



May 21, 2015

Via ECFS

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

RE: EX PARTE PRESENTATION

WT Docket No. 14-170: *Updating Part 1 Competitive Bidding Rules*

GN Docket No. 12-268: *Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*

RM-11395: *Petition of DIRECTV Group, Inc. and EchoStar LLC for Expedited Rulemaking to Amend Sections 1.2105(a)(2)(xi) and 1.2106(a) of the Commission's Rules and/or for Interim Conditional Waiver*

WT Docket No. 05-211: *Implementation of the Commercial Spectrum Enhancement Act and Modernization of the Commission's Competitive Bidding Rules and Procedures*

Dear Ms. Dortch,

On May 19, Jill Canfield of NTCA – The Rural Broadband Association (“NTCA”), Erin Fitzgerald of the Rural Wireless Association, Inc. (“RWA”), and Cary Mitchell of the law firm Blooston, Mordkofsky, Dickens, Duffy & Prendergast, LLP (“Blooston Rural Carriers”)¹ (together, “Rural Coalition”) met with representatives of the Commission’s Wireless Telecommunications Bureau (“WTB”).²

Consistent with Blooston and joint RWA/NTCA comments and reply comments in these proceedings, members of the Rural Coalition discussed its Rural Telco Bidding Credit proposal

¹ The Blooston Rural Carriers have previously been identified in the record of these proceedings. *See, e.g.*, Comments of the Blooston Rural Carriers, WT Docket Nos. 14-170, 05-211, GN Docket No. 12-268, and RM-11395 at Attachment A (filed Feb. 20, 2015).

² Wireless Telecommunications Bureau and Incentive Auction Task Force Commission Staff in attendance included: Blaise Scinto, Jean Kiddoo, Patrick Donovan, Jim Schlichting, Karen Sprung, Sue McNeil, Kelly Quinn (via telephone), and Johanna Thomas.

in which the Commission offers a bidding credit to an entity that: (1) qualifies under the Act or Commission's rules as a rural telephone company or is a subsidiary/affiliate of a rural telephone company; and (2) has no more than 250,000 domestic retail subscriber lines, counting all fixed business and residential subscriber lines, aggregated over all affiliates. The credit would be independent of, and in addition to, any small business bidding credits for which a rural telephone company bidder may be eligible.

The Rural Coalition discussed how certain elements of the Rural Telco Bidding Credit proposal make it resistant to abuse. First, a rural telco bidder would be eligible for the proposed Rural Telco Bidding Credit only in the geographic license areas that overlap, in whole or in part, its service area defined by its existing Eligible Telecommunications Carrier ("ETC") designation. The Rural Coalition also has proposed that no rural telephone company could receive more than \$10 million in Rural Telco Bidding Credits. The \$10 million cap would apply to individual companies or a consortium/joint venture made up of rural telephone companies. The \$10 million cap would not accumulate on a per company basis – meaning that a consortium of three rural telephone companies would be eligible for \$10 million – not \$30 million.

The Rural Coalition has also proposed that licenses procured with the Rural Telco Bidding Credit be subject to assignment and leasing restrictions. In particular, with limited exceptions, assignment of a license won with a Rural Telco Bidding Credit back to an investor in the winning licensee would be prohibited throughout the initial license term. Likewise, an investor in the winning licensee would be prohibited from entering into a lease or wholesale agreement regarding capacity of any license won with the Rural Telco Bidding Credit.

Subject to certain restrictions, entities that win licenses with the Rural Telco Bidding Credit and/or the Small Business Bidding Credit should be able enter into lease or wholesale agreements regarding the capacity of that spectrum with companies that have not invested in the license winner. The Commission should restrict lease or wholesale agreements with nationwide wireless carriers regarding spectrum won with the Rural Telco Bidding Credit in a fashion similar to the way that the Attributable Material Relationship rule limits such agreements regarding spectrum won with the Small Business Bidding Credit. However, the Commission should recognize that relationships between rural carriers aimed at obtaining access to spectrum for rural service benefit the public interest. Given the large size of PEA geographic license areas, a rural carrier's spectrum license is likely to contain rural areas served by other rural carriers. Allowing one rural carrier to lease or wholesale spectrum obtained with the Rural Telco Bidding Credit and/or the Small Business Bidding Credit to another rural carrier does not pose any threat to the integrity of the auction process, and should be allowed. In situations where spectrum is acquired without a Rural Telco Bidding Credit and/or the Small Business Bidding Credit, winning bidders should be able to freely lease spectrum to any qualified user.³

Pursuant to Section 1.1206 of the Commission's Rules, 47 C.F.R. § 1.1206, this *ex parte* presentation is being filed electronically with the Office of the Secretary.

³ RWA and Blooston have made similar recommendations in past filings regarding spectrum garnered with bidding credits. See Comments of the Blooston Rural Carriers, WT Docket No. 14-170, GN Docket No. 12-268, RM-11395, WT Docket No. 05-211, at p. 7 (Feb. 20, 2015); Reply Comments of the Rural Wireless Association, Inc., WT Docket No. 14-170, GN Docket No. 12-268, RM-11395, WT Docket No. 05-211, at p. 8 (Mar. 6, 2015).

Sincerely,

/s/ Erin P. Fitzgerald

Erin P. Fitzgerald
Assistant Regulatory Counsel
Rural Wireless Association, Inc.

/s/ Jill Canfield

Jill Canfield
Vice President, Legal and Industry &
Assistant General Counsel
NTCA – The Rural Broadband Association

/s/ D. Cary Mitchell

D. Cary Mitchell
Partner
Blooston, Mordkofsky, Dickens, Duffy &
Prendergast, LLP
Counsel to Blooston Rural Carriers

cc (via email):

Blaise Scinto
Jean Kiddoo
Patrick Donovan
Jim Schlichting
Karen Sprung
Sue McNeil
Kelly Quinn
Johanna Thomas