

**Before the
Federal Communications Commission
Washington, DC 20554**

In the Matter of)	
)	
Auction of Priority Access Licenses for)	AU Docket No. 19-244
the 3550-3650 MHz Band; Comment)	
Sought on Competitive Bidding Procedures)	
for Auction 105)	

REPLY COMMENTS OF THE RURAL WIRELESS ASSOCIATION, INC.

The Rural Wireless Association, Inc. (“RWA”)¹ replies to comments filed in response to the Federal Communications Commission’s (“FCC” or “Commission”) *Public Notice* seeking comment on proposed competitive bidding procedures to be used for the auction of Priority Access Licenses (“PALs”) for the 3550-3650 MHz (“3.5 GHz”) band in Auction 105.² In light of the overwhelming opposition to the Commission’s proposal to allow package bidding for county-sized PALs using certain Cellular Market Area (“CMA”) boundaries and the additional data provided in these reply comments on the particular CMAs included in the Commission’s proposal, the Commission should adopt county-based bidding only and abandon package bidding for Auction 105. RWA also urges the Commission to adopt bidding credit and small market

¹ RWA is a 501(c)(6) trade association dedicated to promoting wireless opportunities for rural telecommunications companies who serve rural consumers and those consumers traveling to rural America. RWA’s members are small businesses serving or seeking to serve secondary, tertiary, and rural markets. RWA’s members are comprised of both independent wireless carriers and wireless carriers that are affiliated with rural telephone companies. Each of RWA’s member companies serves fewer than 100,000 subscribers.

² *Auction of Priority Access Licenses for the 3550-3650 MHz Band; Comment Sought on Competitive Bidding Procedures for Auction 105; Bidding in Auction 105 Scheduled to Begin June 25, 2020*, AU Docket No. 19-244, Public Notice, FCC 19-96 (rel. September 27, 2019) (“*Public Notice*”).

caps to preserve the integrity of bidding credits in furtherance of policy objectives set forth in Section 309(j) of the Communications Act, as amended (the “Act”).³

I. The Commission Should Soundly Reject the Notion of Allowing *Only* CMA-Level Bidding for the Top 172 CMAs.

In no event should the Commission adopt the proposition raised in T-Mobile’s comments to permit *only* CMA-level bidding for the 172 CMAs with multiple counties.⁴ As detailed in Attachment A to the instant Reply Comments,⁵ 126 of the 663 counties in the 172 CMAs identified by the Commission for its package bidding proposal are considered rural counties based on the Commission’s own definition of a “rural area.” Under the FCC’s definition a county with a population density of 100 or fewer persons per square mile is classified as rural.⁶ Put another way, nearly *one out of five* (or 19%) of the counties that the Commission seeks to include in package bidding is a rural county. When looking at counties with 101-150 persons per square mile—still a far cry from more densely populated metropolitan areas—this figure jumps up to 205 counties, or 30.9% of the counties identified by the Commission for package bidding. Mandating CMA-level package bidding would be anathema to Section 309(j) of the Act⁷ and

³ See 47 U.S.C. § 309(j)(B).

⁴ [Comments of T-Mobile](#) at 3-4.

⁵ Attachment A is a spreadsheet that provides population density information for the counties located in the top 172 CMAs with multiple counties identified by the FCC for its CMA-based package bidding proposal for Auction 105. Counties with 100 or fewer per square mile are highlighted in yellow, and counties with 101-150 persons per square mile are highlighted in orange. CMAs that include only a single county and are therefore excluded from the FCC’s package bidding proposal, are highlighted in red.

⁶ See 47 CFR § 1.2110(f)(1) (for auction and designated entity purposes, the Commission defines a “rural area” as a county with a population density of 100 persons or fewer per square mile).

⁷ See 47 U.S.C. § 309(j)(B) (“the Commission shall include safeguards to protect the public interest in the use of the spectrum and shall seek to promote the purposes specified in section 151 of this title and the following objectives [including] promoting economic opportunity and competition and ensuring that new and innovative technologies are readily accessible to the American people by avoiding excessive concentration of licenses and disseminating licenses

unequivocally would create an anticompetitive auction for the small and rural carriers that actually serve those rural areas by needlessly pricing them out.

RWA agrees with NTCA–The Rural Broadband Association (“NTCA”) that “only larger and mid-size wireless providers have the resources to bid on large geographic areas in spectrum auctions or to compete against other large and mid-size providers at auction” and that “[l]arger license territories thus often preclude small operators from participating in a spectrum auction and ultimately providing spectrum-based services to rural communities.”⁸ RWA further agrees that, though wireless carriers typically have wireless infrastructure including backhaul in place, “expanding existing footprints to build out to license areas that cover an entire CMA would be impossible for most if not all of these providers” and that “the *Public Notice*’s statement that CMA-level bidding would be open to any bidder rings hollow.”⁹ RWA joins with the numerous other commenters that oppose the Commission’s package bidding proposal, including the American Petroleum Institute, the Competitive Carriers Association, the Blooston Rural Carriers, the Dynamic Spectrum Alliance, the National Rural Electric Cooperative Association, NCTA – The Internet & Television Association, New America Foundation’s Open Technology Institute, NTCA–The Rural Broadband Association (“NTCA”), Southern California Edison, and Southern Communications Services, Inc. d/b/a Southern Linc, and Wireless Internet Service Providers Association (“WISPA”).

The simplest solution is to abandon package bidding all together and to permit only county-level bidding. RWA agrees with WISPA that bidders seeking to combine counties do not

among a wide variety of applicants, including small businesses [and] rural telephone companies...”).

⁸ [Comments of NTCA](#) at 1-2.

⁹ *Id.*

need CMA-level bidding in order to assemble spectrum blocks across multiple counties because PALs in multi-county areas can be assembled through county-level bids. RWA also agrees that eliminating CMA-level package bidding would help prevent large carriers from bidding up rural counties within the top 172 CMAs and prejudice smaller and rural entities seeking to provide wireless broadband in these rural counties.

RWA further agrees with comments indicating how CMA-level package bidding would further complicate Auction 105 bidding processes and deter participation, including those comments filed by NCTA and Southern California Edison as well as Verizon. Noting that it “has long supported incorporating package bidding in FCC auctions,” Verizon rightfully argues that the FCC’s CMA-level package bidding proposal would “reduce bidder flexibility, add unnecessary complexity to an already-complex auction, and have unintended consequences including the potential for inviting mischief.”¹⁰ Moreover, Verizon—the largest carrier in the United States—has indicated that it “does not expect to elect CMA-level bidding if this [CMA package bidding] option is ultimately offered as proposed” and that “[i]f a CMA-level bidding proposal is not attractive to a nationwide provider and experienced auction participant, it is difficult to imagine that any other sincere bidder would regard it as beneficial.”¹¹

If the Commission is nevertheless determined to adopt package bidding over the widespread objections of commenters of record, then at minimum the Commission should carve out counties with populations of 100 (or more) persons per square mile from any package bidding scheme consistent with comments from RWA and others¹² and in light of the rural county information provided in Attachment A.

¹⁰ [Comments of Verizon](#) at 2-6.

¹¹ *Id.* at 5.

¹² [Comments of the Blooston Rural Carriers](#) at 4-5 and Comments of NTCA at 3.

II. The Proposed Bidding Credit Caps and Small Market Cap Protect the Integrity of These Incentives Consistent with Section 309(j) of the Communications Act.

RWA refutes comments urging the Commission to refrain from adopting bidding credit caps or significantly increasing bidding credit cap amounts.¹³ As proposed for Auction 105, small business bidding credits would be capped at \$25 million and rural service provider bidding credits would be capped at \$10 million. Additionally, the Commission proposes a small markets cap (i.e., capping the “overall amount of bidding credits that any winning small business bidder may apply to licenses won in counties located within any Partial Economic Area (PEA) with a population of 500,000 or less”).¹⁴ GeoLinks claims that if a small competitive broadband provider or rural service provider were to successfully raise enough capital [sic] prior to the auction, it is possible that that company could compete head-to-head with a larger provider for the same block of spectrum within a specific county,” but then the smaller/ rural service provider would be “hamstrung by a limit on an applicable bidding credit, which could mean the difference between obtaining needed spectrum or not.”¹⁵

The Commission need not be persuaded by these misplaced concerns. The very objective of bidding credits is to level the playing field for small businesses and rural service providers in order to achieve the spectrum policy objectives set forth in Section 309(j) of the Act.¹⁶ The Commission is well aware that, when left unchecked, bidding credits can be exploited by apparent “small businesses” that actually are flush with “big business” capital and that end up squeezing out competing bidders seeking to obtain spectrum in rural areas. RWA agrees with

¹³ [Comments of California Internet, L.P. DBA GeoLinks](#) (“GeoLinks”) at 5.

¹⁴ *Public Notice* at ¶20.

¹⁵ Comments of GeoLinks at 5.

¹⁶ *See* 47 U.S.C. § 309(j)(B).

the Blooston Rural Carriers that the use of bid credit caps will help ensure that a system of bid credits is not abused by entities that are not legitimate small businesses or rural service providers.¹⁷

III. Conclusion.

Based on the foregoing, the Commission should adopt county-based bidding or, at minimum, ensure that all rural counties are excluded from any package bidding scheme it may adopt. The Commission also should adopt the proposed small business and rural service provider bidding caps and a small market cap to preserve the integrity and promote Section 309(j) objectives.

Respectfully submitted,

RURAL WIRELESS ASSOCIATION, INC.

By: /s/ Caressa D. Bennet

Caressa D. Bennet

General Counsel

5185 MacArthur Blvd., NW, Suite 729

Washington, DC 20016

legal@ruralwireless.org

Robert A. Silverman

Womble Bond Dickinson (US) LLP

1200 Nineteenth Street NW, Suite 500

Washington, DC 20036

bob.silverman@wbd-us.com

Counsel to Rural Wireless Association, Inc.

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¹⁷ Comments of the Blooston Rural Carriers at 2-3.