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FEDERAL COMMUNICATIONS COMMISSION
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Before the
Federal Communications Commission
Washington, D.C. 20554

In Re	)	
	)	
Amendment of Part 1 of the Commission's	)	
Rules -- Competitive Bidding Proceeding	)	WT Docket 97-82
	)	
FCC Pubic Notice, "Wireless	)	
Telecommunications Bureau Seeks	)	DA 97-679
Comment on Broadband PCS C & F	)	
Block Installment Payment Issues"	)	

Comments of ALLTEL Communications, Inc.

ALLTEL Communications, Inc. ("ALLTEL")[1] hereby submits its comments in response to the Commission's Public Notice[2] seeking public comment on the various proposals to modify the terms of the installment payments extended to entrepreneur broadband PCS licensees.

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[1] ALLTEL Communications, Inc. is the corporate entity through which the various subsidiaries and affiliates of ALLTEL Corporation provide telecommunications services on a competitive basis. The affiliates and subsidiaries of ALLTEL Corporation which currently serve as FCC licensees continue to survive as separate corporate entities for Commission licensing and reporting purposes. ALLTEL Mobile Communications, Inc., a wholly owned subsidiary of ALLTEL Corporation, made a substantial equity investment in GO! Communications, Inc. ("GO") a promising participant in the C block auction. GO was ultimately forced to withdraw from the auction given what was considered at the time to be the unrealistically high bids for various markets which no realistic business case could justify.

[2] "Wireless Telecommunications Bureau Seeks Comment on Broadband PCS C & F block Installment Payment Issues", DA 97-679 (Released June 2, 1997).

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ALLTEL is constrained to note, as an initial matter, that the auction process mandated by the Congress is, at its core, a market-based mechanism for awarding licenses. Despite the required (although dubious) interplay of social policy and market forces which gave rise to the rules governing eligibility and financing terms for the entrepreneurs blocks, applicants placed bids on markets based upon their relative worth and business plans. There were to be successful and unsuccessful bidders inasmuch as both market success and market failure were viewed as the inevitable consequences of any market-based auction process. The Commission took pains to caution applicants of the consequences of overbidding and the provisions contained in the rules governing default should an applicant (or applicants) bid beyond their financial means.

In the wake of the auction and in the face of impending default by certain licensees, the rules governing the auction and the payment plans cannot now be changed -- the existing rules should be enforced. All applicants had ample notice of the dangers of overbidding and applicants participating in the auction process governed their behavior according the rules in place at the time of the auction, including the rules governing defaults. The rules governing installment financing and bid credits were simply part of the calculus employed by the applicants in evaluating the relative worth of the markets upon which they bid and their bid amounts. Any change in the rules regarding installment payments or further Commission forbearance of obligations due is to change after the fact the elemental economic rules upon which all applicants based their bids and, in some cases, their decisions to cease participating. The FCC has already enforced its rules governing default where entrepreneurs have failed to make their second down payments,

yet it has without a detailed or sustainable rationale refused to enforce its default rules against entities which, were it not for FCC intervention, may have failed to timely make their installment payments. In ALLTEL's view, an entrepreneurs block license remains conditional until all outstanding obligations are paid. A default is a default, whether on a down payment or an installment and should be dealt with accordingly under the existing rules without modification of the terms of financing.

The integrity of the auction process must be maintained. FCC auctions must be fair and impartial and should continue to be perceived as such. The behavior of auction participants must be (and can only be) policed through accountability to the process including the default process. In ALLTEL's view, the Commission should not undermine the basis fairness and impartiality of the auction mechanism by changing the rules after the fact. The FCC cannot be placed in the position of indemnifying applicants from market failures or the consequences of overbidding -- those are the risks all applicants took when they continued to participate in the auction. Any post-auction changes serve only to prejudice those prudent applicants which played by the rules while at the same time awarding those applicants who either arguably corrupted the auction mechanism through audacious and unrealistically high bids or would now receive an indirect windfall as a consequence of even more favorable financing.

Proposals for reforming the structure of entrepreneur band applicants, the principal amounts or the terms or the terms of financing must be rejected as an after the fact attempt to skew the auction results and the workings of the auction process. Proposals to alter the principal amount of, or the installment payments on, entrepreneur

band licensees' obligations convey an economic benefit which is tantamount to a reduction in the licensees' high bid. Any changes in the structure of entrepreneur band licensees' control groups raise the same significant concerns which led the Commission to adopt the control group requirements in the first instance. Nor can the Commission adopt plans proffered by entities other than the licensees which serve only to temporarily prop up a financially infirm licensee until it subsequently fails or is consumed by a larger non-entrepreneur qualified carrier. In this connection, ALLTEL notes that one such plan proposes a moratorium on payments for five years -- a date which rather transparently coincides with the end of the prohibition on the transfer or assignment of C & F block PCS licenses to non-entrepreneurs.

ALLTEL believes that PCS licensees on the verge of default should be required to first exploit the secondary market for their spectrum prior to the adoption of any of the proposed modifications to the C & F blocks rules. The Commission is under no obligation to prop up the business plan of any licensee or preserve the size and scope of the licensee's current holdings. Nothing in the rules or any tenet of public policy requires that licensees on the verge of default retain all of their markets or all of either their spectrum or territory with a particular market.

Under the Commission's rules, and subject to the entrepreneurs band restrictions, PCS markets and spectrum may be freely assigned, partitioned or disaggregated. The Commission should not hesitate to require that distressed licensees explore these opportunities prior to providing some other form of administrative largesse. The approach is complementary to the auction process; it is a similar market-based approach to awarding

spectrum. It permits a secondary market for spectrum to emerge and allows C & F block players to narrow the scope of their holdings in order to reduce their obligations, focus on selective build-outs and avoid default. Where an entrepreneur qualified buyer cannot be found, the Commission may, even under current rules, grant special relief and permit a sale to a non-entrepreneur on a case-by-case basis. ALLTEL believes, however, that the standard for special relief should vary according to the requirements of section 309(j) of the Communications Act of 1934, with rural telephone companies qualifying for a lower burden by virtue of their inclusion in section 309(j).

Respectfully submitted,

ALLTEL Communications, Inc.

By: _____
Glenn S. Rabin
Federal Regulatory Counsel

ALLTEL Services Corporation, Inc.
655 15th Street, N.W.
Suite 220
Washington, D.C. 20554

(202) 783-3976

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