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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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

In the Matter of)
)
Implementation of Section 309(j))
of the Communications Act)
Competitive Bidding)

PP Docket No. 93-253

REPLY COMMENTS

COMMUNITY SERVICE TELEPHONE COMPANY

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SUMMARY

Community Service Telephone Company (CST) provides the following reply comments to the voluminous comments responding to the Commission's Notice of Proposed Rulemaking (the "Notice") (FCC 93-455, released Oct. 12, 1993). Upon review of the comments focused primarily on issues relating to "designated entities", CST urges the Commission to adopt eligibility criteria and preference benefits that are easy to implement. Most importantly, the competitive bidding program should be designed to provide rural telephone companies a fair opportunity to compete for any license available in their exchange territory, so that they can introduce available services to both urban and rural consumers. To that end, CST supports the following changes to the program of preferences initially proposed for rural telephone companies:

- Eligibility for the rural telephone companies preferences should be limited to those entities qualifying for Rural Electrification Administration (REA) financing; an upper limit of 50,000 access lines should be imposed on the consolidated corporate organization of the applicant;
- The cellular eligibility restrictions imposed on the holding of PCS licenses should not apply to an entity qualifying for designated entity preferences as a rural telephone company, except where such entity owns at least 50.1% of the cellular interests that create the eligibility problem;
- Set-asides for "designated entity" groups should be abandoned; instead, economic preferences should be provided to assure designated entities the reasonable opportunity to participate in the auction;
- Rural telephone companies should be given a 20% bid credit for bidding on the BTA licenses in the areas in which they have a presence, and in BTAs contiguous to the BTA of their presence. They should be given a 10% bidding preference (as other designated entities should be given) for any other licenses available within the MTA in which they have a presence;
- Rural telephone companies should be given the option of paying for their licenses on an installment plan basis on terms designed to provide a reasonable opportunity to pay the obligation from operating cash flows of the system;

- Licenses should be auctioned simultaneously within broad regional categories to avoid the gamesmanship and strategy issues that may otherwise exist in any sequential auction program. Combinatorial bidding rules should not be adopted;
- Administrative regulations should be "bidder friendly" while also being capable of discouraging participation by speculators. The Commission must advise the public of the economic differences between cellular lotterees and PCS licensing in a competitive bidding licensing scheme.

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Community Service Telephone Company (CST) provides the following reply to the voluminous comments responding to the Commission's Notice of Proposed Rulemaking (the "Notice") (FCC 93-455, released Oct. 12, 1993). ^{1/} CST is a small rural telephone company serving seven exchanges in central Maine. ^{2/} Given CST's desire to expand the service offerings available to its rural subscribers, CST has viewed with great interest the development of the Personal Communications Services and the competitive bidding regulations.

I. Introduction

Upon review of the comments focused primarily on issues relating to "designated entities", CST urges the Commission to adopt eligibility criteria and

^{1/} Over 195 comments were filed in response to the Notice. The sheer volume of the comments filed in this proceeding demonstrates its overall importance to the domestic development of wireless communications companies, generally, and to the economic development of rural America, specifically.

^{2/} Specifically, CST serves seven rural exchanges located between Augusta (the state capital) and Lewiston/Auburn in the central part of the state. All of these exchanges are located in rural areas, and range in size from 365 to 2673 access lines, totalling just over 9,500 access lines for the entire company. The population of the towns and cities covered by these exchanges range from 417 to 5968. CST is also affiliated with one of the general partners of Portland Cellular Partnership, the current operator of the Block B cellular system for the Portland/Lewiston/Auburn Maine cellular system.

preferences benefits that are easy to implement. Most importantly, the competitive bidding program should be designed to provide rural telephone companies a fair opportunity to compete for any licenses that serve their exchange areas. This is the best method of assuring that all licenses will be utilized to provide the full range of available services to both urban and rural consumers.

To that end, CST supports the following changes to the program of preferences initially proposed for rural telephone companies:

- Eligibility for the rural telephone company preferences should be limited to those entities qualifying for Rural Electrification Administration (REA) financing; an upper limit of 50,000 access lines should be imposed on the consolidated corporate organization of the applicant;
- The cellular eligibility restrictions imposed on the holding of PCS licenses should not apply to any entity qualifying for designated entity preferences as a rural telephone company, except where such entity owns at least 50.1% of the cellular interests that create the eligibility problem;
- Set-asides for "designated entity" groups should be abandoned; instead, economic preferences should be provided to assure designated entities the reasonable opportunity to participate in the auction;
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- Rural telephone companies should be given the option of paying for their licenses on an installment plan basis, on terms designed to provide a reasonable opportunity to pay the obligation from operating cash flows of the system;
- Licenses should be auctioned simultaneously within broad regional categories to avoid the gamesmanship and strategy issues that may otherwise exist in any sequential auction program. Combinatorial bidding rules should not be adopted;
- Administrative regulations should be "bidder friendly" while also being capable of discouraging participation by speculators. The Commission must advise the public of the economic differences between cellular lotteries and PCS licensing in a competitive bidding licensing scheme.

II. Rural Telephone Company Eligibility

The criteria to be used in defining rural telephone company eligibility for designated entity status drew significant debate. As several parties noted, and CST firmly believes, rural America will only see the benefits of emerging wireless technologies if rural telephone companies are given a fair opportunity to participate in the provision of these new services. ^{3/} The population densities that entrepreneurs and large entities will look for in deciding where to invest the substantial resources needed for technology development simply don't exist in rural America. ^{4/}

Rural telephone companies, by contrast, are in the business of investing in rural America. They are committed to serving these markets. Moreover, their embedded business infrastructures provide some of the incremental savings that make investments in these areas attractive. Most importantly, their general knowledge of, and commitment to their subscribers will assure an active role in turning any available spectrum into early service introductions for rural America.

To assure the active participation of rural telephone companies in these emerging technologies, eligibility for "designated entities" status must apply to those companies who truly serve rural America. The substantial majority of parties who commented on the issue have appropriately opposed the Commission's proposal to use

^{3/} See, e.g., Comments of Rocky Mountain Telecommunications Association ("RMTA"), *et al.*, at p. 8-10; Chickasaw Telephone Company at 4; National Rural Telecom Association ("NRTM") at p. 4.

^{4/} Ironically, the FCC's build-out requirements for PCS will work against the advancement of these services and technologies to rural America. The Commission has established relatively modest build out requirements for PCS, requiring only 50% population coverage in the first 5 years, and only 90% coverage in the first 10 years. Absent clear commitments to non-urban areas of most markets, it is highly likely that the unserved areas left at the end of 10 years will be those of a rural character.

the cable/telco cross-ownership eligibility standard of 2,500 access lines.^{5/} It is simply too restrictive to provide benefits to the substantial majority of rural telephone companies who are committed to improving rural telecommunications.

Unfortunately, however, there was no clear consensus on a replacement for this definition. Several commenters urged use of a 10,000 access line standard, expanded to also provide benefits to any telephone company whose local exchange study area does not include any incorporated place of 10,000 or more, or any part thereof, or any territory included in an urbanized area (as defined by the Bureau of Census).^{6/} Still others urged use of a 50,000 access line test.^{7/}

However, each of these tests attempts to create a "new" definition of "rural telephone company". CST believes that, at least for the initial PCS offerings, the

^{5/} See, e.g., Comments of Telephone Association of Michigan ("TAM") at p. 3-8; Chickasaw at p. 3; STCLa at p. 11-12; Rural Cellular Association at p. 12-13; Small Telephone Companies of Louisiana ("STCLa") at p. 11.

^{6/} See, e.g., Comments of Chickasaw at p. 5; NRTM at p. 6; OPASTCO at p. 5-6; Alliance of Rural Area Telephone and Cellular Service Providers at p. 3-4. CST does not support the proposed multi-faceted approach that gained some favor in the Senate's rural program definitions in the Budget Act. It is based primarily on the population included within a telephone company's study areas. This eligibility test would severely punish many small New England rural telephone companies, since their exchange territories rarely follow governmental boundaries, and therefore may include on a de minimis basis some portion of urbanized areas. At the very least, such an eligibility test would have to include a de minimis exclusion, like that proposed by Chickasaw and RMTA i.e., exclude from consideration areas where fewer than 10% of a telephone company's access lines service the ineligible community. Such an exception would allow for the presence of a few access lines in the border of an urbanized area (even the "rural" border) without inequitably denying a rural telephone company the appropriate benefits needed to encourage its participation in the auction.

^{7/} See, e.g., Comments of STCLa, at p. 11; Rural Cellular Corporation at p. 2; Rural Cellular Association at p. 14; U.S. Intelco. Networks at p. 14. CST applauds the efforts of these commenters. They have attempted to craft eligibility criteria broad enough to provide opportunities for all rural telephone service providers, but narrow enough to avoid abuse by large entities whose focus will be the densely populated urban environments (and who are otherwise fully capable of participating in a competitive bidding process without preferences).

Commission should instead strive for simplicity. To that end, there already exists a long-standing program of government assistance for rural America infrastructure -- the Rural Electrification Administration funding of rural telephone companies. Eligibility criteria are well established. Indeed, eligibility has already been determined for most rural telephone companies. Further analysis of the specific characteristics of individual companies by an already overtaxed FCC staff therefore will not be needed. Moreover, the purposes for which REA eligibility was created -- government assisted financing of rural telephone infrastructure -- compliments the FCC's purposes in establishing preferences for rural telephone companies in the emerging technologies auctions. CST therefore joins those who have urged the Commission to utilize the existing eligibility criteria established by the REA ^{8/} as the primary basis for determining which companies qualify as "rural telephone companies" in the competitive bidding regulations.

The only added restriction on eligibility should be one designed to assure that large conglomerates do not abuse the system. Absent some overall size restrictions, larger holding companies could take advantage of the economic benefits intended for truly "rural" telephone companies. With these benefits, they could dominate the PCS marketplace. LECs affiliated with larger telephone companies often serve rural exchanges as part of their overall corporate strategy, and in some cases may even be eligible for REA funding to support the construction or modernization of rural telephone plant. These companies do not need FCC-established assistance to compete fairly in the PCS auctions. They are fully capable of funding both the cost of the license and the PCS infrastructure without such assistance. ^{2/} To protect against such abuses, the

^{8/} See, e.g., TAM at p. 7.

^{2/} To the extent, for example, that a Centel, GTE or TDS may provide rural telephone service through a small corporate subsidiary, such corporate giants
(continued...)

Commission should limit rural telephone company eligibility to companies whose total corporate affiliation does not provide service to more than 50,000 access lines.

**III. The Commission's Cellular Eligibility Rules Must Be Assessed
In The Context Of The Competitive Bidding Structure**

Given Congress' strong desire to encourage the participation of rural telephone companies in the development and provision of emerging wireless technologies and services, the Commission must reassess the impact of its eligibility limitations for cellular carriers on the rural telephone industry. Due in large measure to prior FCC policies creating the wireline cellular set-aside, rural telephone companies have been able to participate in the cellular industry. In most cases, their cellular interests fall within the MSA or RSA in which they operate. While their participation occasionally involves a majority interest, in many instances the ownership interest takes the form of minority participation in the cellular operations.

The FCC's attribution rules for cellular entities could adversely impact many rural telephone companies, and indeed penalize them for their minority participation in these cellular operators. Companies eligible for the rural telephone preference will be precluded by such cellular ownership from owning an interest in all but one 10 MHz BTA license under the cellular eligibility restriction, and several of such companies may be forced to compete for the same 10 MHz block.

Most of these rural telephone companies entered the cellular industry to assure that their subscribers obtained the benefits of cellular services at the earliest possible time. These are the same objectives that will motivate their participation in PCS

^{2/}(...continued)

should not be eligible for rural telephone company preferences in an auction; that would clearly tip the scales too far in favor of such companies, discouraging truly rural telephone companies from competing and unduly disadvantaging other non-rural telephone companies in the competitive bidding arena.

within their exchange territories. CST therefore urges the Commission to reassess its cellular eligibility criteria in light of the Congressional objective favoring rural telephone company participation in a meaningful, competitive fashion. In those few instances in which the rural telephone company owns more than 50% of the cellular interests in a BTA/MTA that create the cellular eligibility problem, there may be some offsetting public interest purpose that would justify denying such company the opportunity to participate fully in PCS, even in the rural areas. But in all other cases, the cellular eligibility restrictions on the ownership of PCS should be waived for rural telephone companies in those BTA's in which they are eligible for designated entity benefits as a rural telephone company. It is incumbent on the agency to assure that cellular eligibility restrictions do not make meaningless the benefits granted to allow rural telephone companies economic opportunities to participate in the auction process.

IV. Set-asides Should Be Abandoned In Favor Of Reasonable Economic Incentives To Auction Participation

A. Set-asides Will Not Serve Designated Entities' Interests

It cannot be denied that the possibility of a set-aside for "designated entities" has drawn support from many groups representing potential "beneficiaries" of such channels. CST, however, strongly opposes the use of set-asides as the method for meeting the Commission's obligation to provide opportunities for rural telephone company participation in the emerging technologies industries.

Like Commissioner Barrett, CST views set-asides, generally, and the particular PCS channel set-aside proposals, specifically ^{10/}, as the creation of a spectrum "ghetto." The well-heeled interests who drive the advance of technologies will not be

^{10/} Block C is reputed to be the least desirable spectrum since it is apparently most congested with microwave licensees. "Giving" Block C to the Designated Entities will hardly equalize their opportunity to participate meaningfully in the development of PCS.

participating in these channels. Their absence from these parts of the spectrum will substantially reduce manufacturers' and developers' incentives to create equipment and services that can be utilized within these bands.

At the same time, many will assume that bidders for these channels will generally be weaker financially. The auctions for these "set asides" will therefore become the primary focus of speculators and those who are intent on abusing the availability of a "special" opportunity to participate. Indeed, they could become the most crowded of the auctions. Simply stated, set-asides are not the answer for developing new technologies in rural America.

CST urges the Commission to focus on methods that will provide rural telephone companies with a realistic opportunity to compete economically for any licenses for which they are eligible. The FCC must avoid set-asides that drive all designated entities into what is certain to be the least desirable, and thus last developed, frequency band.

B. Economic Preferences Should Be Used To Level The Auction Playing Field

Given a fair economic opportunity to compete for channels against otherwise better-funded adversaries, there is no reason to believe that rural telephone companies will not successfully compete for many PCS licenses. They will certainly have the long-term incentive to develop markets. And through their knowledge of their markets and potential customers, they should be able to develop realistic valuations for the available spectrum. What they may not have, that the Commission can and should provide, is the access to the capital needed to pay for the license and to build and operate the system. ^{11/}

^{11/} The Commission and the commenters should be realistic about the opportunities that should be provided to Designated Entities. CST strongly supports methods
(continued...)

CST therefore urges the use of two primary economic tools for leveling the auction playing field for rural telephone companies. First, rural telephone companies should be given bidding "credits". Such credits will allow them to bid effectively at any auction with less capital than non-designated bidders.

Bidding credits are appropriate to recognize the different market circumstances that rural telephone companies will face in trying to focus much of their initial development efforts on rural subscribers. Other bidders are likely to value the license primarily on the basis of costs and cash flows from urbanized areas of a given service territory. By contrast, rural telephone companies, highly motivated by the need to serve existing customer bases, will focus on rural areas in the service territory. Their valuations for the licenses will necessarily reflect higher costs and smaller subscriber densities, and thus smaller cash flows. ^{12/} Absent some leveling tool like bidding credits, it is highly unlikely that such valuations will be high enough to compete. Bidding credits simply recognize the public interest "value" in encouraging some licensees to concentrate on rural America by enhancing their valuations accordingly.

CST urges that bidding credits of 20% be available to rural telephone companies bidding on all BTA licenses covering their exchange areas. In addition, to

^{11/}(...continued)

that will allow it to be competitive in an auction for territories of size and geographic area that it can reasonably develop. However, to give any designated entities -- rural telephone companies, small businesses, minority owned -- substantial preferences in markets beyond their reasonable capabilities would be to tip the scale too far in the opposite direction. In crafting economic solutions, the Commission should recognize that a small rural telephone company does not need to participate in the auctions for the ten largest MTAs (with or without economic preferences) to assure that its rural telephone subscribers see the benefits of wireless technologies at the earliest possible time; the preferences should be crafted to the markets in which Designated Entities will have a real potential for making a difference.

^{12/} The smaller BTA licensee will also suffer by the competitive environment created in the urban areas by the existence of the MTA operators.

provide for some opportunity for geographic aggregation (and to recognize the imperfection of the BTA structure as it may apply in any given circumstance to a local exchange territory), this 20% bidding credit should be available in bidding on any licenses in up to two additional BTAs contiguous to a BTA covering the local exchange territory. In any other service area within the MTA of the local exchange area (including the MTA), rural telephone companies should be given a 10% bid credit. ^{13/}

In addition, it is essential that rural telephone companies have the ability to pay for any license over a reasonable period of time. Given the capital intensive nature of most emerging services, outside capital will certainly be needed to construct and operate a system serving rural subscribers; the government's credit should be available to finance the license purchase. Such opportunity will allow rural companies to use likely cash flows from the business to pay for the license.

To that end, CST believes a five-year payout period is appropriate; structured, however, to recognize the need for cash-flow build-up in the early years of system construction and operation. ^{14/} This approach, which is similar to financing schemes used in the cellular industry, allows for the build up of subscribers before payments begin. It also recognizes the need for a system to achieve some level of economic independence at a reasonable point in the system's existence (in the case of

^{13/} CST sees no basis for extending to rural telephone companies (simply on the basis of their being a rural telephone company) any bidding credits outside of the MTA in which they provide local exchange service.

^{14/} Installment payments should provide for at least a one-year payment moratorium, followed by a two-year period of interest-only payments, followed by two years of principal amortization (based on a ten-year amortization schedule), with a balloon payment due at the end of the fifth year. CST also believes that the interest charged for installment preferences should mirror the government's cost of money. To that end, rural telephone companies should have the option of choosing an adjustable rate, recalculated annually, based on the then-current yield on one-year Treasury Notes, or a fixed rate, based on the then-current yield on ten year Treasury Notes.

PCS, for example, at a point when the licensee must be serving at least 50% of its market in any event). ^{15/}

Any economic preferences must be accompanied by strict measures designed to avoid trafficking in these benefits. To that end, the license should be conditioned on repayment of the amount of the bidding credit, with interest, in the event that the system is sold or the license transferred to a non-affiliate during the first five years (i.e., while the installment payments are due.) Moreover, if the system is sold or the license transferred to a non-affiliate while the installment payment obligation is outstanding, it should be immediately accelerated with payment due in full. Both of these penalties will assure that a rural telephone company is not unjustly enriched by trafficking in the benefits obtained to achieve the auction victory to an outsider. The benefits simply will not transfer to the new licensee. This will also work to keep out of the auction those entities whose primary interest is short term gain rather than rural area service.

V. The Commission Should Utilize Simultaneous Auctions Across Geographic Regions

Commenters have proposed many different approaches to auction sequencing. In each case, the commenter has tried to mitigate or avoid the potential adverse consequences to certain aggregation strategies created by the timing of auctions for an area or license block.

CST is concerned that auction sequencing should not in any way disadvantage small, local interests at the expense of larger, well-heeled entities. Having

^{15/} CST also suggests stiff penalties, in particular, license forfeiture, for designated entities who default in payment obligations, after reasonable opportunity to cure the default and/or refinance the debt. This will assure that designated entities take care in valuing licenses for bidding purposes, knowing that the risk of license forfeiture caused by severe overvaluation will likely affect their ability to raise necessary funds from the private market for the construction and operation of system infrastructure.

reviewed the various alternatives, CST believes a simultaneous electronic bidding process implemented on a regional basis has the greatest number of advantages.

Simultaneous auctions avoid the need to choose any particular sequence over another. They allow various alternative aggregation strategies to be played out at the same time by entities with varying interests. They also allow parties to adjust their strategies on a real time basis to the changing (and perhaps unanticipated) bidding patterns for licenses of various service territories and size. Use of simultaneous bidding achieves cloture of auctions for all licenses within a particular geographic region simultaneously, avoiding even a minimal headstart in the critical capital markets for any given licensee. ^{16/} Simultaneous actions provide the most contemporaneous, accurate information about overall license valuations within an area. Accurate information benefits both small and large bidders, while mitigating the possibility that licenses of generally equal value will be bid to significantly different prices. The opportunity to watch valuations develop over time, and to adjust both pricing and aggregation strategies on a contemporaneous basis across all spectrum available in a particular region, strongly favors use of simultaneous auctions. ^{17/}

^{16/} For the smaller bidder, it may require dedication of greater resources to the auction over a somewhat longer period of time than would be required to attend the auction of one or two licenses (which would probably be completed within a day). Of course, as a few commenters have noted, even the burden of travelling to Washington, D.C. to participate in an open oral auction could overwhelm many smaller companies.

^{17/} Several parties have provided alternative approaches to simultaneous auctions, e.g., PacTel Corporation, Pacific and Nevada Bell, the NTIA. Each requires some form of electronic implementation and software development which could impose some delay into the initial auction program. Nevertheless, if these obstacles can be overcome, this is a sequencing proposal worthy of serious consideration.

VI. Combinatorial Bidding Should Not Be Used

Much has been written in the comments about the use of combinatorial bidding. A substantial majority of those commenting urged its rejection, while even those who supported it could not reach consensus on the right combination or approach. CST strongly urges rejection of combinatorial bidding for PCS licenses.

The most persuasive argument against combinatorial bidding is that it is not needed to achieve the intended aggregation. Any entity or venture that wants to achieve a nationwide license can do so by participating and placing the high bid for every MTA license on a particular block. It is fallacy to believe that combinatorial bidding may save some "transactional" costs otherwise associated with individual bidding and license aggregation. On the contrary, many parties are already spending substantial sums of money soliciting parties for nationwide bidding consortia, on the expectation that the proposed combinatorial bidding scheme will be adopted.

No less significantly, combinatorial bidding at any level creates the possibility that companies like CST, who are not interested in (and can't practically afford) wide area service deployment, will not be able to participate in PCS. And this is true even if they place the most value on the license to serve their local exchange areas. This would effectively negate any encouragement of rural telephone companies through designated entity preferences and would clearly violate the Budget Act objectives. It would also substantially reduce the likelihood that rural America will soon see the benefits of new wireless services. CST welcomes the chance to bid against ANY party that wants to obtain the same license that CST values; CST cannot, however, tolerate the possibility of losing the license to a consortia bidding on a combination of licenses for which CST could not practically bid.

VII. Administrative Regulations Should Be "Bidder Friendly"

Many commenters have addressed the administrative rules that will govern the filing and review of applications for new radio services. CST shares the view of those who urge that application procedures and filing requirements for the PCS auction should be kept as simple and "bidder friendly" as possible. ^{18/} Applicants' capital should be invested in technology and services, and not in the applications filings. Given the burden likely to be imposed on staff resources, the simpler the application can be, and the more flexible the agency can be in reviewing it for technical defects, the better. Creation of high and unnecessary hurdles can unduly limit small company participation and should be avoided.

On the other hand, it is incumbent on the Commission to adopt rules that will encourage participation by serious system developers and operators and strongly discourage speculators. Given the many "instant wealth" parables that are now part of the cellular mythology, the Commission must let the public know that market circumstances for PCS licenses have dramatically changed. It is incumbent on the Commission to alert the general public that PCS licensing in a competitive bidding environment will create substantially different business opportunities than those created during the cellular lotteries, so that rampant speculation will not become the rule.

Making a PCS system viable in the face of substantial infrastructure costs and the obligation to pay fair value for the radio spectrum will not be an easy task. This task will be compounded by the costs associated with the relocation of fixed microwave licensees from many parts of the spectrum. Unwary bidders who have not developed a

^{18/} To that end, CST supports those commenters who favored streamlined initial application procedures and substantial amendment flexibility for any winning bidder to assure that minor problems with applications are not allowed to disqualify otherwise clearly eligible entities.

business plan and wireless technology acumen well in advance of the auction could find themselves not with instant wealth, but rather with ongoing economic distress. The "application mill" mentality that drove so many "investors" into cellular lotteries without any prior knowledge of the industry in which they were applying simply will not succeed in an auction environment. Commission should let applicants know in advance that speculators will not be welcomed or unjustly enriched in a competitive bidding licensing process.

VIII. Conclusion

CST views the emerging wireless technologies and services as real business opportunities for rural telephone companies to expand the offerings available to their subscribers. As such, CST welcomes the chance to participate in a competitive bidding process that creates similar economic opportunities to obtain licenses among all likely participants. We think the initial comments supported herein can achieve that objective. Given the extremely tight deadlines imposed on agency action by the Congress, these proposals should be expeditiously adopted and implemented for the PCS licensing process. Once the Commission has obtained real-world experience with its auction program in the context of an entirely new service, it will be better able to embark on the use of competitive bidding for any other radio service. The administratively simple approaches discussed in the comments and supported herein will provide an excellent

basis for achieving the Congressional objectives in establishing competitive bidding as a licensing tool at the Commission's disposal.

Respectfully Submitted

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