

claimed status as a small business and won a total of two licenses.

35. *Private and Common Carrier Paging.* We adopted criteria for defining small businesses and very small businesses for purposes of determining their eligibility for special provisions such as bidding credits and installment payments.<sup>110</sup> We have defined a small business as an entity that, together with its affiliates and controlling principals, has average gross revenues not exceeding \$15 million for the preceding three years. Additionally, a very small business is defined as an entity that, together with its affiliates and controlling principals, has average gross revenues that are not more than \$3 million for the preceding three years. The SBA has approved these definitions.<sup>111</sup> An auction of Metropolitan Economic Area (MEA) licenses commenced on February 24, 2000, and closed on March 2, 2000.<sup>112</sup> Of the 985 licenses auctioned, 440 were sold to 57 companies claiming status as a small or very small business. A second auction commenced on October 30, 2001 and closed on December 5, 2001.<sup>113</sup> One hundred, thirty-two entities claiming small or very small business status won a total of 3,724 licenses. At present, there are approximately 4,500 Private-Paging site-specific licenses and 5,100 Common Carrier Paging site-specific licenses. According to the most recent data in the *Telecommunications Provider Locator*, 608 carriers reported that they were engaged in the provision of either paging or "other mobile" services, which are placed together in the data.<sup>114</sup> We do not have data specifying the number of these carriers that are not independently owned and operated or have more than 1,500 employees, and therefore are unable at this time to estimate with greater precision the number of paging carriers that would qualify as small business concerns under the SBA's definition. Consequently, we estimate that there are fewer than 608 small paging carriers that may be affected by these revised rules. We estimate that the majority of private and common carrier paging providers would qualify as small entities under the SBA definition.

36. *Broadband Personal Communications Service (PCS).* The broadband PCS spectrum is divided into six frequency blocks designated A through F, and the Commission has held auctions for each block. The Commission defined "small entity" for Blocks C and F as an entity that has average gross revenues of less than \$40 million in the three previous calendar years.<sup>115</sup> For Block F,

an additional classification for "very small business" was added and is defined as an entity that, together with its affiliates, has average gross revenues of not more than \$15 million for the preceding three calendar years.<sup>116</sup> These regulations defining "small entity" in the context of broadband PCS auctions have been approved by the SBA.<sup>117</sup> No small businesses within the SBA-approved definition bid successfully for licenses in Blocks A and B. An auction for C-Block licenses commenced on December 18, 1995 and ended on May 6, 1996.<sup>118</sup> There were 89 winning bidders that won a total of 493 licenses and that claimed status as a small business in the Block C auction. A second C-Block Auction commenced on July 3, 1996 and ended on July 16, 1996.<sup>119</sup> An auction for the D and F Blocks commenced on August 16, 1996 and ended on January 14, 1997.<sup>120</sup> A total of 93 winning bidders that won a total of 598 licenses claimed small or very small business status in the D, E, and F Block auction. A re-auction of 347 C, D, E, and F Block licenses commenced on March 23, 1999 and ended on April 15, 1999.<sup>121</sup> There were 48 winning bidders that won a total of 277 licenses and that claimed status as a small or very small business. An auction of 422 C and F Broadband PCS licenses commenced on December 12, 2000 and ended on January 26, 2001.<sup>122</sup> Of the 35 winning bidders in this auction, 29 claimed status as a small or very small business and won a total of 248 licenses.

37. *Narrowband PCS.* To date, three narrowband PCS auctions have been conducted. Through these auctions, 358 licenses were sold to winning bidders. Twelve entities claiming small or very small business status were the winning bidders for 322 licenses. To ensure meaningful participation of small business entities in the auctions, the Commission adopted a two-tiered definition of small businesses in the *Narrowband PCS Second Report and Order*.<sup>123</sup> A small business is an entity that, together with affiliates and controlling interests, has average gross revenues for the

three preceding years of not more than \$40 million. A very small business is an entity that, together with affiliates and controlling interests, has average gross revenues for the three preceding years of not more than \$15 million. These definitions have been approved by the SBA.<sup>124</sup>

38. *Rural Radiotelephone Service.* The Commission has not adopted a definition of small entity specific to the Rural Radiotelephone Service.<sup>125</sup> A significant subset of the Rural Radiotelephone Service is the Basic Exchange Telephone Radio Systems (BETRS).<sup>126</sup> We will use the SBA's definition applicable to radiotelephone (wireless) companies, *i.e.*, an entity employing no more than 1,500 persons.<sup>127</sup> There are approximately 640 licensees in the Rural Radiotelephone Service, and we estimate that almost all of the licenses that are authorized in the Rural Radio Service qualify as small entities under the SBA's definition.

39. *Air-Ground Radiotelephone Service.* The Commission has not adopted a definition of small entity specific to the Air-Ground Radiotelephone Service.<sup>128</sup> We will use the SBA's definition applicable to radiotelephone (wireless) companies, *i.e.*, an entity employing no more than 1,500 persons.<sup>129</sup> There are approximately 100 licensees in the Air-Ground Radiotelephone Service, and we estimate that almost all of the licenses authorized in the Air-Ground Radiotelephone Service qualify as small entities under the SBA's definition.

40. *Specialized Mobile Radio (SMR).* Pursuant to 47 CFR 90.814(b)(1), the Commission has defined "small business" in two tiers (for purposes of auctioning 800 MHz and 900 MHz SMR licenses) as a firm that has average annual gross revenues of either \$3 million or \$15 million or less in the three preceding calendar years.<sup>130</sup> The SBA has approved this small business size standard for the 800 MHz and 900 MHz SMR services.<sup>131</sup> An auction for 900 MHz SMR licenses commenced on December 5, 1995 and closed on April 15, 1996.<sup>132</sup> Sixty winning bidders that won a total of 263 licenses in the 900 MHz SMR band claimed status as a small business. An auction for 525 800 MHz SMR geographic area licenses for the upper 200 channels began on October 28, 1997 and was completed on December 8,

Docket No. 96-59 Section 60 (released June 24, 1996, 61 FR 33859 (July 1, 1996).

<sup>116</sup> *Id.*

<sup>117</sup> See, *e.g.*, Implementation of Section 309(j) of the Communications Act—Competitive Bidding, PP Docket No. 93-253, *Fifth Report and Order*, 9 FCC Rcd 5532, 5581-84 (1994).

<sup>118</sup> "Entrepreneurs" C-Block Auction Closes", Public Notice, DA 96-716 (released on May 8, 1996).

<sup>119</sup> "Entrepreneurs" C-Block Reauction Closes", Public Notice, DA 96-1153 (released on July 17, 1996).

<sup>120</sup> "D, E and F Block Auction Closes, DA 97-81 (released January 15, 1997).

<sup>121</sup> "C, D, E, and F Block Broadband PCS License Auction Closes: Winning Bidders of 302 Licenses Announced", Public Notice, DA 99-757 (released April 20, 1999).

<sup>122</sup> "C and F Block PCS Auction Closes", Public Notice, 16 FCC Rcd 2339 (2001).

<sup>123</sup> In the Matter of Amendment of the Commission's rules to Establish New Personal Communications Services, Narrowband PCS, Docket No. ET 92-100, Docket No. PP 93-253, *Second Report and Order and Second Further Notice of Proposed Rulemaking*, 65 FR 35875 (June 6, 2000).

<sup>124</sup> See Letter to Amy Zoslov, Chief, Auctions and Industry Analysis Division from A. Alvarez, Administrator, SBA (December 2, 1998).

<sup>125</sup> The service is defined in section 22.99 of the Commission's rules, 47 CFR 22.99.

<sup>126</sup> BETRS is defined in section 22.757 and 22.759 of the Commission's rules, 47 CFR 22.757 and 22.759.

<sup>127</sup> 13 CFR 121.201, NAICS codes 513321, 513322, and 51333.

<sup>128</sup> The service is defined in section 22.99 of the Commission's rules, 47 CFR 22.99.

<sup>129</sup> 13 CFR 121.201, NAICS codes 513321, 513322, and 51333.

<sup>130</sup> 47 CFR 90.814(b)(1).

<sup>131</sup> See Letter to Thomas J. Sugrue, Chief, Wireless Telecommunications Bureau (FCC) from A. Alvarez, Administrator, SBA (August 10, 1999).

<sup>132</sup> "FCC Announces Winning Bidders in the Auction of 1020 Licenses to Provider 900 MHz SMR in Major Trading Areas", Public Notice, DA 96-586 (released April 15, 1996).

<sup>110</sup> "Revisions of Part 22 and Part 90 of the Commission's Rules to Facilitate Future Development of Paging Systems", *Memorandum Opinion and Order on Reconsideration and Third Report and Order*, 14 FCC Rcd 10030 (1999).

<sup>111</sup> *Id.*

<sup>112</sup> "929-931 MHz Paging Auction Closes", Public Notice, 15 FCC Rcd 4858 (2000).

<sup>113</sup> "Lower and Upper Band Auction Closes", Public Notice, 16 FCC Rcd 21821 (2001).

<sup>114</sup> See *Telecommunications Provider Locator* at Table 1 (November 2001).

<sup>115</sup> See Amendment of Parts 20 and 24 of the Commission's rules—Broadband PCS Competitive Bidding and the Commercial Mobile Radio Service Spectrum Cap, *Report and Order*, FCC 96-278, WT