alternative of deferring final action on band reconfiguration, because deferral would increase the potential for increased interference to public safety systems because ESMR and Cellular telephone licensees would remain in close proximity to such systems while expanding their operations.

29. Although we have not codified the *Best Practices Guide*, we endorse the interference abatement strategies therein. However, when we considered the sole use of Enhanced Best Practices as an alternative to reconfiguring the 800 MHz band in its entirety, we found this alternative less effective and more costly over the long term than band reconfiguration, and therefore more likely to be harmful to smaller entities. Our finding in that regard rests on the following facts:

- Addressing interference on a case-by-case basis is both labor-intensive and expensive, which puts smaller entities at risk due to their more limited resources.
- The transactional cost of applying Enhanced Best Practices as an exclusive remedy would increase as new public safety and other non-cellular systems came on line and ESMR and cellular telephone licensees increased the capacity of their systems by adding more cells.
- The increased cost and labor burden disproportionately affects public safety agencies, many of which are small entities operating with very limited human, technical and financial resources.

30. We have determined not to require public safety licensees to increase their signal strength. Such a requirement would impose a substantial burden on public safety licensees, including small entities, which would often continue to suffer from interference until the causes could be identified and until appropriate channels and sites for the construction of new base station facilities could be obtained.

31. Regarding our decision to permit negotiated agreements to swap or exchange channels as a means to resolve interference to public safety systems, we do not foresee any adverse impact on small entities. The channel swapping proposals to date have specified that Nextel will bear the costs thereof.

To the extent that small entities bear channel swap expenses not assumed by Nextel, we believe, for the reasons discussed at ¶ 29 *supra*, the financial burden of these small-scale band reconfigurations should be less than the cost of reliance on Enhanced Best Practices for the long term abatement of unacceptable interference.

32. Regarding our decision to hold Cellular Radio Telephone and ESMR licensees strictly responsible for effectively abating actual or potential unacceptable interference to 800 MHz public safety systems in the shortest practicable time, we do not anticipate a significant burden on small entities. We recognize that our rule does not exempt small entities from its ambit. However, in eliminating the interference we afford licensees the flexibility to determine which system—ESMR, Cellular Telephone or CII/public safety—to modify and what particular technical parameters to change on these systems; and impose on the interfering licensee(s), the obligation to promptly implement such changes. Moreover, we note that small entities were generally not among the interfering parties in those instances of interference that were brought to our attention by parties in this proceeding. We considered the alternative of imposing system-wide, stringent technical limitations on ESMR and Cellular Telephone licensees; however, we found selection of that alternative unwarranted at this time. Such rules would have imposed a burden on all licensees, including small entities, which were not among those causing interference to 800 MHz public safety systems. In particular, we have heeded the filings of rural cellular telephone carriers who opposed imposition of out-of-band emission standards that would require them to add expensive equipment to their cell sites.

33. Regarding our adoption of rules establishing general standards and procedures to govern the abatement of interference to public safety systems, we recognize that they will apply equally to all licensees, including small entities, which cause interference to 800 MHz public safety systems. However, we do not anticipate any significant adverse impact on small entities. We adopted rules that were intentionally general in nature to confer considerable discretion on the parties involved in abating instances of interference to public safety systems. Moreover, as noted above, small entities were generally not among the interfering parties in those instances of interference that were brought to our attention by parties in this proceeding. To the extent that they can demonstrate that they are not contributing to the interference to the public safety systems, they will not be responsible for abating the interference. Therefore, the burden should be minimal for those small entities not contributing to the public safety interference problem in the 800 MHz band. The minimal burden imposed by these rules is necessary to ensure that critical public safety communications may be accommodated without unacceptable interference.

34. In this respect, we are mindful that a number of the public safety systems that are experiencing interference are small entities. We believe that the rules will impose a minimal burden on small public safety entities. First, because we will only require them to furnish certain necessary information to all licensees that may be responsible for causing the interference. Second, because this provision will assure them of timely responses to and analyses of their interference complaints. Ultimately, the burden of supplying this information will be significantly less than that associated with identifying each source of unacceptable interference and contacting such sources individually.

35. Regarding our decision to require notification of the activation of new or modified ESMR or cellular radiotelephone cells, we do not perceive any adverse impact on small entities. Indeed, the prior notification requirement will enable small entities, such as public safety/CII licensees, to take proactive, anticipatory steps to address potential interference. Without this requirement, public safety/CII licensees would first have to experience interference before taking recourse. Similarly, the requirement that Cellular Radiotelephone and/or ESMR licensees promptly initiate corrective actions after having been notified of interference by public safety/CII licensees minimizes the burden on small entities of having to endure prolonged periods of interference. Moreover, as noted above, small entities were generally not among the interfering parties in those instances of interference that were brought to our attention by

parties in this proceeding.

36. Regarding our decision to consolidate the 800 MHz and 900 MHz Business and Industrial/Land Transportation Pools, we perceive no adverse impact on small entities. This decision will allow any eligible Business or Industrial/Land Transportation entity to be licensed on the consolidated channels. This consolidation will improve spectrum efficiency, promote the use of advanced technologies by affording licensees more contiguous spectrum, and reduce regulatory burdens on all licensees, including small entities. The alternative of retaining separate pools for each service would subject licensees to the unnecessary burden of seeking waivers to permit intercategory sharing, which may have been comparatively more onerous for smaller entities to prepare and file.

37. Regarding our decision to allow 900 MHz PLMR licensees to initiate CMRS operations on their currently authorized spectrum or to assign their authorizations to others for CMRS use, we perceive no adverse impact on small entities. This decision will improve spectrum efficiency, promote the use of advanced technologies by affording licensees access to addition spectrum.

38. Regarding our decision to allocate the 1910-1915 MHz/1990-1995 MHz paired spectrum blocks to Nextel, we perceive no adverse impact on small entities. Redesignating this spectrum for Nextel's use, for example, will facilitate 800 MHz realignment, by, among other things, introducing an additional entity that can participate in funding the relocation costs of public safety, critical infrastructure, and private wireless entities, including small entities. Alternatively, maintaining this spectrum without applying our relocation principles will expose such entities to continued interference without sufficient spectrum and funding to achieve realignment. Further, we are satisfied that our decision will not adversely impact BAS, UPCS, MSS, and microwave interests on account of expenditures in this spectrum. As noted in the *Report and Order*, Nextel has agreed to reimburse these interests or pay the upfront costs to relocate incumbents in the manner provided by our Rules, and we will hold Nextel to that agreement.

39. **Report to Congress:** The Commission will send a copy of the *Report and Order*, *Fifth Report and Order*, *Memorandum Opinion and Order*, and *Order*, including this FRFA, in a report to be sent to Congress and the General Accounting Office pursuant to the Congressional Review Act.<sup>834</sup> In addition, the Commission will send a copy of the *Report and Order*, including this FRFA, to the Chief Counsel for Advocacy of the SBA. A copy of the *Report and Order* and FRFA (or summaries thereof) will also be published in the Federal Register.<sup>835</sup>

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<sup>834</sup> See 5 U.S.C. § 801(a)(1)(A).

<sup>835</sup> See 5 U.S.C. § 604(b).

**APPENDIX B: PAPERWORK REDUCTION ANALYSIS**

1. This document contains new information collection requirements subject to the Paperwork Reduction Act of 1995 (PRA), Public Law 104-13. It will be submitted to the Office of Management and Budget (OMB) for review under Section 3507(d) of the PRA. OMB, the general public, and other Federal agencies are invited to comment on the information collection requirements contained in this document. In addition, we note that pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107-198, *see* 44 U.S.C. 3506(c)(4), we previously sought specific comment on how the Commission might "further reduce the information collection burden for small business concerns with fewer than 25 employees." This *Report and Order* contains several new information collections. We describe our new information collections as follows:

2. In this *Report and Order* we require that any Cellular Radiotelephone and/or ESMR licensee that receives an interference complaint from a public safety/CII licensee shall respond to such complaint. To facilitate receipt of complaints, Cellular Radiotelephone licensees, in conjunction with Part 90 ESMR licensees, must establish an electronic means of receiving the initial notification and shall respond to such notification on an "as soon as possible" basis and no later than 24 hours after receipt of initial notification. The purpose of this notification rule is to provide prompt notification to ESMR and Cellular Radiotelephone licensees that their transmissions are interfering with public safety/CII transmissions, some of which are crucial to protection of life and property. These requirements constitute new "collections of information" within the meaning of the Paperwork Reduction Act of 1995, 44 U.S.C. §§ 3501-3520. Implementation of this requirement is subject to approval by the Office of Management and Budget as prescribed by the Paperwork Reduction Act.

3. Additionally, the rules we adopt today provide that upon request by a public safety/CII licensee, Cellular Radiotelephone and/or ESMR licensees must provide to the public safety/CII licensee the following information before any new cell sites are constructed or any existing cells are modified: (1) location; (2) effective radiated power; (3) antenna height; (4) channels in use. The purpose of this rule is for informational purposes only and does not entitle the public safety/CII licensee to approve or disapprove the activation of a proposed cell site or to demand changes to the proposed technical parameters. The principal purpose of this rule is to forestall activation of facilities that have the potential to cause interference to communications, some of which may be crucial to the safety of life and property. These requirements constitute new "collections of information" within the meaning of the Paperwork Reduction Act of 1995, 44 U.S.C. §§ 3501-3520. Implementation of this requirement is subject to approval by the Office of Management and Budget as prescribed by the Paperwork Reduction Act.

4. In this present document, we have assessed the effects of the above-mentioned information collection requirements on small business concerns, and find that these information collection requirements will not adversely affect businesses with fewer than twenty-five employees.

## APPENDIX C: FINAL RULES

## PART 15 – RADIO FREQUENCY DEVICES

1. The authority citation for Part 15 continues to read as follows:

**Authority:** 47 U.S.C. 154, 302, 303, 304, 307, 336, and 544A.

2. Section 15.301 is amended as follows:

**§ 15.301 Scope.**

This subpart sets out the regulations for unlicensed personal communications services (PCS) devices operating in the 1915-1930 MHz and 2390-2400 MHz frequency bands.

3. Paragraph (g) of Section 15.303 is amended as follows:

**§ 15.303 Definitions.**

\* \* \* \* \*

(g) *Personal Communications Services (PCS) Devices [Unlicensed]*. Intentional radiators operating in the frequency bands 1915-1930 MHz and 2390-2400 MHz that provide a wide array of mobile and ancillary fixed communication services to individuals and businesses.

\* \* \* \* \*

4. Section 15.311 is amended as follows:

**§ 15.311 Labeling requirements.**

In addition to the labeling requirements of §15.19(a)(3), all devices operating in the frequency band 1915-1930 MHz authorized under this subpart must bear a prominently located label with the following statement: \* \* \*

5. Paragraph (a) of Section 15.319 is amended as follows:

**§ 15.319 General technical requirements.**

(a) The 1915-1920 MHz and 2390-2400 MHz bands are limited to use by asynchronous devices under the requirements of § 15.321. \* \* \*

\* \* \* \* \*

6. Paragraphs (a) and (b) of Section 15.321 is amended as follows:

**§ 15.321 Specific requirements for asynchronous devices operating in the 1915-1920 MHz and 2390-2400 MHz bands.**

(a) Operation shall be contained within either or both of the 1915-1920 MHz and 2390-2400 MHz bands. \* \* \*

(b) All systems of less than 2.5 MHz emission bandwidth shall start searching for an available spectrum window within 3 MHz of the band edge at 1915, 1920, 2390, or 2400 MHz while systems of more than 2.5 MHz emission bandwidth will first occupy the center half of the band. \* \* \*

\* \* \* \* \*

Part 22 of title 47 of the Code of Federal Regulations is revised to read as follows:

## **PART 22 – PUBLIC MOBILE SERVICES**

7. The authority citation for Part 22 continues to read as follows:

**AUTHORITY:** 47 U.S.C. 154, 222, 303, 309 and 332.

8. The following sections are added immediately after the text of Section 22.969:

### **§ 22.970 Unacceptable interference to Part 90 non-cellular 800 MHz licensees from cellular radiotelephone or Part 90 ESMR systems.**

(a) *Definition.* Except as provided in 47 C.F.R. §90.617(k), unacceptable interference to non-cellular Part 90 licensees in the 800 MHz band will be deemed to occur when the below conditions are met:

(1) A transceiver at a site at which interference is encountered:

(i) Is in good repair and operating condition, and is receiving:

(A) A median desired signal of -104 dBm or higher, as measured at the R.F. input of the receiver of a mobile unit; or

(B) A median desired signal of -101 dBm or higher, as measured at the R.F. input of the receiver of a portable *i.e.* hand-held unit; and, either

(ii) Is a voice transceiver:

(A) with manufacturer published performance specifications for the receiver section of the transceiver equal to, or exceeding, the minimum standards set out in Section (b), below; and;

(B) Receiving an undesired signal or signals which cause the measured Carrier to Noise plus Interference (C/(I+N)) ratio of the receiver section of said transceiver to be less than 20 dB, or,

(iii) Is a non-voice transceiver receiving an undesired signal or signals which cause the measured bit error rate (BER) (or some comparable specification) of the receiver section of said transceiver to be more than the value reasonably designated by the manufacturer.

(2) Provided, however, that if the receiver section of the mobile or portable voice transceiver does not conform to the standards set out in paragraph (b), below, then that transceiver shall be deemed subject to unacceptable interference only at sites where the median desired signal satisfies the applicable threshold measured signal power in paragraphs (a)(1)(i) after an upward adjustment to account for the difference in receiver section performance. The upward adjustment shall be equal to the increase in the desired signal required to restore the receiver section of the subject transceiver to the 20 dB C/(I+N) ratio of paragraph (a)(1)(iv)(a) above. The adjusted threshold levels shall then define the minimum measured signal power(s) in lieu of paragraphs (a) (1) (i) at which the licensee using such non-compliant transceiver is entitled to interference protection.

(b) *Minimum Receiver Requirements.* Voice transceivers capable of operating in the 806-824

MHz portion of the 800 MHz band shall have the following minimum performance specifications in order for the system in which such transceivers are used to claim entitlement to full protection against unacceptable interference. (See paragraph (a) (2) above.)

(1) Voice units intended for mobile use: 75 dB intermodulation rejection ratio; 75 dB adjacent channel rejection ratio; -116 dBm reference sensitivity.

(2) Voice units intended for portable use: 70 dB intermodulation rejection ratio; 70 dB adjacent channel rejection ratio; -116 dBm reference sensitivity.

#### **§ 22.971 Obligation to abate unacceptable interference.**

(a) *Strict Responsibility.* Any licensee who, knowingly or unknowingly, directly or indirectly, causes or contributes to causing unacceptable interference to a non-cellular Part 90 licensee in the 800 MHz band, as defined in § 22.970 of this chapter, shall be strictly accountable to abate the interference, with full cooperation and utmost diligence, in the shortest time practicable. Interfering licensees shall consider all feasible interference abatement measures, including, but not limited to, the remedies specified in the interference resolution procedures set forth in § 22.972 of this chapter. This strict responsibility obligation applies to all forms of interference, including out-of-band emissions and intermodulation.

(b) *Joint and Several Responsibility.* If two or more licensees knowingly or unknowingly, directly or indirectly, cause or contribute to causing unacceptable interference to a non-cellular Part 90 licensee in the 800 MHz band, as defined in § 22.970 of this chapter, such licensees shall be jointly and severally responsible for abating interference, with full cooperation and utmost diligence, in the shortest practicable time.

(1) This joint and several responsibility rule requires interfering licensees to consider all feasible interference abatement measures, including, but not limited to, the remedies specified in the interference resolution procedures set forth in § 22.972(c) of this chapter. This joint and several responsibility rule applies to all forms of interference, including out-of-band emissions and intermodulation.

(2) Any licensee that can show that its signal does not directly or indirectly, cause or contribute to causing unacceptable interference to a non-cellular Part 90 licensee in the 800 MHz band, as defined in this chapter, shall not be held responsible for resolving unacceptable interference. Notwithstanding, any licensee that receives an interference complaint from a public safety/CII licensee shall respond to such complaint consistent with the interference resolution procedures set forth in this chapter.

#### **§ 22.972 Interference resolution procedures.**

(a) *Initial Notification.* (1) Cellular Radiotelephone licensees may receive initial notification of interference from non-cellular Part 90 licensees in the 800 MHz band pursuant to § 90.674(a) of this chapter.

(2) Cellular Radiotelephone licensees, in conjunction with Part 90 ESMR licensees, shall establish an electronic means of receiving the initial notification described in § 90.674(a) of this chapter. The electronic system must be designed so that all appropriate Cellular Radiotelephone licensees and Part 90 ESMR licensees can be contacted about the interference incident with a single notification. The electronic system for receipt of initial notification of interference complaints must

be operating no later than **[Thirty days from effective date of Report and Order]**.

(3) Cellular Radiotelephone licensees must respond to the initial notification described in § 90.674(a) of this chapter, as soon as possible and no later than 24 hours after receipt of notification from a Part 90 public safety/CII licensee. This response time may be extended to 48 hours after receipt from other Part 90 non-cellular licensees provided affected communications on these systems are not safety related.

(b) *Interference Analysis.* Cellular Radiotelephone licensees – who receive an initial notification described in § 90.674(a) of this chapter – shall perform a timely analysis of the interference to identify the possible source. Immediate on-site visits may be conducted when necessary to complete timely analysis. Interference analysis must be completed and corrective action initiated within 48 hours of the initial complaint from a Part 90 public safety/CII licensee. This response time may be extended to 96 hours after the initial complaint from other Part 90 non-cellular licensees provided affected communications on these systems are not safety related. Corrective action may be delayed if the affected licensee agrees in writing (which may be, but is not required to be, recorded via e-mail or other electronic means) to a longer period.

(c) *Mitigation Steps.* (1) All Cellular Radiotelephone and Part 90 ESMR licensees who are responsible for causing unacceptable interference shall take all affirmative measures to resolve such interference. Cellular Radiotelephone licensees found to contribute to unacceptable interference, as defined in § 22.970, shall resolve such interference in the shortest time practicable. Cellular Radiotelephone licensees and Part 90 ESMR licensees must provide all necessary test apparatus and technical personnel skilled in the operation of such equipment as may be necessary to determine the most appropriate means of timely eliminating the interference. However, the means whereby interference is abated or the cell parameters that may need to be adjusted is left to the discretion of the Cellular Radiotelephone and/or Part 90 ESMR licensees, whose affirmative measures may include, but not be limited to, the following techniques:

- (i) increasing the desired power of the public safety/CII signal;
  - (ii) decreasing the power of the Part 90 ESMR and/or Cellular Radiotelephone system signal;
  - (iii) modifying the Part 90 ESMR and/or Cellular Radiotelephone system antenna height;
  - (iv) modifying the Part 90 ESMR and/or Cellular Radiotelephone system antenna characteristics;
  - (v) incorporating filters into Part 90 ESMR and/or Cellular Radiotelephone transmission equipment;
  - (vi) permanently changing Part 90 ESMR and/or Cellular Radiotelephone frequencies;
- and
- (vii) supplying interference-resistant receivers to the affected public safety/CII licensee(s). If this technique is used, in all circumstances, Cellular Radiotelephone and/or Part 90 ESMR licensees shall be responsible for all costs thereof.

(2) Whenever short-term interference abatement measures prove inadequate, the affected Part 90 non-cellular licensee shall, consistent with but not compromising safety, make all necessary

concessions to accepting interference until a longer-term remedy can be implemented.

(3) *Discontinuing operations when clear imminent danger exists.* When a Part 90 public safety licensee determines that a continuing presence of interference constitutes a clear and imminent danger to life or property, the licensee causing the interference must discontinue the associated operation immediately, until a remedy can be identified and applied. The determination that a continuing presence exists that constitutes a clear and imminent danger to life or property, must be made by written statement that:

(i) is in the form of a declaration, notarized affidavit, or statement under penalty or perjury, from an officer or executive of the affected public safety licensee;

(ii) thoroughly describes the basis of the claim of clear and imminent danger;

(iii) was formulated on the basis of either personal knowledge or belief after due diligence;

(iv) is not proffered by a contractor or other third party; and

(v) has been approved by the Chief of the Wireless Telecommunication Bureau or other designated Commission official. Prior to the authorized official making a determination that a clear and imminent danger exists, the associated written statement must be served by hand-delivery or receipted fax on the applicable offending licensee, with a copy transmitted by the fastest available means to the Washington, D.C. office of the Commission's Wireless Telecommunications Bureau.

#### **§ 22.973 Information exchange.**

(a) *Prior Notification.* Public safety/CII licensees may notify a Part 90 ESMR or cellular radiotelephone licensee that they wish to receive prior notification of the activation or modification of Part 90 ESMR or cellular radiotelephone cell sites in their area. Thereafter, the Part 90 ESMR or cellular radiotelephone licensee must provide the following information to the public safety/CII licensee at least 10 business days before a new cell site is activated or an existing cell site is modified:

(1) location;

(2) effective radiated power;

(3) antenna height;

(4) channels available for use.

(b) *Purpose of Prior Notification.* The prior coordination of cell sites is for informational purposes only: public safety/CII licensees are not afforded the right to accept or reject the activation of a proposed cell or to unilaterally require changes in its operating parameters. The principal purposes of notification are to: (a) allow a public safety licensee to advise the Part 90 ESMR or Cellular Radiotelephone licensee whether it believes a proposed cell will generate unacceptable interference; (b) permit Cellular Radiotelephone or Part 90 ESMR licensees to make voluntary changes in cell parameters when a public safety licensee alerts them to possible interference; and (c) rapidly identify the source if interference is encountered when the cell is activated.

Part 24 of title 47 of the Code of Federal Regulation, is amended to read as follows:

**PART 24 – PERSONAL COMMUNICATIONS SERVICES**

9. The authority citation for Part 24 continues to read as follows:

**AUTHORITY: Sections 47 U.S.C. 154, 301, 302, 303, 309 and 332.**

10. Paragraph (b) of Section 24.203 is amended as follows and an new paragraph (d) is added:

**§ 24.203 Construction requirements.**

\* \* \* \* \*

(b) Licensees of 10 MHz blocks except for the 1910-1915 MHz and 1990-1995 MHz, including 10 MHz C block licenses reconfigured pursuant to Amendment of the Commission's Rules Regarding Installment Payment Financing for Personal Communications Services (PCS) Licensees, WT Docket No. 97-82, Sixth Report and Order, FCC 00-313, and 15 MHz blocks resulting from the disaggregation option as provided in the Commission's Rules Regarding Installment payment Financing for Personal Communications Services (PCS) Licensees, Second Report and Order and Further Notice of Proposed Rule Making, WT Docket 97-82, 12 FCC Rcd 16436 (1997), as modified by Order on Reconsideration of the Second Report and Order, WT Docket 97-82, 13 FCC Rcd 8345 (1998), must serve with a signal level sufficient to provide adequate service to at least one-quarter of the population in their licensed area within five years of being licensed, or make a showing of substantial service in their licensed area within five years of being licensed. Population is defined as the 1990 population census. Licensees may elect to use the 2000 population census to determine the five-year construction requirement. Failure by any licensee to meet these requirements will result in forfeiture of the license and the licensee will be ineligible to regain it.

\* \* \* \* \*

(d) Licensees in the paired 1910-1915 MHz and 1990-1995 MHz bands must make a showing of "substantial service" in their license area within ten years of the date of initial issuance or renewal. "Substantial service" is defined as service which is sound, favorable, and substantially above a level of mediocre service which just might minimally warrant renewal. Failure by any licensee to meet this requirement will result in forfeiture of the license and the licensee will be ineligible to regain it.

\* \* \* \* \*

11. A new paragraph (c) is added to Section 24.229 as follows:

**§ 24.229 Frequencies.**

\* \* \* \* \*

(c) The paired frequency blocks 1910-1915 MHz and 1990-1995 MHz are available for assignment in the 175 Economic Areas defined in § 90.7 of this chapter. The 1910-1915 MHz block shall be used for mobile/portable station transmissions while the 1990-1995 MHz block shall be used for base station transmissions.

\* \* \* \* \*

12. A new paragraph (c) is added to Section 24.247 as follows:

**§ 24.247 Triggering a reimbursement obligation.**

\* \* \* \* \*

(c) Any new entrants granted licenses for the 1910-1915 MHz band must reimburse UTAM a pro rata share of its total expenses incurred by UTAM as of the date that the new entrants gain access to the band. The percent required by new entrants to pay shall be calculated based upon the amount of spectrum granted to the new entrant as compared to the total amount of spectrum UTAM is responsible for clearing of incumbents (20 megahertz), and must be paid before a new entrant begins operations in the band. For example, if a new entrant obtains a license for 5 megahertz of spectrum in this band, it is required to reimburse UTAM one-quarter of UTAM's total costs to date on a pro rata shared basis. New entrants will be responsible for the actual costs associated with future relocation activities in their licensed spectrum, but will be entitled to seek reimbursement from UTAM for the proportion of those band clearing costs that benefit users of the 1915-1930 MHz band.

13. For the reasons discussed above, the Federal Communications Commission amends 47 CFR parts 74 and 78 as follows:

**PART 74 – EXPERIMENTAL RADIO, AUXILIARY, SPECIAL BROADCASTING AND OTHER PROGRAM DISTRIBUTIONAL SERVICES**

14. The authority citation for Part 74 continues to read as follows:

AUTHORITY: 47 U.S.C. 154, 303, 307, 336(f), 336(h) and 554.

15. Part 74.602(a)(3)(iii) is amended to read as follows:

**§ 74.602 Frequency assignments.**

(a) \* \* \*

(3) \* \* \*

(iii) Broadcast Auxiliary Service, Cable Television Remote Pickup Service, and Local Television Transmission Service licensees will be required to use the Band A channel plan in paragraph (a)(3)(i) of this section after completion of relocation by an Emerging Technologies licensee in accordance with § 74.690 or § 78.40 of this chapter. Licensees declining relocation may continue to use their existing channel plan but must discontinue use of the 1990-2025 MHz band when they indicate to an Emerging Technologies licensee, acting pursuant to § 74.690 or § 78.40 of this chapter, that they decline to be relocated.

16. Section 74.690 is amended to amend sections (a), (b), (c)(2), (c)(3), (d) and (e), and to remove and reserve section (e)(1)(ii) to read as follows:

**§ 74.690 Transition of the 1990-2025 MHz band from the Broadcast Auxiliary Service to emerging technologies.**

(a) New Entrants, collectively defined as those licensees proposing to use emerging technologies to implement Mobile Satellite Services in the 2000-2020 MHz band (MSS licensees), and those licensees authorized after July 1, 2004 to implement new fixed and mobile services in the 1990-1995 MHz band,

may negotiate with Broadcast Auxiliary Service licensees operating on a primary basis and fixed service licensees operating on a primary basis in the 1990-2025 MHz band (Existing Licensees) for the purpose of agreeing to terms under which the Existing Licensees would relocate their operations to the 2025-2110 MHz band, to other authorized bands, or to other media; or, alternatively, would discontinue use of the 1990-2025 MHz band.

(b) An Existing Licensee in the 1990-2025 MHz band allocated for licensed emerging technology services will maintain primary status in the band until the Existing Licensee's operations are relocated by a New Entrant, are discontinued under the terms of paragraph (a) of this section, or become secondary under the terms of paragraph (e)(6) of this section or the Existing Licensee indicates to a New Entrant that it declines to be relocated.

(c) \* \* \*

(2) The New Entrant completes all activities necessary for implementing the replacement facilities, including engineering and cost analysis of the relocation procedure and, if radio facilities are used, identifying and obtaining, on the incumbents' behalf, new microwave or Local Television Transmission frequencies and frequency coordination.

(3) The New Entrant builds the replacement system and tests it for comparability with the existing system.

(d) The Existing Licensee is not required to relocate until the alternative facilities are available to it for a reasonable time to make adjustments, determine comparability, and ensure a seamless handoff. If, within one year after the relocation to new facilities the Existing Licensee demonstrates that the new facilities are not comparable to the former facilities, the New Entrant must remedy the defects.

(e) Subject to the terms of this paragraph (e), the relocation of Existing Licensees will be carried out by MSS licensees in the following manner:

(1) \* \* \*

(ii) [removed and reserved]

\* \* \* \* \*

## 17. PART 78 – CABLE TELEVISION RELAY SERVICE

1. The authority citation for Part 78 continues to read as follows:

AUTHORITY: Secs. 2, 3, 4, 301, 303, 307, 308, 309, 48 Stat., as amended, 1064, 1065, 1066, 1081, 1082, 1083, 1084, 1085; 47 U.S.C. 152, 153, 154, 301, 303, 307, 308, 309.

2. Section 78.40 is amended to amend sections (a), (b), (c)(2), (c)(3), (e) and (f), and to remove and reserve section (f)(1)(ii) to read as follows:

**§ 78.40 Transition of the 1990-2025 MHz band from the Cable Television Relay Service to emerging technologies.**

(a) New Entrants, collectively defined as those licensees proposing to use emerging technologies to implement Mobile Satellite Services in the 2000-2020 MHz band (MSS licensees) and those licensees

as high-density system which:

- (1) has more than five overlapping interactive sites featuring hand-off capability; and
- (2) any one of such sites has an antenna height of less than 30.4 meters (100 feet) above ground level with an antenna height above average terrain (HAAT) of less than 152.4 meters (500 feet) and twenty or more paired frequencies.

\* \* \* \* \*

*Critical Infrastructure Industry (CII).* Private internal radio services operated by State, local governments and non-government entities, including utilities, railroads, metropolitan transit systems, pipelines, private ambulances, volunteer fire departments, and not-for-profit organizations that offer emergency road services, provided these private internal radio services (i) are used to protect safety of life, health, or property; and (ii) are not made commercially available to the public.

\* \* \* \* \*

*Enhanced Specialized Mobile Radio System (ESMR).* A specialized mobile radio (SMR) system operating in the 800 MHz band which employs an 800 MHz cellular system as defined in this section.

\* \* \* \* \*

20. The text in Section 90.16 is revised to reflect the location of the NPSPAC spectrum after band reconfiguration.

**§ 90.16. Public Safety National Plan.**

The Commission has established a National Plan which specifies special policies and procedures governing the Public Safety Pool (formally Public Safety Radio Services and the Special Emergency Radio Service). The National Plan is contained in the Report and Order in General Docket No. 87-112. The principal spectrum resource for the National Plan is the 806-809 MHz and the 851-854 MHz bands at locations farther than 110 km (68.4 miles) from the U.S./Mexico border and 140 km (87 miles) from the U.S./Canadian border ("border regions"). In the border regions, the principal spectrum for the National Plan may be different. The National plan establishes planning regions covering all parts of the United States, Puerto Rico, and the U.S. Virgin Islands. No assignments will be made in the spectrum designated for the National Plan until a regional plan for the area has been accepted by the Commission.

21. Section 90.20 is amended by revising the table in paragraph (c)(3) and by revising the text in paragraph (d)(69).

**§ 90.20 Public Safety Pool.**

\* \* \* \* \*

(c) \* \* \*

(3) \* \* \*

PUBLIC SAFETY POOL FREQUENCY TABLE

authorized after July 1, 2004 to implement new fixed and mobile services in the 1990-1995 MHz band, may negotiate with Cable Television Relay Service licensees operating on a primary basis and fixed service licensees operating on a primary basis in the 1990-2025 MHz band (Existing Licensees) for the purpose of agreeing to terms under which the Existing Licensees would relocate their operations to the 2025-2110 MHz band, to other authorized bands, or to other media; or, alternatively, would accept a sharing arrangement with the New Entrants that may result in an otherwise impermissible level of interference to the Existing Licensee's operations.

(b) Existing Licensees in the 1990-2025 MHz band allocated for licensed emerging technology services will maintain primary status in the band until a New Entrant completes relocation of the Existing Licensee's operations or the Existing Licensee indicates to a New Entrant that it declines to be relocated.

(c) \* \* \*

(2) The New Entrant completes all activities necessary for implementing the replacement facilities, including engineering and cost analysis of the relocation procedure and, if radio facilities are used, identifying and obtaining, on the incumbents' behalf, new microwave or Cable Television Relay Service frequencies and frequency coordination.

(3) The New Entrant builds the replacement system and tests it for comparability with the existing system.

(d) \* \* \*

(e) If, within one year after the relocation to new facilities the Existing Licensee demonstrates that the new facilities are not comparable to the former facilities, the New Entrant must remedy the defect.

(f) Subject to the terms of this paragraph (e), the relocation of Existing Licensees will be carried out by MSS licensees in the following manner:

(1) \* \* \*

(ii) [removed and reserved]

\* \* \* \* \*

Part 90 of title 47 of the Code of Federal Regulations, is amended to read as follows:

#### **PART 90 – PRIVATE LAND MOBILE RADIO SERVICES**

18. The authority citation for Part 90 continues to read as follows:

**AUTHORITY:** Sections 4(i), 11, 303(g), 303(r), and 302(c)(7) of the Communications Act of 1934, as amended, 47 U.S.C. 154(i), 161, 303(g), 303(r), 332(c)(7).

19. The following definitions are added to the text of Section 90.7.

#### **§ 90.7 Definitions.**

*800 MHz Cellular System.* In the 806-817 MHz/ 851-862 MHz band, a cellular system is defined

Frequency band (MHz)	Channel spacing (kHz)	Authorized bandwidth (kHz)
*****	*****	*****
806-809/851-854 .....	12.5	20
809-824/854-869.....	25	20
*****	*****	*****

\* \* \* \* \*

23. The table in Section 90.210 is amended to reflect the 800 MHz band after band reconfiguration.

**§ 90.210 Emission masks.**

\* \* \* \* \*

**APPLICABLE EMISSION MASKS**

Frequency band (MHz)	Mask for equipment with Audio low pass filter	Mask for equipment without audio low pass filter
*****	*****	*****
806-809/851-854 .....	B	H
809-824/854-869 <sup>3</sup> .....	B	G
*****	*****	*****

<sup>1</sup> Equipment using single sideband J3E emission must the requirements of Emission Mask A. Equipment using other emissions must meet the requirements of Emission Mask B or C, as applicable.

<sup>2</sup> Equipment designed to operate with a 25 kHz channel bandwidth must meet the requirements of Emission Mask B or C, as applicable. Equipment designed to operate with a 12.5 kHz channel bandwidth must meet the requirements of Emission Mask D, and equipment designed to operate with a 6.25 kHz channel bandwidth Must meet the requirements of Emission Mask E.

<sup>3</sup> ESMR systems shall comply with the emission mask provisions of §90.691.

\* \* \* \* \*

24. The table in Section 90.213 is updated to reflect the 800 MHz band after band reconfiguration.

**§ 90.213 Frequency stability.**

(a) \* \* \*

**MINIMUM FREQUENCY STABILITY**

[Parts per million (ppm)]

Frequency range (MHz)	Fixed and base stations	Mobile stations	
		Over 2 watts output power	2 watts or less output power

Frequency or band	Class of station(s)	Limitations	Coordinator
***** 806 to 817 851 to 862 *****	***** ....do..... Base or mobile *****	***** 69. 69. *****	*****  *****

(d) \*\*\*\*\*

(69) Subpart S of this part contains rules for assignment of frequencies in the 806–816 MHz and 851–861 MHz bands.

22. Section 90.35 is amended by revising the table in paragraph (b)(3) and by revising the text in paragraph (c)(71).

**§ 90.35 Industrial/Business Pool.**

\*\*\*\*\*

(b) \*\*\*

(3) \*\*\*

**INDUSTRIAL/BUSINESS POOL FREQUENCY TABLE**

Frequency or band	Class of station(s)	Limitations	Coordinator
***** 809 to 824 854 to 869 *****	***** Mobile..... Base or mobile *****	***** 71. 71. *****	*****  *****

(c) \*\*\*

(71) Subpart S of this part contains rules for assignment of frequencies in the 809–824/854–869 and 896–901/935–940 MHz bands.

**§ 90.209 Bandwidth limitations.**

\*\*\*\*\*

(b) \*\*\*

(5) \*\*\*

*****	*****	*****	*****
806-809 .....	<sup>14</sup> 1.0	1.5	1.5
809-824.....	<sup>14</sup> 1.5	2.5	2.5
851-854.....	1.0	1.5	1.5
854-869.....	1.5	2.5	2.5
*****	*****	*****	*****

\*\*\*\*\*

25. Paragraph (e) of Section 90.607 is amended to exempt applicants for ESMR frequencies from frequency coordination requirements:

**§ 90.607 Supplemental information to be furnished by applicants for facilities under this subpart.**

\*\*\*\*\*

(e) All applicants for frequencies governed by this subpart are subject to the frequency coordination requirements of § 90.175(b) except applicants requesting frequencies for EA-based SMR operations in the 806-824 MHz /851-869 MHz band or 896-901 MHz /935-940 MHz band.

26. Paragraph (c) of Section 90.609 is amended to eliminate references to Spectrum Block D which will no longer exist after band reconfiguration:

**§ 90.609 Special limitations on amendment of applications for assignment or transfer of authorizations for radio systems above 800 MHz.**

\*\*\*\*\*

(c) Licensees of constructed systems in any category are permitted to make partial assignments of an authorized grant to an applicant proposing to create a new system or to an existing licensee that has loaded its system to 70 mobiles per channel and is expanding that system. An applicant authorized to expand an existing system or to create a new system with frequencies from any category obtained through partial assignment will receive the assignor's existing license expiration date and loading deadline for the frequencies that are assigned. A licensee that makes a partial assignment of a station's frequencies will not be authorized to obtain additional frequencies for that station for a period of one year from the date of the partial assignment.

\*\*\*\*\*

27. Section 90.613 is amended to indicate the channel designations after band reconfiguration:

**§ 90.613 Frequencies available.**

The following tables indicate the channel designations of frequencies available for assignment to eligible applicants under this subpart. Frequencies shall be assigned in pairs, with mobile and control station transmitting frequencies taken from the 806-824 MHz band with corresponding base station frequencies being 45 MHz higher and taken from the 851-869 MHz band, or with mobile and control station frequencies taken from the 896-901 MHz band with corresponding base station frequencies being 39 MHz higher and taken from the 935-940 MHz band. Only the base station transmitting frequency of each pair is listed in the following tables.

TABLE OF 806-824/851-869 MHZ CHANNEL DESIGNATIONS

Channel No.	Base Frequency (MHz)
1	851.0125
2	.0375
3	.0500
4	.0625
5	.0750
6	.0875
7	.1000
8	.1125
9	.1250
10	.1375
11	.1500
12	.1625
13	.1750
14	.1875
15	.2000
16	.2125
17	.2250
18	.2375
19	.2500
20	.2625
21	.2750
22	.2875
23	.3000
24	.3125
25	.3250
26	.3375
27	.3500
28	.3625
29	.3750
30	.3875
31	.4000
32	.4125
33	.4250
34	.4375
35	.4500
36	.4625
37	.4750
38	.4875
39	.5125
40	.5375
41	.5500
42	.5625
43	.5750
44	.5875
45	.6000
46	.6125
47	.6250
48	.6375

49 .....	.6500
50 .....	.6625
51 .....	.6750
52 .....	.6875
53 .....	.7000
54 .....	.7125
55 .....	.7250
56 .....	.7375
57 .....	.7500
58 .....	.7625
59 .....	.7750
60 .....	.7875
61 .....	.8000
62 .....	.8125
63 .....	.8250
64 .....	.8375
65 .....	.8500
66 .....	.8625
67 .....	.8750
68 .....	.8875
69 .....	.9000
70 .....	.9125
71 .....	.9250
72 .....	.9375
73 .....	.9500
74 .....	.9625
75 .....	.9750
76 .....	.9875
77 .....	852.0125
78 .....	.0375
79 .....	.0500
80 .....	.0625
81 .....	.0750
82 .....	.0875
83 .....	.1000
84 .....	.1125
85 .....	.1250
86 .....	.1375
87 .....	.1500
88 .....	.1625
89 .....	.1750
90 .....	.1875
91 .....	.2000
92 .....	.2125
93 .....	.2250
94 .....	.2375
95 .....	.2500
96 .....	.2625
97 .....	.2750

98 .....	.2875
99 .....	.3000
100 .....	.3125
101 .....	.3250
102 .....	.3375
103 .....	.3500
104 .....	.3625
105 .....	.3750
106 .....	.3875
107 .....	.4000
108 .....	.4125
109 .....	.4250
110 .....	.4375
111 .....	.4500
112 .....	.4625
113 .....	.4750
114 .....	.4875
115 .....	.5125
116 .....	.5375
117 .....	.5500
118 .....	.5625
119 .....	.5750
120 .....	.5875
121 .....	.6000
122 .....	.6125
123 .....	.6250
124 .....	.6375
125 .....	.6500
126 .....	.6625
127 .....	.6750
128 .....	.6875
129 .....	.7000
130 .....	.7125
131 .....	.7250
132 .....	.7375
133 .....	.7500
134 .....	.7625
135 .....	.7750
136 .....	.7875
137 .....	.8000
138 .....	.8125
139 .....	.8250
140 .....	.8375
141 .....	.8500
142 .....	.8625
143 .....	.8750
144 .....	.8875
145 .....	.9000
146 .....	.9125

147.....	.9250
148.....	.9375
149.....	.9500
150.....	.9625
151.....	.9750
152.....	.9875
153.....	853.0125
154.....	.0375
155.....	.0500
156.....	.0625
157.....	.0750
158.....	.0875
159.....	.1000
160.....	.1125
161.....	.1250
162.....	.1375
163.....	.1500
164.....	.1625
165.....	.1750
166.....	.1875
167.....	.2000
168.....	.2125
169.....	.2250
170.....	.2375
171.....	.2500
172.....	.2625
173.....	.2750
174.....	.2875
175.....	.3000
176.....	.3125
177.....	.3250
178.....	.3375
179.....	.3500
180.....	.3625
181.....	.3750
182.....	.3875
183.....	.4000
184.....	.4125
185.....	.4250
186.....	.4375
187.....	.4500
188.....	.4625
189.....	.4750
190.....	.4875
191.....	.5000
192.....	.5125
193.....	.5250
194.....	.5375
195.....	.5500

196.....	.5625
197.....	.5750
198.....	.5875
199.....	.6000
200.....	.6125
201.....	.6250
202.....	.6375
203.....	.6500
204.....	.6625
205.....	.6750
206.....	.6875
207.....	.7000
208.....	.7125
209.....	.7250
210.....	.7375
211.....	.7500
212.....	.7625
213.....	.7750
214.....	.7875
215.....	.8000
216.....	.8125
217.....	.8250
218.....	.8375
219.....	.8500
220.....	.8625
221.....	.8750
222.....	.8875
223.....	.9000
224.....	.9125
225.....	.9250
226.....	.9375
227.....	.9500
228.....	.9625
229.....	.9750
230.....	.9875
231.....	854.0125
232.....	.0375
233.....	.0625
234.....	.0875
235.....	.1125
236.....	.1375
237.....	.1625
238.....	.1875
239.....	.2125
240.....	.2375
241.....	.2625
242.....	.2875
243.....	.3125
244.....	.3375

245.....	.3625
246.....	.3875
247.....	.4125
248.....	.4375
249.....	.4625
250.....	.4875
251.....	.5125
252.....	.5375
253.....	.5625
254.....	.5875
255.....	.6125
256.....	.6375
257.....	.6625
258.....	.6875
259.....	.7125
260.....	.7375
261.....	.7625
262.....	.7875
263.....	.8125
264.....	.8375
265.....	.8625
266.....	.8875
267.....	.9125
268.....	.9375
269.....	.9625
270.....	.9875
271.....	855.0125
272.....	.0375
273.....	.0625
274.....	.0875
275.....	.1125
276.....	.1375
277.....	.1625
278.....	.1875
279.....	.2125
280.....	.2375
281.....	.2625
282.....	.2875
283.....	.3125
284.....	.3375
285.....	.3625
286.....	.3875
287.....	.4125
288.....	.4375
289.....	.4625
290.....	.4875
291.....	.5125
292.....	.5375
293.....	.5625

294.....	.5875
295.....	.6125
296.....	.6375
297.....	.6625
298.....	.6875
299.....	.7125
300.....	.7375
301.....	.7625
302.....	.7875
303.....	.8125
304.....	.8375
305.....	.8625
306.....	.8875
307.....	.9125
308.....	.9375
309.....	.9625
310.....	.9875
311.....	856.0125
312.....	.0375
313.....	.0625
314.....	.0875
315.....	.1125
316.....	.1375
317.....	.1625
318.....	.1875
319.....	.2125
320.....	.2375
321.....	.2625
322.....	.2875
323.....	.3125
324.....	.3375
325.....	.3625
326.....	.3875
327.....	.4125
328.....	.4375
329.....	.4625
330.....	.4875
331.....	.5125
332.....	.5375
333.....	.5625
334.....	.5875
335.....	.6125
336.....	.6375
337.....	.6625
338.....	.6875
339.....	.7125
340.....	.7375
341.....	.7625
342.....	.7875

343.....	.8125
344.....	.8375
345.....	.8625
346.....	.8875
347.....	.9125
348.....	.9375
349.....	.9625
350.....	.9875
351.....	857.0125
352.....	.0375
353.....	.0625
354.....	.0875
355.....	.1125
356.....	.1375
357.....	.1625
358.....	.1875
359.....	.2125
360.....	.2375
361.....	.2625
362.....	.2875
363.....	.3125
364.....	.3375
365.....	.3625
366.....	.3875
367.....	.4125
368.....	.4375
369.....	.4625
370.....	.4875
371.....	.5125
372.....	.5375
373.....	.5625
374.....	.5875
375.....	.6125
376.....	.6375
377.....	.6625
378.....	.6875
379.....	.7125
380.....	.7375
381.....	.7625
382.....	.7875
383.....	.8125
384.....	.8375
385.....	.8625
386.....	.8875
387.....	.9125
388.....	.9375
389.....	.9625
390.....	.9875
391.....	858.0125

392.....	.0375
393.....	.0625
394.....	.0875
395.....	.1125
396.....	.1375
397.....	.1625
398.....	.1875
399.....	.2125
400.....	.2375
401.....	.2625
402.....	.2875
403.....	.3125
404.....	.3375
405.....	.3625
406.....	.3875
407.....	.4125
408.....	.4375
409.....	.4625
410.....	.4875
411.....	.5125
412.....	.5375
413.....	.5625
414.....	.5875
415.....	.6125
416.....	.6375
417.....	.6625
418.....	.6875
419.....	.7125
420.....	.7375
421.....	.7625
422.....	.7875
423.....	.8125
424.....	.8375
425.....	.8625
426.....	.8875
427.....	.9125
428.....	.9375
429.....	.9625
430.....	.9875
431.....	859.0125
432.....	.0375
433.....	.0625
434.....	.0875
435.....	.1125
436.....	.1375
437.....	.1625
438.....	.1875
439.....	.2125
440.....	.2375

441.....	.2625
442.....	.2875
443.....	.3125
444.....	.3375
445.....	.3625
446.....	.3875
447.....	.4125
448.....	.4375
449.....	.4625
450.....	.4875
451.....	.5125
452.....	.5375
453.....	.5625
454.....	.5875
455.....	.6125
456.....	.6375
457.....	.6625
458.....	.6875
459.....	.7125
460.....	.7375
461.....	.7625
462.....	.7875
463.....	.8125
464.....	.8375
465.....	.8625
466.....	.8875
467.....	.9125
468.....	.9375
469.....	.9625
470.....	.9875
471.....	860.0125
472.....	.0375
473.....	.0625
474.....	.0875
475.....	.1125
476.....	.1375
477.....	.1625
478.....	.1875
479.....	.2125
480.....	.2375
481.....	.2625
482.....	.2875
483.....	.3125
484.....	.3375
485.....	.3625
486.....	.3875
487.....	.4125
488.....	.4375
489.....	.4625

490.....	.4875
491.....	.5125
492.....	.5375
493.....	.5625
494.....	.5875
495.....	.6125
496.....	.6375
497.....	.6625
498.....	.6875
499.....	.7125
500.....	.7375
501.....	.7625
502.....	.7875
503.....	.8125
504.....	.8375
505.....	.8625
506.....	.8875
507.....	.9125
508.....	.9375
509.....	.9625
510.....	.9875
511.....	861.0125
512.....	.0375
513.....	.0625
514.....	.0875
515.....	.1125
516.....	.1375
517.....	.1625
518.....	.1875
519.....	.2125
520.....	.2375
521.....	.2625
522.....	.2875
523.....	.3125
524.....	.3375
525.....	.3625
526.....	.3875
527.....	.4125
528.....	.4375
529.....	.4625
530.....	.4875
531.....	.5125
532.....	.5375
533.....	.5625
534.....	.5875
535.....	.6125
536.....	.6375
537.....	.6625
538.....	.6875

539.....	.7125
540.....	.7375
541.....	.7625
542.....	.7875
543.....	.8125
544.....	.8375
545.....	.8625
546.....	.8875
547.....	.9125
548.....	.9375
549.....	.9625
550.....	.9875
551.....	862.0125
552.....	.0375
553.....	.0625
554.....	.0875
555.....	.1125
556.....	.1375
557.....	.1625
558.....	.1875
559.....	.2125
560.....	.2375
561.....	.2625
562.....	.2875
563.....	.3125
564.....	.3375
565.....	.3625
566.....	.3875
567.....	.4125
568.....	.4375
569.....	.4625
570.....	.4875
571.....	.5125
572.....	.5375
573.....	.5625
574.....	.5875
575.....	.6125
576.....	.6375
577.....	.6625
578.....	.6875
579.....	.7125
580.....	.7375
581.....	.7625
582.....	.7875
583.....	.8125
584.....	.8375
585.....	.8625
586.....	.8875
587.....	.9125

588.....	.9375
589.....	.9625
590.....	.9875
591.....	863.0125
592.....	.0375
593.....	.0625
594.....	.0875
595.....	.1125
596.....	.1375
597.....	.1625
598.....	.1875
599.....	.2125
600.....	.2375
601.....	.2625
602.....	.2875
603.....	.3125
604.....	.3375
605.....	.3625
606.....	.3875
607.....	.4125
608.....	.4375
609.....	.4625
610.....	.4875
611.....	.5125
612.....	.5375
613.....	.5625
614.....	.5875
615.....	.6125
616.....	.6375
617.....	.6625
618.....	.6875
619.....	.7125
620.....	.7375
621.....	.7625
622.....	.7875
623.....	.8125
624.....	.8375
625.....	.8625
626.....	.8875
627.....	.9125
628.....	.9375
629.....	.9625
630.....	.9875
631.....	864.0125
632.....	.0375
633.....	.0625
634.....	.0875
635.....	.1125
636.....	.1375

637.....	.1625
638.....	.1875
639.....	.2125
640.....	.2375
641.....	.2625
642.....	.2875
643.....	.3125
644.....	.3375
645.....	.3625
646.....	.3875
647.....	.4125
648.....	.4375
649.....	.4625
650.....	.4875
651.....	.5125
652.....	.5375
653.....	.5625
654.....	.5875
655.....	.6125
656.....	.6375
657.....	.6625
658.....	.6875
659.....	.7125
660.....	.7375
661.....	.7625
662.....	.7875
663.....	.8125
664.....	.8375
665.....	.8625
666.....	.8875
667.....	.9125
668.....	.9375
669.....	.9625
670.....	.9875
671.....	865.0125
672.....	.0375
673.....	.0625
674.....	.0875
675.....	.1125
676.....	.1375
677.....	.1625
678.....	.1875
679.....	.2125
680.....	.2375
681.....	.2625
682.....	.2875
683.....	.3125
684.....	.3375
685.....	.3625

686.....	.3875
687.....	.4125
688.....	.4375
689.....	.4625
690.....	.4875
691.....	.5125
692.....	.5375
693.....	.5625
694.....	.5875
695.....	.6125
696.....	.6375
697.....	.6625
698.....	.6875
699.....	.7125
700.....	.7375
701.....	.7625
702.....	.7875
703.....	.8125
704.....	.8375
705.....	.8625
706.....	.8875
707.....	.9125
708.....	.9375
709.....	.9625
710.....	.9875
711.....	866.0125
712.....	.0375
713.....	.0625
714.....	.0875
715.....	.1125
716.....	.1375
717.....	.1625
718.....	.1875
719.....	.2125
720.....	.2375
721.....	.2625
722.....	.2875
723.....	.3125
724.....	.3375
725.....	.3625
726.....	.3875
727.....	.4125
728.....	.4375
729.....	.4625
730.....	.4875
731.....	.5125
732.....	.5375
733.....	.5625
734.....	.5875

735.....	.6125
736.....	.6375
737.....	.6625
738.....	.6875
739.....	.7125
740.....	.7375
741.....	.7625
742.....	.7875
743.....	.8125
744.....	.8375
745.....	.8625
746.....	.8875
747.....	.9125
748.....	.9375
749.....	.9625
750.....	.9875
751.....	867.0125
752.....	.0375
753.....	.0625
754.....	.0875
755.....	.1125
756.....	.1375
757.....	.1625
758.....	.1875
759.....	.2125
760.....	.2375
761.....	.2625
762.....	.2875
763.....	.3125
764.....	.3375
765.....	.3625
766.....	.3875
767.....	.4125
768.....	.4375
769.....	.4625
770.....	.4875
771.....	.5125
772.....	.5375
773.....	.5625
774.....	.5875
775.....	.6125
776.....	.6375
777.....	.6625
778.....	.6875
779.....	.7125
780.....	.7375
781.....	.7625
782.....	.7875
783.....	.8125

784.....	.8375
785.....	.8625
786.....	.8875
787.....	.9125
788.....	.9375
789.....	.9625
790.....	.9875
791.....	868.0125
792.....	.0375
793.....	.0625
794.....	.0875
795.....	.1125
796.....	.1375
797.....	.1625
798.....	.1875
799.....	.2125
800.....	.2375
801.....	.2625
802.....	.2875
803.....	.3125
804.....	.3375
805.....	.3625
806.....	.3875
807.....	.4125
808.....	.4375
809.....	.4625
810.....	.4875
811.....	.5125
812.....	.5375
813.....	.5625
814.....	.5875
815.....	.6125
816.....	.6375
817.....	.6625
818.....	.6875
819.....	.7125
820.....	.7375
821.....	.7625
822.....	.7875
823.....	.8125
824.....	.8375
825.....	.8625
826.....	.8875
827.....	.9125
828.....	.9375
829.....	.9625
830.....	.9875

\* \* \* \* \*

28. A new section 90.614 is added immediately after the text of Section 90.613 as follows:

**§ 90.614 Cellular and non-cellular portions of 806-824/851-869 MHz band for non-border areas.**

The 806-824/851-869 MHz band ("800 MHz band") will be divided as follows at locations farther than 110 km (68.4 miles) from the U.S./Mexico border and 140 km (87 miles) from the U.S./Canadian border ("non-border areas")

(a) 800 MHz cellular systems – as defined in § 90.7 – are prohibited from operating on channels 1-550 in non-border areas.

(b) 800 MHz cellular systems – as defined in § 90.7 – are permitted to operate on channels 551-830 in non-border areas.

(c) In the following counties and parishes, 800 MHz cellular systems – as defined in § 90.7 – are permitted to operate on channels 411-830:

Alabama

Autauga, Baldwin, Barbour, Bibb, Blount, Bullock, Butler, Calhoun, Chambers, Cherokee, Chilton, Choctaw, Clarke, Clay, Cleburne, Coffee, Colbert, Conecuh, Coosa, Covington, Crenshaw, Cullman, Dale, Dallas, DeKalb, Elmore, Escambia, Etowah, Fayette, Franklin, Geneva, Greene, Hale, Henry, Houston, Jackson, Jefferson, Lamar, Lauderdale, Lawrence, Lee, Limestone, Lowndes, Macon, Madison, Marengo, Marion, Marshall, Mobile, Monroe, Montgomery, Morgan, Perry, Pickens, Pike, Randolph, Russell, Shelby, St Clair, Sumter, Talladega, Tallapoosa, Tuscaloosa, Walker, Washington, Wilcox, Winston

Florida

Bay, Calhoun, Escambia, Franklin, Gadsden, Gulf, Holmes, Jackson, Jefferson, Leon, Liberty, Madison, Nassau, Okaloosa, Santa Rosa, Taylor, Wakulla, Walton, Washington

Georgia

Appling, Atkinson, Bacon, Baker, Baldwin, Banks, Barrow, Bartow, Ben Hill, Berrien, Bibb, Bleckley, Brantley, Brooks, Bryan, Bulloch, Burke, Butts, Calhoun, Camden, Candler, Carroll, Catoosa, Charlton, Chatham, Chattahoochee, Chattooga, Cherokee, Clarke, Clay, Clayton, Clinch, Cobb, Coffee, Colquitt, Columbia, Cook, Coweta, Crawford, Crisp, Dade, Dawson, Decatur, DeKalb, Dodge, Dooly, Dougherty, Douglas, Early, Echols, Effingham, Elbert, Emanuel, Evans, Fannin, Fayette, Floyd, Forsyth, Franklin, Fulton, Gilmer, Glascock, Glynn, Gordon, Grady, Greene, Gwinnett, Habersham, Hall, Hancock, Haralson, Harris, Hart, Heard, Henry, Houston, Irwin, Jackson, Jasper, Jeff Davis, Jefferson, Jenkins, Johnson, Jones, Lamar, Lanier, Laurens, Lee, Liberty, Lincoln, Long, Lowndes, Lumpkin, Macon, Madison, Marion, McDuffie, McIntosh, Meriwether, Miller, Mitchell, Monroe, Montgomery, Morgan, Murray, Muscogee, Newton, Oconee, Oglethorpe, Paulding, Peach, Pickens, Pierce, Pike, Polk, Pulaski, Putnam, Quitman, Rabun, Randolph, Richmond, Rockdale, Schley, Screven, Seminole, Spalding, Stephens, Stewart, Sumter, Talbot, Taliaferro, Tattnall, Taylor, Telfair, Terrell, Thomas, Tift, Toombs, Towns, Treutlen, Troup, Turner, Twiggs, Union, Upson, Walker, Walton, Ware, Warren, Washington, Wayne, Webster, Wheeler, White, Whitfield, Wilcox, Wilkes, Wilkinson, Worth

Louisiana

Catahoula, Concordia, Madison, Tensas

Mississippi

Adams, Alcorn, Amite, Attala, Calhoun, Carroll, Chickasaw, Choctaw, Claiborne, Clarke, Clay, Copiah, Covington, Forrest, Franklin, George, Greene, Grenada, Hancock, Harrison, Hinds, Holmes, Itawamba, Jackson, Jasper, Jefferson, Jefferson Davis, Jones, Kemper, Lamar, Lauderdale, Lawrence, Leake, Lee, Lincoln, Lowndes, Madison, Marion, Monroe, Montgomery, Neshoba, Newton, Noxubee, Oktibbeha, Pearl River, Perry, Pike, Pontotoc, Prentiss, Rankin, Scott, Simpson, Smith, Stone, Tippah, Tishomingo, Union, Walthall, Warren, Wayne, Webster, Wilkinson, Winston, Yazoo

North Carolina

Cherokee, Clay, Graham, Jackson, Macon

South Carolina

Abbeville, Aiken, Allendale, Anderson, Bamberg, Barnwell, Beaufort, Edgefield, Greenwood, Hampton, Jasper, McCormick, Oconee

Tennessee

Bledsoe, Bradley, Franklin, Giles, Hamilton, Hardin, Lawrence, Lincoln, Marion, McMinn

29. Section 90.615 is amended to read as follows to reflect the General Category after band reconfiguration.

**§ 90.615 Individual channels available in the General Category in 806-824/851-869 MHz band.**

The General Category will consist of channels 231-260 at locations farther than 110 km (68.4 miles) from the U.S./Mexico border and 140 km (87 miles) from the U.S./Canadian border.

(a) Channels 231-260 will be available only to eligible applicants in the Public Safety Category until **[Three years from effective date of Report and Order]**. These same channels will be available only to eligible applicants in the Public Safety or Critical Infrastructure Industry Categories from **[Three years from effective date of Report and Order]** until **[Five years from effective date of Report and Order]**.

(b) All entities will be eligible for licensing on Channels 231-260 after **[Five years from effective date of Report and Order]**.

30. Section 90.617 is amended to read as follows to reflect the channels available after band reconfiguration.

**§ 90.617 Frequencies in the 809.750-824/854.750-869 MHz, and 896-901/935-940 MHz bands available for trunked, conventional or cellular system use in non-border areas.**

Except for the counties and parishes listed in § 90.614(c), the following channels will be available at locations farther than 110 km (68.4 miles) from the U.S./Mexico border and 140 km (87 miles) from the U.S./Canadian border ("non-border areas"). The channels in the counties and parishes listed in § 90.614(c) will be available in accordance with an agreement between Southern LINC and Nextel Communications, Inc. The agreement will be approved by the Chief of the Wireless Telecommunications Bureau.

(a) The channels listed in Table 1 and paragraph (a)(1) of this section are available for non-cellular operations to eligible applicants in the Public Safety Category which consists of licensees eligible in the Public Safety Pool of subpart B of this part. 800 MHz cellular systems as defined in §