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June 24, 2015

## Via ECFS

Roger Sherman, Chief  
Wireless Telecommunications Bureau  
Federal Communications Commission  
445 12<sup>th</sup> Street SW  
Washington, DC 20012

**Re: Updating Part 1 Competitive Bidding Rules, et al.**

WT Docket No. 14-170; GN Docket No. 12-268; RM-11395; WT Docket No. 05-211

Dear Roger,

In the wake of Auction 97, there is broad, bipartisan support for reform of the Federal Communications Commission (“FCC” or “Commission”) Designated Entity (“DE”) Program. The Rural-26 DE Coalition (“Rural-26”) agrees that reform of the DE program is critical in order to close existing loopholes and give legitimate small businesses and rural telecommunication companies a genuine opportunity to obtain and use spectrum in the upcoming 600 MHz Incentive Auction in order to provide mobile and fixed wireless broadband services in rural markets. In this letter, Rural-26 addresses reform of the DE program, as well as another issue regarding common ownership of auction applicants.

Bona fide small businesses and rural telecommunications companies would benefit from an aggregate \$10 million cap on bidding credits in the upcoming 600 MHz Incentive Auction because it would help protect them from potential abuse and gamesmanship of the program. A \$10 million cap also would benefit small businesses and rural telecommunications providers because it would allow them a realistic opportunity to compete for licenses against newly formed DE bidding entities backed by speculative capital, but with no desire or plan to provide much-needed services to rural America. It is in the public interest to put in place a cap that reasonably tempers the ability of speculative capital to outcompete legitimate rural businesses with focused business plans and deployment strategies for rural areas.

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Rural-26, however, recognizes that there may be support on the record for a larger cap in urban markets. Accordingly, in order to encourage participation by larger DEs in urban markets, Rural-26 would support a bifurcated cap, with differing cap levels for the larger urban and smaller rural markets. The proposed \$10 million cap would apply to rural markets, while in urban markets, the cap would be higher. For example, a cap of \$100 million could apply in the top 40 Partial Economic Areas (“PEAs”) or in those PEAs with a population of 500,000 or more. This approach would help to protect legitimate DEs and rural telecommunications providers from potential abuse of the DE program and from being foreclosed by spectrum speculators, while also allowing larger DEs a higher cap in urban areas.

In addition to reform of the DE program, the Rural-26 also is concerned about possible rule changes that could limit participation by rural companies. To the extent the Commission adopts limitations on common ownership of auction applicants, Rural-26 supports an exception for existing rural wireless partnerships, specifically for cellular “settlement” partnerships and their successors-in-interest. These partnerships were formed to comply with then existing Commission rules for licensing the cellular service and not for the purpose of gaming future FCC auctions. In the lengthy history of Commission auctions, there is no suggestion of abuse by these rural carriers. These rural wireless partnerships provide vital mobile service and competition in rural areas. The Commission must ensure that in an effort to address abuses by a small number of bidders in Auction 97, that it does not undermine the ability of small wireless partnerships to acquire 600 MHz spectrum to provide new and evolving services. At a minimum, the Commission must not prohibit existing rural wireless partnerships from bidding on the licenses that overlap such partnerships’ service areas.

Sincerely,



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*Counsel for Rural-26 DE Coalition*

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