

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Comment Sought on Competitive Bidding Procedures for Broadcast Incentive Auction 1000, Including Auctions 1001 and 1002	)	AU Docket No. 14-252
	)	
Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions	)	GN Docket No. 12-268
	)	

To: The Commission

**REPLY COMMENTS OF  
THE RURAL WIRELESS ASSOCIATION, INC.  
AND NTCA – THE RURAL BROADBAND ASSOCIATION**

The Rural Wireless Association, Inc. (“RWA”)<sup>1</sup> and NTCA – the Rural Broadband Association (“NTCA”)<sup>2</sup> (together “the Associations”) file these joint reply comments in response to the comments filed in response to the Federal Communications Commission’s (“FCC” or “Commission”) *Incentive Auction Comment Public Notice*<sup>3</sup> in the above captioned proceedings. The Associations appreciate the Commission’s efforts to craft an Incentive Auction structure that will encourage forward auction participation by a wide variety of bidders – not just the largest few with the deepest pockets.

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<sup>1</sup> 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.

<sup>2</sup> NTCA represents nearly 900 rural rate-of-return regulated telecommunications providers. All of NTCA’s members are full service local exchange carriers and broadband providers, and many provide wireless, video, satellite, and/or long distance services as well.

<sup>3</sup> *In the Matter of Comment Sought on Competitive Bidding Procedures for Broadcast Incentive Auction 1000, Including Auctions 1001 and 1002; Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*, Public Notice – Comment South on Competitive Bidding Procedures for Broadcast Incentive Auction 1000, Including Auctions 1001 and 1002, AU Docket No. 14-252, GN Docket No. 12-268, FCC 14-191 (rel. Dec. 17, 2014) (“*Auction Comment PN*”).

The Associations appreciate the Commission’s tremendous efforts thus far, and urge that this work be continued without delay so that the Incentive Auction can begin as scheduled in early 2016.

**I. THE COMMISSION SHOULD NOT INCREASE THE PROPOSED PRICE PER MHZ-POP TRIGGER**

The Associations agree with commenters that, if the Commission chooses to use a price per MHz-pop reserve trigger as proposed, then it should use the proposed \$1.25 average price per MHz-pop figure based on gross bids in only the 40 largest PEAs.<sup>4</sup> The Associations agree that “spectrum prices generally appear to have increased” since the 2008 700 MHz auction (Auction 73) and that there is a certain level of price uncertainty in every spectrum auction.<sup>5</sup> Given historical prices for low-band (below 1 GHz) spectrum, the proposed \$1.25 average price is a reasonable benchmark for the first component of the final stage rule. The Associations oppose the nationwide carriers’ suggestion that the Commission adopt a higher reserve trigger,<sup>6</sup> and agree with U.S. Cellular that it would be inappropriate to base the price benchmark on Auction 73 results *plus* a subjective premium intended to account for an apparent, but largely unknown, upward trend in spectrum prices since 2008.<sup>7</sup>

**II. THE SPECTRUM RESERVE SHOULD CONSIST OF A MARKET’S BEST LICENSES.**

As discussed in their initial comments, the Associations support the Commission’s proposal to designate only Category 1 (largely unimpaired) spectrum blocks for bidding by reserve-eligible

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<sup>4</sup> See Comments of the Competitive Carriers Association, AU Docket No. 14-252, GN Docket No. 12-268, at p. 33 (Feb. 20, 2015) (“*CCA Comments*”); see also Comments of United States Cellular Corporation, AU Docket No. 14-252, GN Docket No. 12-268, at p. 28 (Feb. 20, 2015) (“*US Cellular Comments*”).

<sup>5</sup> See *Auction Comment PN* at ¶ 49.

<sup>6</sup> See Comments of AT&T, AU Docket No. 14-252, GN Docket No. 12-268, at p. 8-9 (Feb. 20, 2015) (“*AT&T Comments*”); see also Comments of Verizon, AU Docket No. 14-252, GN Docket No. 12-268, at p. 2-3 (Feb. 20, 2015) (“*Verizon Comments*”).

<sup>7</sup> *U.S. Cellular Comments* at p. 28.

entities.<sup>8</sup> This proposal is consistent with the Commission’s responsibility to promote spectrum access for a variety of licensees, including carriers seeking to serve rural areas or improve services in rural areas.<sup>9</sup> The Commission sought comment on a proposal in which Category 2 (significantly impaired) spectrum blocks may be included in the reserve in any Partial Economic Areas (“PEAs”) with fewer Category 1 blocks than would be contained in the maximum spectrum reserve.<sup>10</sup> In PEAs where there are fewer Category 1 blocks available than would be contained in the maximum spectrum reserve, the Associations support the inclusion of Category 2 blocks in the reserve.<sup>11</sup> In situations where the amount of Category 1 spectrum available cannot meet the maximum spectrum reserve amount, this solution makes good sense. While largely unimpaired spectrum is certainly preferred – the simple fact is that *more* reserve spectrum is better than *less* reserve spectrum for the Associations’ members and rural consumers generally. The Associations oppose the nationwide carriers’ suggestions that the Commission auction only Category 1 spectrum, or that (if both Category 1 and 2 spectrum is auctioned) the Commission should fill the reserve allocation first with any Category 2 spectrum in the PEA, followed by any category 1 blocks necessary to meet the reserve allocation.<sup>12</sup>

Further, the Associations agree with commenters that the Commission should also consider defining available spectrum more flexibly to ensure that there is reserve spectrum available in each PEA.<sup>13</sup> Specifically, the Commission should include the three least impaired licenses in each PEA,

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<sup>8</sup> *Auction Comment PN ¶ 151*; See Comments of the Rural Wireless Association, Inc. and NTCA – The Rural Broadband Association, AU Docket No. 14-252, GN Docket No. 12-268, at p. 3 (Feb. 20, 2015) (“*RWA/NTCA Comments*”).

<sup>9</sup> 47 U.S.C. §§ 309(j)(3)(A); (B).

<sup>10</sup> *Auction Comment PN ¶ 152*.

<sup>11</sup> See *RWA/NTCA Comments* at p. 3; see also Comments of Cellular South, Inc., AU Docket No. 14-252, GN Docket No. 12-268, at p. 4 (Feb. 20, 2015) (“*C Spire Comments*”).

<sup>12</sup> *AT&T Comments* at p. 7; see also *Verizon Comments* at p. 12.

<sup>13</sup> *C Spire Comments* at p. 4; see also *CCA Comments* at p. 21-22.

regardless of whether those licenses are considered Category 1 or 2.<sup>14</sup> The Associations agree with T-Mobile that including the least impaired spectrum in the reserve would preserve the benefits of the pro-competitive spectrum reserve for all consumers without delaying the process or further complicating the auction.<sup>15</sup>

### **III. ADJUSTMENTS TO THE PROPOSED ASSIGNMENT PHASE WILL PROMOTE COMPETITION.**

Once the forward auction clock phase has concluded, the next step will be the assignment phase. As currently proposed, successful forward auction bidders will bid for frequency-specific licenses equal to the number of blocks they won in the clock phase. The Associations agree with commenters that the Commission's assignment phase procedures could be problematic for non-dominant carriers. The assignment phase as currently proposed would disadvantage small and rural wireless carriers and risk relegating them to the most impaired licenses in each PEA.<sup>16</sup>

In particular, the Associations are concerned that the Commission's proposed objectives intended to inform the assignment bidding phase fail to consider the needs of single-license winners. The Commission has proposed implementing additional objectives prior to the assignment phase to optimize frequency assignment. These proposed objectives include perceived benefits such as: (1) maximizing geographic contiguity of spectrum holdings in adjacent markets; (2) maximizing spectral contiguity within a single market; and (3) minimizing the number of isolated single licenses assigned to the winner of multiple licenses.<sup>17</sup> While these considerations are envisioned to simplify license assignment and promote efficiency, they do nothing to ensure that single license winners will receive licenses that meet their business needs. Small and rural wireless carriers need "clean" or unimpaired

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<sup>14</sup> *C Spire Comments* at p. 4; *see also CCA Comments* at p. 21-22.

<sup>15</sup> Comments of T-Mobile USA, Inc., AU Docket No. 14-252, GN Docket No. 12-268, at p. 8 (Feb. 20, 2015) ("*T-Mobile Comments*").

<sup>16</sup> *CCA Comments* at p. 34; *see also US Cellular Comments* at p. 7.

<sup>17</sup> *Auction Comment PN* at ¶ 207-208.

spectrum to the same (or greater) extent than do nationwide carriers. As such, the Associations agree with the Competitive Carriers Association that the Commission should implement an additional assignment-phase objective: assigning the provisional winning bidders of single licenses the least impaired block within the category on which they bid.<sup>18</sup> If the Commission fails to do so, the spectrum needs of small and rural wireless carriers will be ignored due to the focus on contiguity, or they will be outbid by nationwide carriers for the most desirable/least impaired spectrum in the assignment phase.

Further, the Associations agree that the Commission should consider randomly assigning spectrum licenses during the assignment phase rather than requiring participants to bid for specific licenses.<sup>19</sup> The optimization process discussed above will maximize contiguity and protect single license winners. As noted by U.S. Cellular, nearly every commenter that addressed this issue in the underlying rulemaking proceeding urged the Commission to rely on random or quasi-random procedures rather than bidding in the assignment phase.<sup>20</sup> Random license assignment following the optimization process would simplify the assignment phase – a process that is likely to be time consuming, complex, and costly for small and rural bidders.

#### **IV. CONCLUSION**

The Associations thank the Commission for this opportunity to comment on its Incentive Auction proposals and urge the adoption of rules that ensure the delivery of services to consumers in rural areas. The Commission should adopt Incentive Auction rules that promote deployment of advanced wireless services to consumers living, working and traveling in rural areas and encourage auction participation by the small rural carriers that serve those consumers. The Associations encourage the Commission to hold the auction as scheduled in early 2016 to put this spectrum in the hands of

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<sup>18</sup> *CCA Comments* at p. 36.

<sup>19</sup> *C Spire Comments* at p. 6; *see also CCA Comments* at p. 37.

<sup>20</sup> *U.S. Cellular Comments* at p. 8.

wireless providers who are ready and able to put it to its best use and provide competitive service in rural areas of the country.

Respectfully submitted,

**Rural Wireless Association, Inc.**

**NTCA – The Rural Broadband Association**

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