

**Remarks of Thomas J. Sugrue
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Before the Land Mobile Communications Council
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Thank you Michelle for the kind introduction. The LMCC is an exceptional organization, and I'm honored to be invited to be with you today.

When I was planning for today's presentation, I recalled that last year when I talked to you I borrowed a quote from Einstein and said that our goals in the following year should be, as he put it:

- Out of clutter find simplicity
- From discord, find harmony
- In the middle of difficulty, lies opportunity.

I think that the Commission – and especially the Bureau – tried to follow Einstein's dictates last year; so keep them in mind when I describe some of the things we have accomplished together since I last spoke to you.

Today, I am suggesting that we take a fresh look at things according to three new principles. This time the principles are Sugrue's – not Einstein's, and they go like this:

- Learn from the past
- Live well in the present
- Plan for the future.

First, one of the more significant lessons we learned from the past was that we needed to streamline our processing procedures. Not too long ago, we had an enormous backlog of items in the Wireless Telecommunications Bureau. We attacked that problem, eliminated the backlog, and put measures in place to insure that it doesn't happen again. We did this by implementing a Management Tracking System – a combination of human and software resources that insures that we know exactly where every item is in the paperwork pipeline. Firm completion dates are set for each stage of processing of an item. Management and the attorneys, engineers and analysts working on an item are all held to those dates. And, even I am held to those dates. Legal advisors are authorized to harass me if I am the bottleneck. The system is working well. In the last year, the Public Safety and Private Wireless Division processed more than 340,000 applications, with over 95 percent processed within 90 days. And, over 1300 separate actions were resolved by the Division. The Bureau as a whole processed more than 550,000 applications. So PSPWD accounted for 60% of the total applications, making them the James Brown of the Wireless Bureau, "the hardest working division in show business." And one statistic

of which I am really proud: 136 Commission items were produced – by far the most of any bureau or office.

Another matter from the past that was successfully concluded this past year was the final rules in the Refarming proceeding. We have put rules in place that make trunking a much more feasible option for licensees. And, we sorted out problems associated with the coordination of those land mobile frequencies that had been shared by multiple radio services in the days before we consolidated those services into the Industrial/Business Pool. We were able to do this because the LMCC came to us with a consensus position on the matter. Without LMCC's help in developing a solution that the various interested parties could sign on to, the coordination rules dispute could still be with us and might have ended up in court. So, thanks to all of you who made reaching that consensus position possible. It enabled us to finally terminate the long standing Refarming proceeding which began in 1992.

We now have a one-decade-per-docket rule – if you can't bring a docket to conclusion in ten years, shut it down and start over.

Last year's Biennial Review allowed us to clean our regulatory house of some unnecessary rules and to modernize others. Thanks to that proceeding, Public Land Mobile Radio license terms have been extended from five years to ten. We also increased the construction period so that you now have 12 months, instead of 8, to put stations into operation.

The implementation of the Universal Licensing System for land mobile services is now well underway. The ULS staff tells me that many coordinators have completed their testing of the system and are now filing their applications electronically on ULS. I applaud your efforts in this area. I know that modifying your systems to integrate with the ULS has been a long and difficult process.

I am aware of some concerns and issues that have come up since land mobile services were switched over to ULS and I can understand how they came about. Changes of this magnitude are never easy or problem-free.

But I am very encouraged by the cooperative efforts of the coordinators to address these issues. For our part, I have instructed the Wireless Bureau staff to make it a top priority to work with the coordinator community to ensure that ULS works for them and their constituents. I hope that, for your part, you will continue to work with the license processing staff and automation groups to define specific problems and propose concrete solutions. That level of cooperation has been the key to successful ULS implementation in the past. It's a model that will benefit the land mobile community.

You'll recall that I said that principle number two was to live well in the present. One way to do that in the spectrum world is to make maximum efficient use of existing resources. For a number of reasons, I think application of the band manager concept is going to help us do that.

First, it unburdens the FCC's licensing resources because we will only need to license a handful of band managers – not the thousands of sites they will administer through their spectrum lease arrangements.

Second, it maximizes efficient use of the spectrum resource because spectrum access is going to be more marketplace driven. When spectrum is leased by the band managers, coverage and bandwidth are going to have defined costs. Therefore we can expect that users are going to pay for no more bandwidth or coverage than they actually need – and are going to conserve spectrum in the process. The experience with the 700 MHz guard band managers is going to tell us whether the concept might be a good one for other bands.

On a different front, the LMCC, among others, has made a suggestion that I think holds a lot of promise for uncovering additional channels in the spectrum already allocated for land mobile use. Many people with experience in land mobile work suspect that there may be a significant number of licenses out there for stations that are not actually on the air. This could happen for a number of reasons. A licensee may have decided not to construct a station after the license was issued. The licensee may have gone out of business. Or, it could be that the station was constructed and simply is not used anymore. One way to address this issue, as suggested by the land mobile community, is to conduct an audit of all private land mobile licensees to uncover some of this unused spectrum. That's no small task when you consider that we have in the neighborhood of a quarter million licenses out there. We are interested in working with the land mobile community -- particularly the LMCC -- to see how best it would be implemented.

Another prospect for freeing up more spectrum – and one which I admit has been around awhile – is charging user fees to Private Land Mobile Radio licensees. This wouldn't be just a revenue-gathering exercise. In fact, revenue would only be incidental to the main purpose, which is using marketplace forces to enhance efficient use of the spectrum. The theory is, that once there is a cost placed on bandwidth and coverage, licensees would improve the efficiency of their use of both. If that happened – if bandwidth was reduced and coverage tailored to exactly what is needed – spectrum congestion would be significantly relieved. But this is not something that the FCC could implement on its own, because we don't have the statutory authority. So, if user fees come about, it will only be because Congress thinks they are a good idea.

The Balanced Budget Act Order and the Further Notice of Proposed Rule Making in that proceeding should also contribute to our efforts to maximize existing resources. As I have heard it put, "private radio dodged the auction bullet" when the Balanced Budget item was released. But it was more than just that. It was a judgment by the Commission that the current shared-use licensing approach for private radio channels below 512 MHz is a more efficient way to manage the spectrum resource than trying to overlay a geographic area licensing scheme on these crowded bands. In short, any theoretical benefit for such a revised licensing approach would be outweighed by the significant disruption to existing users and their critical spectrum needs in these bands. The Further Notice of Proposed Rule Making in Balanced Budget Act proceeding asks

how we could further improve efficient use of the spectrum resource by giving Refarming a regulatory push – for example by prohibiting the manufacture of less spectrum-efficient equipment after a certain date so that the transition from wideband to narrowband equipment is more rapid than it has been to date. We are concerned that our current approach of relying on type-certification alone may not be moving the transition fast enough. Remember, that with shared spectrum, one licensee’s decision to move or not to move to spectrally efficient equipment impacts the space available for others in the band. So the case for regulatory intervention to promote efficiency may be stronger here than in bands where a licensee has exclusive rights to a block of spectrum.

And, of course, I would be really remiss if I didn’t mention the role of the frequency coordinators in maximizing the use of the spectrum. Last year, we held a “frequency coordination summit” attended by representatives of almost all of the frequency coordinators. We discussed what the Commission expected from the frequency coordination process; means of standardizing that process across a range of coordinators; how coordinators could best communicate with Commission staff and the important – really the essential – role that frequency coordinators serve in resolving interference problems when they arise in the field. Last year’s meeting proved quite valuable to the Commission’s staff, and I’m told that the coordinators also thought it very worthwhile. In fact, last year’s meeting was so successful that we are scheduling another frequency coordination summit sometime in June.

Now I would like to turn to the third and last of “Sugrue’s principles” – Plan for the Future.

On this front we have some good news in the form of the 27 MHz Proceeding, which is a Notice of Proposed Rule Making on how to allocate some chunks of spectrum released by the Federal government between 216 MHz and 2390 MHz. The current NPRM deals with basic allocation issues. The LMCC and several others have filed comments about how best to allocate this spectrum. The Commission is evaluating all of the proposals, ranging from use of portions of this spectrum for Little LEO feeder links to LMCC’s proposal to allocate 10 MHz for a new “Land Mobile Communication Service.” I expect that a Report and Order on the allocation issues will be coming out sometime this quarter. As soon as that happens, we will release a Notice of Proposed Rule Making proposing specific service rules.

There are also some new prospects for users of medical telemetry as a result of an order issued in the past year establishing the new Wireless Medical Telemetry Service. Now, this may not have a direct impact on the private land mobile community, but the potential indirect benefits are substantial.

Currently, there are a number of medical telemetry operations on the 450-470 MHz band on what we used to call the “offset-frequencies” between wideband channels. But now that Refarming has brought us narrowband channels on these frequencies, there is the possibility that high-power land mobile stations will be operating right on the center frequency of the medical telemetry equipment. That means that equipment such as ambulatory cardiac monitors could be interfered with. For that reason, we have retained

a freeze on certain 460-470 MHz channels that otherwise could be used for high power narrowband land mobile stations. However, now medical telemetry users have a new band to migrate to and will have to complete that migration within three years. When that happens, the current 460-470 MHz land mobile freeze will be lifted, permitting the spectrum-conserving benefits of Refarming to be realized there as well.

The last new prospect I want to mention is enhanced land mobile use of the low power channels. The industry owes a debt of thanks to the LMCC for developing the low power channel plan that we accepted in June of 2000. Going hand-in-hand with that plan are consensus technical and use characteristics for the low power channels proposed in LMCC's pending Petition for Rule Making. We are in the process of preparing a Notice of Proposed Rule Making in response to that petition, and you should see it on the street by the third quarter of this year.

So that's it – a broad brush treatment – learning from the past, living well in the present and planning for the future. I hope you share my optimism that those principles will be applied vigorously during the coming year both by the Commission and the representatives of the land mobile community.

It may sound trite to say “we can't do it without you;” but that's the truth. We couldn't have adequately accomplished our job this past year without the work of the frequency coordinators and the efforts of the LMCC. You brought consensus to a contentious rule making proceeding, allowed us to approve a low power plan that reflects the industry's needs and were an active participant in virtually all of the Commission proceedings that touch the land mobile community.

I thank you for that good work and for the contributions you will be making in the coming year. It has been a privilege addressing you this afternoon and I hope that you will invite me for a similar session next year.

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