

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

In the Matter of)	
)	
Updating Part 1 Competitive Bidding Rules)	WT Docket No. 14-170
)	
Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions)	GN Docket No. 12-268
)	
Petition of DIRECTV Group, Inc. and EchoStar LLC for Expedited Rulemaking to Amend Section 1.2105(a)(2)(xi) and 1.2106(a) of the Commission's Rules and/or for Interim Conditional Waiver)	RM-11395
)	
Implementation of the Commercial Spectrum Enhancement Act and Modernization of the Commission's Competitive Bidding Rules and Procedures)	WT Docket No. 05-211

COMMENTS OF THE BLOOSTON RURAL CARRIERS

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Summary

The recently-concluded AWS-3 auction (Auction 97) was an eye-opening experience for the rural telephone industry. More than half of the eligible bidders (38 out of 70) were rural telephone companies, rural telco affiliates or groups comprised of these entities. However, only a small handful (just 5) were successful bidders and able to claim eligibility for small business bid credits. The auction was dominated by three nationwide service providers, AT&T, Verizon Wireless and DISH Network, and almost all of the \$3.57 billion in small business bidding credits went to “Special Purpose DEs” owned 85% by DISH Network. In sharp contrast, rural telephone companies (which are identified as DEs in Section 309(j) of the Communications Act), received just \$871,350 in small business bidding credits in Auction 97.

The Blooston Rural Carriers urge the Commission to retain and modify the Attributable Material Relationship (AMR) rule to allow bona fide arrangements among small businesses and/or rural telephone companies while bolstering the rule to keep bid credits out of the hands of nationwide service providers. A revised AMR rule should allow DEs to partner with rural carriers or other DEs, but not with nationwide carriers. The Commission should expand its small business size definitions as proposed, but it should also implement a targeted rural telephone bid credit that is separate from and cumulative with any small business bidding credit. The FCC should also adopt rural partitioning incentives and other measures described herein to help ensure meaningful rural participation in upcoming auctions.

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COMMENTS OF THE BLOOSTON RURAL CARRIERS

The law firm of Blooston Mordkofsky Dickens Duffy & Prendergast, LLP (“Blooston”), on behalf of its rural telephone and rural wireless clients shown in Attachment A (the “Blooston Rural Carriers”), respectfully submits these comments on the Notice of Proposed Rulemaking (“NPRM”) in the above-captioned proceeding.¹ As discussed below, the Commission should not eliminate the Attributable Material Relationship (AMR) rule, but instead should modify it to allow bona fide arrangements among small businesses and/or rural telephone companies, while bolstering the rule to keep bid credits out of the hands of nationwide service providers. The Commission should also implement a rural telephone bid credit, partitioning incentives and other measures to help ensure meaningful rural participation in upcoming auctions.

¹ See Updating Part 1 Competitive Bidding Rules, WT Docket No. 14-170, *Notice of Proposed Rule Making*, 29 FCC Rcd 12426 (2014) (NPRM).

I. Eligibility for Bid Credits: The System is Broken for Rural Telephone Companies

The recently-concluded AWS-3 auction (Auction 97) was an eye-opening experience for the rural telephone industry. To their credit, more than half of the eligible bidders were rural telephone companies, rural telco affiliates, or groups comprised of these entities.² However, only a miniscule number of these bidders were successful in obtaining any licenses.³ As shown below, most rural entities were completely shut out in their attempt to obtain spectrum in their service areas, and the availability of small business bidding credits under the current FCC Part 1 Rules offered little relief to the rural telecom industry. Instead, the AWS-3 auction was dominated by nationwide behemoths AT&T, Verizon Wireless and DISH, and almost all of the benefits of the FCC's DE program went to specialized investment vehicles that are designed to qualify for "small business" bid credits, but truth be told, are anything but small. The Commission has a statutory obligation to ensure that designated entities (DEs), including rural telephone companies, have the opportunity to participate at auction and in the provision of spectrum-based services.⁴ However, if the results of the AWS-3 auction are held up against this statutory directive, the current bid credit rule is failing rural telecom DEs. To restore this imbalance and ensure that rural carriers are able to acquire licenses for below 1-GHz spectrum in the forthcoming Broadcast Incentive Auction ("BIA"), which spectrum is all the more valuable to rural carriers due to its favorable propagation characteristics for the provision of rural wireless services, the Blooston Rural Carriers believe the Commission must take meaningful steps to reform its Part 1 competitive bidding rules, as discussed below.

² See Attachment B for analysis of Auction 97 bidders and bidding results. Based on available information it appears that 38 out of 70 eligible bidders (or 54.3%) are rural telephone companies/cooperatives or their affiliates or entities having substantial rural telco ownership.

³ *Id.*

⁴ 47 U.S.C. § 309(j)(3)-(4).

a. Analysis of AWS-3 Auction Results

In terms of generating revenues for the U.S. Treasury, the AWS-3 auction was a resounding success for the Commission. Auction 97 raised a total of \$41,329,673,325, with 31 bidders winning a total of 1,611 licenses.⁵ These net winning bids were almost four times the aggregate reserve prices of \$10,066,326,600 for the paired 1755-1780MHz/2155-2180 MHz band, and \$579,775,900 for the 1695-1710 MHz band.⁶ However, analysis of the winning bidders in Auction 97 tells a very different story to the rural telephone industry. Of the 70 entities that qualified to bid in the AWS-3 Auction, 38 (or approximately 54.3%) were rural telephone companies, affiliate/subsidiaries of rural telcos, or bidding groups comprised of these entities. When the dust settled, just eleven (11) of these rural telco entities had winning bids, and the entire rural telecom industry was successful in obtaining just 25 of 1,611 (or 1.55%) of the total licenses won in the auction. These results are dismal by anyone's standards, but the tragedy is only compounded by the fact that small business bidding credits provided minimal help for those companies that were successful bidders. Just five of the eleven rural telco entities that had winning bids sought eligibility for small business bid credits (while the other seven did not), and the total (gross) of rural entities' 25 winning bids was \$14,717,600. The net total of these bids was \$13,846,250. Thus, the entire rural telephone industry received just \$871,350 in small business bidding credits in Auction 97, or *less than three hundredths of a percent* (0.024%) of the total \$3.57 billion in small business bid credits granted by the Commission.

⁵ See "Auction of Advanced Wireless Services (AWS-3) Licenses Closes; Winning Bidders Announced for Auction 97," DA 15-131 (*rel.* January 30, 2015). At the close of the Auction, three (3) licenses did not have a Provisional Winning Bid (or "PWB").

⁶ See "Auction of Advanced Wireless Services (AWS-3) Licenses Scheduled for November 13, 2014; Notice and Filing Requirements, Reserve Prices, Minimum Opening Bids, Upfront Payments, and Other Procedures for Auction 97, AU Docket No. 14-78, *Public Notice*, DA 14-10185, 29 FCC Rcd 8386, 8438-39 ¶¶ 187-188 (2014) (*Auction 97 Procedures Public Notice*).

b. DISH Garners Most Bid Credits

Not only did the availability of small business bidding credits in Auction 97 offer little help to rural telephone companies in obtaining AWS-3 licenses, it was a significant factor in allowing certain carefully structured “small business” bidders (a.k.a. “Special Purpose DEs”) to outbid rural carriers and overwhelmingly dominate the auction. DISH Network Corporation (“DISH”) participated in the auction through three entities: American AWS-3 Wireless I L.L.C. (“American AWS-3”), Northstar Wireless, LLC (“Northstar”) and SNR Wireless LicenseCo, LLC (“SNR Wireless”). American AWS-3 is a wholly-owned, direct subsidiary of DISH, a company that has a market capitalization of approximately \$32 billion, \$14 billion in annual revenues, and more than 14 million customers. As a wholly-owned subsidiary of DISH, American AWS-3 did not seek small business bidding credits, and it was not successful in winning any spectrum licenses, though it made an upfront payment of \$400 million, and it did place bids.⁷ In contrast, Northstar (with an upfront payment of \$508 million) and SNR Wireless (with an upfront payment of \$412 million) are each owned 85% by DISH, yet each was able to secure a 25% discount on its gross bids despite the fact that DISH’s own gross revenues are almost *one thousand times greater* than the \$15 million very small business threshold. Together, these “very small businesses” were an overwhelmingly dominant presence in the auction, not only when bidding for the unpaired channel licenses (where they together accounted for high bids on 324 of 352, or 92% of all available unpaired licenses), but also for paired channel licenses (winning 378 paired licenses, including 299 of 734 [or 41%] of all CMA “G-Block” licenses nationwide). 109 of these CMA winning bids were for rural CMAs in portions of 34 states, the Gulf of Mexico and the Pacific Islands. The total gross amount paid for winning bids

⁷ According to publicly available Auction 97 bidding results, American AWS-3 dropped out of bidding on November 21, 2014 (the 7th day of bidding) when it used its final activity rule waiver in Round 25 and its bidding eligibility was reduced to zero at the close of Round 26.

by these DISH entities was \$13,327,423,700, or \$9,995,567,775 after factoring in the 25% very small business discount. Thus, entities overwhelmingly owned by DISH were able to secure more than \$3.3 billion in bid credits that Congress had intended for entrepreneurs and small businesses.

At the close of Auction 97 and upon learning the identities of winning bidders, FCC Commissioner Ajit Pai issued a statement that was sharply critical of the FCC's DE program, which was intended to make it easier for *small* businesses to purchase spectrum and to compete with large corporations. Commissioner Pai called upon the Commission to reform its rules and stop this abuse of the DE program. "Unfortunately, the agency is currently headed in the opposite direction," observed Commissioner Pai, "having issued proposals last October that would jettison even more of the DE program's safeguards and make it even easier for giant corporations to engage in these types of shenanigans."⁸

II. The AMR Rule Should Be Retained and Modified

In the Part 1 NPRM, the FCC has proposed to eliminate the Attributable Material Relationship (AMR) rule in favor of a two-pronged approach to evaluate an entity's eligibility for small business benefits.⁹ It is respectfully submitted that abandoning the AMR rule at this time would be a serious misstep. Instead, the Blooston Rural Carriers urge the Commission to retain the AMR rule with certain modifications to better safeguard against abuse and facilitate legitimate relationships among small businesses and rural telephone carriers, as discussed below. In this regard, the Blooston Rural Carriers agree with Commissioner Pai and urge the FCC to make meaningful changes that restore some common sense to the DE program, and to use the

⁸ Statement of Commissioner Ajit Pai on Abuse of the Designated Entity Program, *News Release* (dated February 2, 2015).

⁹ NPRM at ¶ 20.

mechanism of bidding preferences to promote economic opportunity and competition by rural telephone companies and their affiliates, in accordance with Section 309(j)(4)(D) of the Communications Act.

a. The Commission Must Take Steps to Ensure There is No Repeat of the DISH Situation

As described above, 93.34 percent of the bid credits awarded in Auction 97 went to entities 85% owned by DISH Network – a company valued at \$32 billion and with annual gross revenues of approaching \$14 billion. When the public hears that their tax dollars are being used to give a giant publicly traded company a \$3.3 billion subsidy, confidence in the FCC’s auction process and DE program is undermined. For rural telephone companies that saw their auction efforts largely fail, this dynamic is especially frustrating. As noted above, rural telephone companies (which were identified by Congress as Designated Entities in Section 309(j) of the Communications Act) garnered a mere 0.024% percent of the total bid credits awarded. This cannot be the outcome Congress intended.

b. Relaxation of Lease Restrictions Will Only Lead to Further Abuse

The Commission has proposed to relax restrictions on spectrum leasing by qualified DEs that had previously been restricted under the AMR rule.¹⁰ While some relaxation of the leasing restrictions is in order under carefully limited circumstances, a general easing of the lease prohibition will only invite further abuse. Over the course of spectrum auctions, history has shown that large service providers have bent over backwards to craft arrangements that garner them the benefit of bid credits. While the Blooston Rural Carriers have taken issue with aspects of the AMR rule, if it is simply abandoned, the largest carriers would be able to “invest” in a so-

¹⁰ *Id.*

called DE, and then use spectrum leases to gain full access to spectrum obtained with the benefit of millions or billions of dollars of taxpayer subsidy. This is the scenario that created public outcry and investigations following earlier FCC auctions.

c. A Revised AMR Rule Should Allow DEs to Partner With Rural Carriers or Other DEs, But Not with Nationwide Carriers

To prevent further misallocation of bid credits, the Commission should modify the AMR Rule to facilitate investment in legitimate DEs while curbing the arrangements that have dominated bid credits in recent auctions. In particular, the Commission should continue to restrict DEs from leasing their spectrum acquired with bid credits to nationwide wireless carriers under the AMR rule. At the same time, it should not restrict DEs that happen to hold licenses obtained in the secondary market or otherwise without bid credits from freely leasing this spectrum to any qualified user.¹¹ Moreover, the Commission should recognize that relationships between rural telephone companies aimed at obtaining spectrum for rural service benefit the public interest, and do not pose any threat to the integrity of the auction process. Therefore, such relationships should be exempt from the material relationship restrictions, and should be exempt from attribution in general. When a rural carrier obtains a license at auction, it generally does not match the carrier's service area, but instead contains rural areas that may be served by other rural telephone companies. It makes sense to allow the winning bidder to lease spectrum to other rural carriers (*i.e.*, other DEs) without losing eligibility for bid credits.

III. Revising the Commission's Bid Credit Formula

As discussed below, the Blooston Rural Carriers believe that the Commission should adopt its proposals to revise its small business bid credit thresholds, since these have not been

¹¹ See, In the Matter of Grain Management, LLC's Request for Clarification or Waiver of Section 1.2110(b)(3)(iv)(A) of the Commission's Rules, *Order*, FCC 14-103, 29 FCC Rcd 9080 (*rel.*, July 23, 2014).

updated in many years. However, merely raising the revenue thresholds to allow more rural telephone companies and other entities to meet the definition of a “small business” (or “very small business”) will be meaningless if the FCC does not at the same time close loopholes that allow “wink and a nod” DEs to partner with national carriers.

a. The Blooston Rural Carriers Support the Proposed Cost of Living Increase to Small Business Size Thresholds.

The Blooston Rural Carriers agree that the current bid credit revenue levels are no longer appropriate. Of the thirty-eight (38) rural telephone entities participating in the auction, seventeen (17) did not receive bid credits. Of the eleven (11) rural telephone entities that were winning bidders at the close of the auction, six (6) – more than half – had to forego bid credits. If the Commission were to modestly increase the small business size thresholds as proposed, the Blooston Rural Carriers expect that most of the rural telephone entities that were unable to receive bid credits in Auction 97 would be eligible for such credits in future auctions, especially if the further modifications discussed below are also adopted. Therefore, the Blooston Rural Carriers support the across-the-board 36.4% increase in the small business size thresholds proposed at Para. 56 of the NPRM, with the result that the new thresholds would be as follows:

- Businesses with average annual gross revenues for the preceding three years not exceeding \$4 million would be eligible for a 35 percent bidding credit;
- Businesses with average annual gross revenues for the preceding three years not exceeding \$20 million would be eligible for a 25 percent bidding credit; and
- Businesses with average annual gross revenues for the preceding three years not exceeding \$55 million would be eligible for a 15 percent bidding credit

b. Commission Should Adopt a Targeted Rural Telephone Company Bid Credit

Even if the Commission adopts its proposed increase in small business size thresholds, it is clear from the results of Auction 97 that this measure alone will not be enough to ensure that

rural telephone companies are given a meaningful opportunity to participate in the provision of spectrum-based services, or to implement Congress' directive to avoid excessive concentration of licenses.¹² Therefore, the Blooston Rural Carriers continue to urge the Commission to create a targeted rural telephone company bidding credit. In particular, the Blooston Rural Carriers believe such a credit should allow qualified rural telephone companies to take at least a 25% reduction in the gross winning bid for any geographic license(s) that overlap the rural carrier's wireline or wireless service area. This will ensure that all rural telephone companies and rural telco affiliates are treated as having DE status, as Congress intended, including those rural telephone entities that may barely miss the revenue level to qualify as small businesses. If the rural telephone company also qualifies as a small business under the revised revenue thresholds, it should receive the level of small business bid credit for which it qualifies in addition to the rural telephone company credit. While the Commission has rejected this concept in the past, with the indication that most rural telephone companies will qualify as small businesses, the results of Auction 97 demonstrate that it is now time for the Commission to adopt a separate (and cumulative) rural telephone company bid credit.

i. 600 MHz Spectrum is Especially Good for Providing Coverage over Vast Rural Areas

The availability of a rural telephone company bid credit is especially important for the upcoming Broadcast Incentive Auction, because (a) 600 MHz spectrum is recognized as having superior propagation characteristics, making it particularly well suited for covering vast stretches of low population density territory with minimal infrastructure; and (b) the 600 MHz auction will feature PEA-sized licenses, which will be more difficult for rural telephone companies to win

¹² 47 C.F.R. § 309(j)(3)(B).

than the smaller CMA licenses. Indeed, of the 26 total license won by rural carriers in Auction 97, 23 were CMA licenses and just two were the larger EA licenses.

ii. Rural Telco Status is Objectively Verifiable under the Act and FCC Rules, Therefore Not Prone to Abuse

A rural telephone company bid credit would be simple to administer, since an objective definition of a rural telephone company for FCC auction purposes already exists in Section 153 (44) of the Communications Act; and an objective definition of a rural telephone cooperative exists in Rule Section 1.2110 (b)(3)(iii). Therefore, there would be little room for abuse of this credit. In addition, availability of the credit would be limited to market areas where eligible entities already provide wireline or wireless service, and thus could not be used to reduce the cost of a billion dollar metropolitan area license. Together, this would ensure that the benefits that Congress intended for rural telephone companies as a class of Designated Entities are limited to bona fide members of the class.

iii. Rural Telephone Cellular General Partnership Issue

The Blooston Rural Carriers further propose that the Commission clarify its affiliation rules to prevent rural telephone companies from losing Designated Entity status because they may hold a fractional interest in a cellular partnership established well before the FCC's auction rules and DE program were put in place. In particular, the Commission can take official notice that in the early days of cellular licensing, rural telephone companies were often pulled into settlement agreements under the B-Block (i.e., wireline cellular) licensing process; and most of the settlements resulted in the creation of a partnership, in which one or more rural telephone companies ended up with a fractional partnership interest. All members of the partnership were deemed "general partners" in many of these settlement arrangements, even though the

partnership is managed by a dominant member that has been given plenary power to control the day-to-day operations. Subsequent acquisitions involving most of these partnerships have resulted in the managing member being a nationwide carrier such as Verizon or AT&T. While the participating rural telephone company with its miniscule equity interest is nominally a general partner, it lacks the ability to control the partnership's day-to-day operations and/or strategy in any significant way. Therefore, it is respectfully submitted that the Commission should not disqualify rural telephone companies from eligibility for small business bid credits by requiring the attribution of the gross revenues of a cellular general partnership against them. The cellular partnership's total gross revenues are not available for use by the rural telephone bidder in an auction.

IV. Commission Should Eliminate DE Annual Reporting

The Commission proposes to adopt the suggestion made in the Blooston Rural Carriers' June 2006 Petition for Reconsideration, by eliminating the annual Form 611T Designated Entity reporting requirement.¹³ The Blooston Rural Carriers agree that these reports have yielded minimal useful information beyond that which the licensees must disclose in long forms, transfer of control applications and/or spectrum lease applications, and therefore should be eliminated.

V. Commission Should Create Rural Partitioning Incentives for Larger Carriers

In addition to the creation of rural bid credits to enhance the chances of a rural telephone company being a successful bidder, the Commission should adopt an auction mechanism that would encourage larger carriers to facilitate rural telco participation in the provision of wireless services. In particular, the Commission should adopt a mechanism that would allow a winning bidder to deduct from its auction purchase price the pro rata value of any area partitioned to a

¹³ NPRM at ¶ 20.

rural telephone company or cooperative that meets the objective definition of such terms discussed above, so long as the partitioned area includes all or a portion of the rural carrier's service area. Thus, the larger carrier would be compensated twice for making spectrum available in rural areas – a discount on its final auction payment, plus whatever payment it negotiates with the rural carrier. The Commission should allow the negotiation of these arrangements before the filing of the short-form application; during the auction; and after the close of the auction but before the final payment is made. In all cases, the parties would have to comply with the Commission's anti-collusion rules. If the BIA is anything like the recent AWS-3 auction and bidding is dominated by nationwide carriers, providing incentives for these entities to enter into partitioning arrangements with rural carriers would be a reasonable way to ensure that rural telephone companies have an opportunity to participate in the provision of 600 MHz band service. As described above, rural telcos were successful in bidding for just 25 of 1,614 available licenses in Auction 97, and only two of these licenses were for EAs. The Commission's use of Partial Economic Area (or "PEA") service areas for licensing of the 600 MHz band rather than Cellular Market Areas (or "CMAs") is only likely to make the prospect of a rural carrier winning an initial 600 MHz license for its geographic area that much more difficult.

In the event that the Commission adopts the partitioning incentive discussed above, it should consider enhancing its effectiveness by increasing the value of the discount based on the population density of the partitioned area. Thus, if the partitioned area has a population density under 100 persons per square mile, the winning bidder could deduct the pro rata value of that area; if the partitioned area has a population density under 50 persons per square mile, the winning bidder could deduct one and a half times the pro rata value of that area; and if the

partitioned area has a population density under 25 persons per square mile, the winning bidder could deduct double the pro rata value of the area. Thus, if an applicant has placed a winning bid of \$1 million and proposes to partition an area with 10% of the license's population to a rural telco, the bidder would receive a 10% bid price reduction (i.e., \$100,000) if the population density of the partitioned area was under 100; but if the population density was under 25, it would double the price reduction (i.e., \$200,000).

CONCLUSION

The Blooston Rural Carriers respectfully request that the Part I competitive bidding rules be modified as described above, in order to provide rural telephone carriers with a meaningful opportunity to participate in spectrum auctions and the provision of important wireless services to their rural subscribers.

Respectfully submitted,

THE BLOOSTON RURAL CARRIERS



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Their Counsel

Dated: February 20, 2015

Blooston Rural Carriers

All West Communications, Inc.....	Kamas, UT
BEK Communications Cooperative.....	Steele, ND
Breda Telephone Corp.	Breda, IA
Butler-Bremer Communications	Plainfield, IA
Choctaw Telephone Co.....	Halltown, MO
Custer Telephone Cooperative, Inc.....	Challis, ID
Dumont Telephone Company	Dumont, IA
Electra Telephone Co.....	Electra, TX
Emery Telcom-Wireless, Inc.	Orangeville, UT
FMTC Wireless, Inc.....	Nora Springs, IA
Golden West Telecommunications Cooperative, Inc.	Wall, SD
Haxtun Telephone Co.	Haxtun, CO
Jefferson Telephone Company	Jefferson, IA
Kennebec Telephone Company	Kennebec, SD
Ligonier Telephone Company, Inc.	Ligonier, IN
Marne & Elk Horn Telephone Co.....	Elk Horn, IA
MoKan Dial, Inc.	Louisburg, KS
Northeast Florida Telephone.....	Macclenny, FL
Peñasco Valley Telephone Cooperative	Artesia, NM
Polar Communications Mutual Aid Corporation	Park River, ND
Pymatuning Independent Telephone Company	Greenville, PA
Silver Star Telephone Company, Inc.	Freedom, WY
Smithville Telephone Company, Inc.	Ellettsville, IN
Tatum Telephone Co.....	Tatum, TX
Uintah Basin Electronic Telecommunications, LLC d/b/a Strata Networks.....	Roosevelt, UT
Venture Communications Cooperative, Inc.....	Highmore, SD
Walnut Hill Telephone Co.	Lewisville, AR
Webster-Calhoun Cooperative Telephone Association	Gowrie, IA
Whidbey Telephone Company	Langley, WA
Winnebago Cooperative Telecom Association.....	Lake Mills, IA

ATTACHMENT B

Auction 97 Bidders Identified as “Rural” or with Substantial Rural Ownership

BIDDER NAME	# PWBs	NET PWB \$	STATUS
Atlantic Seawinds Communications, LLC	0	\$ -	None
BEK Communications Cooperative	0	\$ -	SB
Bluegrass Wireless LLC	0	\$ -	None
C&W Enterprises, Inc.	0	\$ -	SB
Central Texas Telephone Investments, LP	3	\$ 3,321,000	None
Cerberus Communications Limited Partnership	0	\$ -	VSB
Chester Telephone Company	1	\$ 410,550	SB
Emery Telcom-Wireless, Inc.	4	\$ 1,051,450	SB
FMTC Wireless, Inc.	0	\$ -	SB
FTC Management Group, Inc.	2	\$ 2,696,000	None
Geneseo Communications Services, Inc.	2	\$ 1,982,200	SB
Gila River Telecommunications, Inc.	1	\$ 818,000	None
Glenwood Telephone Membership Corporation	0	\$ -	VSB
Grand River Communications, Inc.	0	\$ -	None
Hemingford Cooperative Telephone Company	0	\$ -	VSB
Home Enterprises, Inc.	0	\$ -	VSB
Horry Telephone Cooperative, Inc.	0	\$ -	None
Ligtel Communications, Inc.	1	\$ 861,000	None
Northern Valley Communications, LLC	1	\$ 589,900	SB
Palmetto Rural Telephone Cooperative, Inc.	0	\$ -	SB
Paul Bunyan Rural Telephone Cooperative	0	\$ -	None
Piedmont Rural Telephone Cooperative, Incorporated	0	\$ -	SB
Pine Cellular Phones, Inc.	0	\$ -	SB
Pioneer Telephone Cooperative, Inc.	3	\$ 991,000	None
PVT Networks, Inc.	0	\$ -	SB
Rainbow Telecommunications Association, Inc.	0	\$ -	VSB
RSA 1 Limited Partnership d/b/a Chat Mobility	0	\$ -	None
S&T Communications, Inc.	0	\$ -	None
Sagebrush Cellular, Inc.	0	\$ -	None
Sandhill Communications, LLC	1	\$ 903,550	SB
SI Wireless, LLC	0	\$ -	None
Smithville Spectrum, LLC	0	\$ -	None
Southeastern Indiana Rural Telephone Coop., Inc.	0	\$ -	VSB
Texas RSA 7B3, L.P. dba Peoples Wireless Services	0	\$ -	SB
The Ponderosa Telephone Co.	0	\$ -	None
Triangle Communication System, Inc.	6	\$ 221,600	None
VTel Wireless, Inc.	0	\$ -	SB
Webster-Calhoun Cooperative Telephone Association	0	\$ -	None
Wolverine Wireless, LP	0	\$ -	None

Auction 97 Results

How Did Rural Telcos and their Affiliates/Consortia Do?

Total rural telco/rural affiliated	38	54.3%
Total rural/rural affiliated and successful	11	28.9%
Total rural/rural affiliated w/ bid credit eligibility	21	55.3%
Total rural/rural affiliated w/ BC and successful	5	13.2%
Total rural/rural affiliated w/no BC and successful	6	15.8%
Total licenses won by rural/rural affiliated:		25
Percentage of all licenses won by rural/rural affiliated:		1.55%
Gross bids for all licenses won by rural/rural affiliated:		\$ 14,717,600
Net bids for all licenses won by rural/rural affiliated:		\$ 13,846,250
Total bid credits going to rural/rural affiliated:		\$ 871,350
Percentage of bid credits going to rural/rural affiliated:		0.024%

How Dominant Were Tier I Carriers and "Special Purpose DEs" in Auction 97?

		% of all		Gross Bids	Net Bids
Total licenses won by AT&T	251	16%	\$	18,189,285,000	\$ 18,189,285,000
Total licenses won by VZW	181	11%	\$	10,430,017,000	\$ 10,430,017,000
Total licenses won by DISH (via 85%-owned DE affiliates)	702	44%	\$	13,327,423,700	\$ 9,995,567,775
Total licenses won by T-MOBILE	151	9%	\$	1,774,023,000	\$ 1,774,023,000
Total licenses won by USCC (via 85%-owned DE affiliate)	124	8%	\$	451,072,000	\$ 338,304,000
TOTAL	1409	87%	\$	44,171,820,700	\$ 40,727,196,775
AT&T, VZW and DISH	1134	70%	\$	41,946,725,700	\$ 38,614,869,775
Total DISH-Affiliate Bid Credits			\$	3,331,855,925	

ATTACHMENT B**AWS-3 Licenses Won by Rural Telcos and the Affiliates/Consortia**

License	License Name	Market	MHz	POPs	Winning Bidder
AW-BEA114-I	Aberdeen SD	BEA114	10	79,541	Northern Valley Communications, LLC
AW-BEA128-H	Abilene TX	BEA128	10	225,538	Central Texas Telephone Investments, LP
AW-CMA264-G	Florence, SC	CMA264	10	136,885	FTC Management Group, Inc.
AW-CMA294-G	San Angelo, TX	CMA294	10	110,224	Central Texas Telephone Investments, LP
AW-CMA302-G	Enid, OK	CMA302	10	60,580	Pioneer Telephone Cooperative, Inc.
AW-CMA318-G	Arizona 1 - Mohave	CMA318	10	200,186	Gila River Telecommunications, Inc.
AW-CMA348-G	Colorado 1 - Moffat	CMA348	10	60,207	Emery Telcom-Wireless, Inc.
AW-CMA395-G	Illinois 2 - Bureau	CMA395	10	256,291	Geneseo Communications Services, Inc.
AW-CMA396-G	Illinois 3 - Mercer	CMA396	10	190,720	Geneseo Communications Services, Inc.
AW-CMA404-G	Indiana 2 - Kosciusko	CMA404	10	196,207	Ligtel Communications, Inc.
AW-CMA440-G	Kansas 13 - Edwards	CMA440	10	26,435	Pioneer Telephone Cooperative, Inc.
AW-CMA524-G	Montana 2 - Toole	CMA524	10	36,063	Triangle Communication System, Inc.
AW-CMA525-G	Montana 3 - Phillips	CMA525	10	12,828	Triangle Communication System, Inc.
AW-CMA526-G	Montana 4 - Daniels	CMA526	10	37,023	Triangle Communication System, Inc.
AW-CMA529-G	Montana 7 - Fergus	CMA529	10	30,270	Triangle Communication System, Inc.
AW-CMA531-G	Montana 9 - Carbon	CMA531	10	32,894	Triangle Communication System, Inc.
AW-CMA532-G	Montana 10 - Prairie	CMA532	10	18,671	Triangle Communication System, Inc.
AW-CMA597-G	Oklahoma 2 - Harper	CMA597	10	49,964	Pioneer Telephone Cooperative, Inc.
AW-CMA627-G	South Carolina 3 - Cherokee	CMA627	10	141,399	Chester Telephone Company
AW-CMA628-G	South Carolina 4 - Chesterfiel	CMA628	10	238,107	Sandhill Communications, LLC
AW-CMA630-G	South Carolina 6 - Clarendon	CMA630	10	196,070	FTC Management Group, Inc.
AW-CMA660-G	Texas 9 - Runnels	CMA660	10	203,193	Central Texas Telephone Investments, LP
AW-CMA674-G	Utah 2 - Morgan	CMA674	10	69,323	Emery Telcom-Wireless, Inc.
AW-CMA675-G	Utah 3 - Juab	CMA675	10	71,373	Emery Telcom-Wireless, Inc.
AW-CMA677-G	Utah 5 - Daggett	CMA677	10	93,858	Emery Telcom-Wireless, Inc.