

**Separate Statement
of
Commissioner James H. Quello**

March 11, 1997

Re: Rulemaking to Amend Parts 1, 2, 21, and 25 of the Commission's Rules to Redesignate the 27.5-29.5 GHz Frequency Band, to Reallocate the 29.5-30.0 GHz Frequency Band, to Establish Rules and Policies for Local Multipoint Distribution Service and for Fixed Satellite Services, CC Docket No. 92-297; Petitions for Reconsideration of the Denial of Applications for Waiver of the Commission's Common Carrier Point-to-Point Microwave Radio Service Rules; Suite 12 Group Petition for Pioneer Preference, PP-22.

I am pleased that, with the long awaited release of this item,¹ the rules governing Local Multipoint Distribution Service (LMDS) are finally in place. Because I have publicly expressed my disappointment that this service has been delayed far too long by regulatory inaction, I write separately to state that I am heartened by the bottom-line cuts. The *Order* as a whole is well reasoned and well written. The decisions on particular issues are firmly grounded in the public interest.

I support this *Order* because of the potential public interest benefits offered by an additional innovative transmission medium -- local multipoint distribution -- for communications services. I believe that it is likely that LMDS providers will become a positive competitive force in the near term. The panoply of services proposed under the expansive definition that we have given 'LMDS' hold the promise of jump-starting competition to traditional voice, video, and data communications service providers.

The benefits of competition to the consumers of communications services are beyond peradventure. The FCC has pursued an overarching deregulatory policy of encouraging competition for many years. Moreover, the development of real and demonstrable competition was the touchstone principle that pervades the sweeping changes to our enabling statute that were codified in the Telecommunications Reform Act of 1996. The licensing of LMDS will at last allow innovative communications entrepreneurs to begin to fulfill the regulatory and legislative vision of vigorous competition across a broad range of services.

LMDS is a new family of services that will challenge the entrenched monopolies. For this reason, we have established only minimal rules. We have affirmatively declined to impose so-called "public interest obligations" on these fledgling services. Additionally, we have designed a competitive bidding scheme that balances the competitive opportunities for incumbent monopoly providers of similar services in-region and new entrants.

Although it has taken far too long, the result is carefully crafted. LMDS will benefit from the certainty gained by this Commission resolving the fundamental issues "up-front."

¹

Second Report and Order, Order on Reconsideration, and Fifth Notice of Proposed Rulemaking ("Order").