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January 25, 2001
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Magalie Roman Salas
Office of the Secretary
Federal Communications Commission
445 Twelfth Street, SW, TW-A325
Washington, D.C. 20554

Ex Parte Submission

**Re: Amendment of Part 1 of the Commission's Rules
Competitive Bidding Procedures
WT Docket No. 97-82**

Dear Ms. Salas:

The United States Telecom Association (USTA), through the undersigned, hereby expresses its support for the Petition for Reconsideration (PFR) filed by the Rural Telecommunications Group (RTG) in response to the Federal Communications Commission's (FCC) Fifth Report and Order in the above-referenced proceeding, as that PFR pertains to the FCC's designated entity (DE) rules. USTA urges the FCC to revise its rules, applicable to DEs bidding in spectrum auctions, to exclude officer and director revenues that are unrelated to a bidding DE's available resources.

The current DE rules, specifically as they pertain to the calculation of gross revenue for purposes of bidding credit eligibility, hamper rural carrier acquisition of spectrum in violation of Section 309(j) of the Communications Act of 1934, as amended, 47 U.S.C. § 309(j). In so doing, the rules thwart the public policy goal of the FCC to promote the acquisition of spectrum by rural carriers qualifying as DEs. Accordingly, the FCC should: 1) clarify that the gross revenues of outside business interests of a bidding DE's officers and directors are not attributable to the bidding DE unless the bidding DE and the outside business interests are closely involved with each other's businesses; and 2) modify its attribution rules to consider an officer or director of a bidding DE to have a "controlling interest" in the bidding DE only if such individual officer or director has the actual power to control the bidding DE.

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Magalie Roman Salas
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I request that you include this written *ex parte* submission in the record of the above-referenced proceeding. Pursuant to FCC Rule 1.1206, 47 C.F.R. § 1.1206, enclosed please find two copies of this written *ex parte* submission. Should you have any questions, please contact me at (202) 326-7300.

Sincerely,

*Julie E. Kones for
Lawrence E. Sargeant*

Lawrence E. Sargeant
VP Regulatory Affairs
and General Counsel

cc: Dorothy Attwood
Tom Sugrue