Before The
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Amendment of Parts 1, 22, 24, 27, 74, 80, 95, and 101 To Establish Uniform License Renewal, Discontinuance of Operation, and Geographic Partitioning and Spectrum Disaggregation Rules and Policies for Certain Wireless Radio Services	)))))	WT Docket No. 10-112

REPLY COMMENTS OF CTIA

CTIA respectfully submits these reply comments in response to the Further Notice of Proposed Rulemaking released by the Federal Communications Commission ("Commission"), which seeks comment on revising the Wireless Radio Service ("WRS") requirements to increase availability of wireless communications services across the country, and particularly in rural areas.[1]

I. INTRODUCTION.

CTIA supports the Commission's goal of increasing wireless broadband coverage to rural America, and the record in this proceeding reflects that the Commission should take targeted actions to achieve this objective rather than adopting stricter buildout requirements at renewal. The record shows there have been significant advancements in rural coverage in the last several years, and many licensees are in the midst of license terms that have some of the Commission's most rigorous buildout requirements. Commenters demonstrate that the proposed buildout

---

[1] *Amendment of Parts 1, 22, 24, 27, 74, 80, 95, and 101 To Establish Uniform License Renewal, Discontinuance of Operation, and Geographic Partitioning and Spectrum Disaggregation Rules and Policies for Certain Wireless Radio Services*, Second Report and Order and Further Notice of Proposed Rulemaking, WT Docket No. 10-112, FCC 17-105 (rel. Aug. 3, 2017) ("*Second Report and Order*" and "*Further Notice*").

requirements at renewal would be harmful – they would likely compel uneconomic buildout, distort investment decisions, and depress the valuation of both existing and to-be-auctioned spectrum. And they would conflict with the Commission's longstanding policy to promote buildout while also allowing licensees flexibility in where and how to serve their license areas, instead diverting scarce capital from areas in need of additional capacity to sparsely populated areas where there may be minimal or no demand. Such actions would thus be counterproductive to the Commission's goals in this proceeding.

Only two commenters advocate more onerous coverage requirements on existing licensees, and both of their proposals are deeply flawed. NTCA would impose a new requirement only on large wireless providers but not on its own members, violating the Commission's cardinal principle that consistent licensing rules across all wireless services benefits the public interest. And the proposal from the Rural Wireless Association ("RWA") for up to 100 percent geographic coverage requirements would force providers to misallocate scarce capital to serve areas with few or no residents, and would be inconsistent with the Commission's longstanding policy to rely on population-based coverage rules.

The Commission should instead facilitate the expansion of wireless broadband in unserved rural areas by creating incentives for rural buildout, lowering barriers to investment and deployment, and refraining from imposing unnecessary reporting obligations on renewal applications.

II. THE COMMISSION SHOULD CONTINUE TAKING TARGETED ACTIONS TO HELP DRIVE RURAL BUILDOUT, RATHER THAN ADOPTING RENEWAL BUILDOUT MANDATES.

CTIA and other commenters endorse tailored Commission actions to promote additional wireless broadband coverage to unserved or underserved rural areas.[2] The Commission should conduct the Mobility Fund Phase II auction as soon as possible, which will award $4.53 billion over ten years to providers that can deploy 4G LTE in eligible rural areas that lack 4G LTE with 5 Mbps download speeds.[3] The Mobility Fund Phase II is specifically tailored to efficiently direct limited federal universal support to rural areas most in need of 4G LTE services, in contrast to the proposals at issue here. The Commission should also lower regulatory obstacles to infrastructure deployment,[4] which will be particularly beneficial for rural deployment, as the high costs to cover sparsely populated areas resulting from siting delays and excessive fees can exceed expected revenues, deterring investment.[5] The Commission should also create incentives to encourage rural deployment,[6] including by granting longer license terms to providers that exceed their initial term buildout requirements by a certain coverage percentage, or provide

[2] Comments of CTIA, WT Docket No. 10-112, at 2, 5, 11 (filed Oct. 2, 2017) ("CTIA Comments"); Comments of American Messaging Services, WT Docket No. 10-112, at 5 (filed Oct. 2, 2017) ("AMS Comments"); Comments of Verizon, WT Docket No. 10-112, at 5-7 (filed Oct. 2, 2017) ("Verizon Comments"); Comments of Sensus USA and Sensus Spectrum, WT Docket No. 10-112, at 4 (filed Oct. 2, 2017) ("Sensus Comments").

[3] CTIA Comments at 11 (citing *Connect America Fund; Universal Service Reform – Mobility Fund*, Order on Reconsideration and Second Report and Order, 32 FCC Rcd 6282, 6289 ¶ 14 (2017)); Verizon Comments at 5-6.

[4] CTIA Comments at 11-12 (citing *Accelerating Wireless Broadband Deployment by Removing Barriers to Infrastructure Deployment*, Notice of Proposed Rulemaking and Notice of Inquiry, 32 FCC Rcd 3330 (2017)); Verizon Comments at 6-7.

[5] Verizon Comments at 6.

[6] CTIA Comments at 15-16; Verizon Comments at 7; AMS Comments at 6; Sensus Comments at 1.

service to areas that are not served by competitors.[7] It could also consider further harmonizing regulations of wireless services by sunsetting certain service-specific rules at renewal.[8]

These tailored actions represent a forward-looking response to data that show the percentage of the U.S. rural population with access to mobile LTE continues to increase each year.[9] As of year-end 2016, nearly 99 percent of the rural population had access to at least one mobile LTE provider, more than 95 percent had access to at least two mobile LTE providers, and more than 84 percent had access to three or more LTE providers.[10] The percentage of U.S. road miles covered by LTE has also continued to increase, from 51.7 percent of U.S. road miles covered by three or more providers in 2015 to nearly 70 percent by year-end 2016.[11] Furthermore, many licensees are in the midst of license terms with requirements that they expand coverage by the end of those terms to most residents.[12]

As CTIA, Verizon, and others explain, however, even more stringent coverage requirements would force uneconomic buildouts and distort investment.[13] In a declaration filed

---

[7] CTIA Comments at 16; Verizon Comments at 7.

[8] CTIA Comments at 16-17; *see also Further Notice* ¶ 123.

[9] CTIA Comments at 3-4; Verizon Comments at 3-4.

[10] CTIA Comments at 3-4 (citing *Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993; Annual Report and Analysis of Competitive Market Conditions With Respect to Mobile Wireless, Including Commercial Mobile Services,* Twentieth Report, WT Docket No. 17-69, FCC 17-126, at Chart III.D.14 (rel. Sept. 27, 2017) ("20th Mobile Competition Report")).

[11] CTIA Comments at 5; Verizon Comments at 4.

[12] CTIA Comments at 9-10. For example, 700 MHz, AWS-3, and 600 MHz licensees do not have to meet their final coverage mandates until 2019, 2027, and 2029, respectively.

[13] *See* CTIA Comments at 12; Verizon Comments at 10-11; AMS Comments at 3-4; Sensus Comments at 4; Comments of the Critical Messaging Association, WT Docket No. 10-112, at 1, 3 (filed Oct. 2, 2017) ("CMA Comments").

with Verizon's comments, economist Aren Megerdichian concludes that new requirements would harm investment, competition, and consumer welfare, results that would be at odds with the Commission's intended objective to "promote the efficient use of spectrum resources, serve the public interest by providing licensees certainty regarding their license renewal requirements, encourage licensees to invest in new facilities and services, and facilitate their business and network planning."[14]

Commenters also explain that new buildout requirements would undermine the legitimate expectations of existing licensees as to their buildout obligations by moving the goalposts long after those licensees bought their spectrum.[15] Changing the rules at this point could for this reason depress spectrum values and deter secondary market transactions.

III. COMMENTERS' PROPOSALS FOR INCREASED COVERAGE MANDATES SHOULD NOT BE ADOPTED.

Only two commenters, NTCA and RWA, propose renewal buildout requirements for existing geographic area licensees,[16] and both proposals would force uneconomic builds, impose disparate regulatory burdens on competing wireless providers, and otherwise conflict with the Commission's policies and its goals in this proceeding.

---

[14] Aren Megerdichian, *Economic Arguments in the Wireless Radio Services Proceeding*, at 16-17 ¶¶ 34-35 (Oct. 2, 2017), *attached to* Verizon Comments.

[15] CTIA Comments at 15; Verizon Comments at 14-15; Sensus Comments at 2-3; CMA Comments at 3.

[16] Comments of NTCA, WT Docket No. 10-112 (filed Oct. 2, 2017) ("NTCA Comments"); Comments of the Rural Wireless Association, WT Docket No. 10-112 (filed Oct. 2, 2017) ("RWA Comments"). Blooston supports new requirements – but only for spectrum auctioned *in the future* – because new obligations on existing licensees "would be fundamentally unfair and burdensome," and "the Commission must be careful not to force licensees to continue expanding service when there is no business case to do so." Comments of Blooston Licensees, WT Docket No. 10-112, at 4, 9 (filed Oct. 2, 2017) ("Blooston Comments").

NTCA proposes that each existing coverage requirement have a parallel rural coverage requirement – but only for "large providers with large license territories" and not for NTCA's members.[17] For example, if a large carrier had to cover 70 percent of the population under existing rules, it would now also have to cover 70 percent of the population that resides in rural areas.

The Commission should reject NTCA's proposal. First, imposing a 70 percent coverage requirement for rural areas because there is a 70 percent buildout requirement across the entire license is arbitrary and capricious. The Commission has recognized that buildout requirements should provide licensees with flexibility, which this proposal undermines.[18] It would result in uneconomic builds, distort investment decisions, and depress the valuation of both existing and to-be-auctioned spectrum.[19]

Second, NTCA offers no facts supporting its proposal to target larger carriers. It wrongly alleges that large carriers "have demonstrated a continued unwillingness to serve rural areas."[20] To the contrary, the record shows that large and small carriers alike are expanding their rural coverage. For example, Verizon's 4G LTE network covers 92 percent of the nation's rural population,[21] and T-Mobile is deploying its new 600 MHz spectrum to provide 4G LTE in many

---

[17] NTCA Comments at 5.

[18] *See Amendment of the Commission's Rules with Regard to Commercial Operations in the 1695-1710 MHz, 1755-1780 MHz, and 2155-2180 MHz Bands*, Report and Order, 29 FCC Rcd 4610, 4660-61 ¶ 139 (2014).

[19] *See* CTIA Comments at 12-14; Verizon Comments at 12-13; AMS Comments at 3-4.

[20] NTCA Comments at 3.

[21] Verizon Comments at 4 (citing 20th Mobile Competition Report).

rural areas it previously had not served.[22] NTCA also ignores the fact that large carriers are partnering with rural carriers to drive expanded rural service through leases and other arrangements.[23]

Third, as the Commission recognized over two decades ago, "Congress created the CMRS regulatory classification and mandated that similar commercial mobile radio services be accorded similar regulatory treatment under the Commission's rules. The broad goal of this action is to ensure that economic forces – not disparate regulatory burdens – shape the development of the CMRS marketplace."[24] The Commission has consistently enforced that policy, most recently in this proceeding: "By ensuring that licensees in WRS bands operate under the same basic set of rules, we will promote investment in wireless networks and further our mandate to make spectrum 'available, so far as possible, to all the people of the United States' regardless of where they live."[25] Disparate buildout requirements on different carriers based on their size would violate this bedrock policy of applying harmonized rules to mobile providers.[26] NTCA fails to recognize this policy or to justify departing from it.

---

[22] CTIA Comments at 7 (citing Press Release, T-Mobile, T-Mobile Lights Up World's First 600 MHz LTE Network at Breakneck Pace (Aug. 16, 2017), https://newsroom.t-mobile.com/news-and-blogs/cheyenne-600-mhz.htm).

[23] CTIA Comments at 8-9.

[24] *Implementation of Sections 3(n) and 332 of the Communications Act, et al.*, Third Report and Order, 9 FCC Rcd 7988, 7994 ¶ 4 (1994).

[25] *Second Report and Order* ¶ 2.

[26] *See* 47 U.S.C. § 332(c). The Commission has on occasion given small carriers more time to comply with certain regulatory obligations such as emergency calling and hearing aid compatibility, but such relief does not undermine Congress's objective and the Commission's policy that rules – like buildout – should be uniform in order to avoid market distortions.

RWA's proposal fares no better. It proposes a 90 percent geographic coverage requirement to be met five years after a license is renewed and a 100 percent geographic coverage requirement after 10 years.[27] But the Commission has repeatedly rejected a geographic coverage requirement for new bands, including 600 MHz, H Block, AWS-3, and AWS-4.[28] The Commission chose population-based coverage requirements to provide licensees with flexibility while still ensuring substantial market coverage. RWA's proposal offers no rationale for the Commission to change course and adopt geographic-based rules.

Geographic coverage benchmarks – particularly at the 90 percent and 100 percent levels RWA proposes – would require multiple carriers to cover the same unpopulated areas and would divert finite capital away from where investment is most needed. In part for this reason, RWA's proposal is opposed by another rural group that filed comments. Blooston objects to imposing a 100 percent coverage obligation "on any licensee, even for non-rural licenses" because that obligation ignores the fact that there are some areas that are simply uneconomic to build and fails to address interference issues near the boundaries of licenses.[29]

---

[27] *See* RWA Comments at 3-4.

[28] *See, e.g., Amendment of the Commission's Rules with Regard to Commercial Operations in the 1695-1710 MHz, 1755-1780 MHz, and 2155-2180 MHz Bands*, Report and Order, 29 FCC Rcd 4610, 4660-61 ¶ 139 (2014) (finding that "requiring licensees to meet challenging population-based benchmarks in each individual license area separately, strikes an appropriate balance between providing flexibility to AWS-3 band licensees to deploy their networks in a cost-effective manner and assertively promoting deployment of service to less densely populated areas").

[29] Reply Comments of Blooston Licensees, WT Docket No. 10-112, at 6 (filed Oct. 16, 2017) ("Blooston Replies").

RWA also makes the unsupported claim that rural carriers have been unable to acquire spectrum.[30] To the contrary, the Commission has adopted license areas in the Incentive Auction and in other auctions to promote service to rural areas;[31] indeed, 23 of the 50 winning spectrum bidders in the Incentive Auction obtained rural bidding credits.[32] And the secondary market, along with partitioning and disaggregation polices, has fostered numerous transactions to place spectrum in the hands of carriers that are ready and able to put the spectrum to use.[33] RWA's claim and its proposal are unfounded.

IV. THE COMMISSION SHOULD DECLINE TO ADOPT ADDITIONAL REPORTING REQUIREMENTS.

The record also fails to support new broadband affordability and availability reporting by renewal applicants. No party supported new reporting. As CTIA and Verizon demonstrated, the Commission already has far better ways to obtain such data, and new reporting at renewal would burden and complicate the renewal process for applicants and Commission staff – a result that would conflict with this proceeding's goal of streamlining that process.[34] Reporting would also not yield useful, complete data because renewal applicants would only be able to report on their

---

[30] RWA Comments at 2 (stating rural carriers have faced resource limitations "due to the packaging of the licenses and the cost to acquire spectrum").

[31] *See, e.g.*, *Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*, Report and Order, 29 FCC Rcd 6567, 6600 ¶ 75 (2014) ("PEAs separate out the urban and rural areas, which should provide for greater auction participation by rural providers and allow them to bid on a geographic area license that better matches their service area.").

[32] CTIA Comments at 8 (citing FCC, The Incentive Auction by the Numbers, https://apps.fcc.gov/edocs_public/attachmatch/DOC-344398A1.pdf (last visited Oct. 20, 2017)).

[33] *Geographic Partitioning and Spectrum Disaggregation by Commercial Mobile Radio Service Licensees*, Report and Order and Further Notice of Proposed Rulemaking, 11 FCC Rcd 21831, 21833 ¶ 1 (1996).

[34] CTIA Comments at 18-19; Verizon Comments at 17-19.

own service and only in the market covered by the license being renewed.[35] For those reasons, the Commission should decline to adopt additional requirements.

V. CONCLUSION.

The record demonstrates that the Commission should promote the expansion of wireless broadband to unserved rural areas by implementing the new Mobility Fund, lowering costs and regulatory barriers to deployment, and creating incentives that encourage deployment. It should not adopt stricter buildout requirements, as such requirements are not narrowly tailored to drive coverage to those areas where it is needed, would be inconsistent with the Commission's market-based approach to wireless services, and would compel uneconomic buildout that would distort capital investment and depress spectrum valuations.

Respectfully submitted,

/s/ Kara Romagnino Graves

Kara Romagnino Graves
Director, Regulatory Affairs

Thomas C. Power
Senior Vice President, General Counsel

Scott K. Bergmann
Vice President, Regulatory Affairs

CTIA
1400 Sixteenth Street, NW
Suite 600
Washington, DC 20036
(202) 785-0081

October 31, 2017

[35] CTIA Comments at 19; Verizon Comments at 18.