

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

In the Matter of)	
)	
Reallocation of the 216-220MHz,)	WT Docket No. 02-08
1390-1395 MHz, 1427-1429 MHz,)	RM-9267
1429-1432 MHz, 1432-1435 MHz,)	RM-9692
1670-1675 MHz, and 2385-2390 MHz)	RM-9797
Government Transfer Bands)	RM-9854
)	RM-9882

**COMMENTS
OF THE
NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION**

The National Telecommunications Cooperative Association (NTCA)¹ submits these comments in response to the Commission’s Notice of Proposed Rulemaking in WT Docket No. 02-08, FCC 02-15.

NTCA’s members provide local exchange and wireless services to rural America and are very much interested in the outcome of this proceeding. The spectrum at issue may be particularly useful in rural areas. It may allow rural carriers to fill in gaps in their service territory through fixed applications or to provide broadband service to areas where it is uneconomical to do so otherwise. NTCA therefore urges the Commission to adopt rules and policies governing this auction that will provide ample opportunity for small and rural carriers to obtain spectrum and use it to provide service. Specifically, NTCA suggests that small geographic areas be used in the licensing scheme.

¹ NTCA is a not-for-profit association established in 1954. It represents more than 500 rate-of-return regulated rural telecommunications companies. NTCA members are full service telecommunications carriers providing local, wireless, cable, Internet, satellite and long distance services to their communities. All NTCA members are small carriers that are defined as “rural telephone companies” in the Telecommunications Act of 1996.

NTCA agrees with the FCC that a geographic area licensing approach should be used to assign licenses in the transferred bands. Geographic-area licensing affords licensees flexibility to respond to market demand. In determining the particular size of the areas in which to license the band, the Commission must look to the spectrum's potential applications and Congressional directives. NTCA urges the Commission to license this valuable spectrum, or at least a portion of it, according to small geographic areas, such Metropolitan Statistical Areas (MSAs) and Rural Statistical Areas (RSAs).

Licensing the spectrum according to the smaller geographic areas will put the spectrum into the hands of smaller carriers and hasten the deployment of service to rural America.

NTCA's members are rural telephone companies, situated in the rural communities they serve. About half of NTCA's members are cooperatives and thus owned by the subscribers. NTCA's members therefore have a strong incentive to provide high-quality, modern services and are not driven solely by profit margins. They have the incentive to obtain spectrum and build systems to serve the rural communities.

By contrast, large carriers are often driven by the share holders. They seek to make as large a profit as possible. Urban areas, by their very nature, are more profitable than rural areas. Rural areas have fewer potential customers and tend to have difficult terrain, which drives up construction costs. It costs more to build plant in rural areas and the returns are smaller. Large nationwide carriers will focus their build out efforts to provide service to the urban consumer.

Licensing according to small geographic service territories, such as MSAs and RSAs will allow the small and rural carriers to obtain license for the territory they actually seek to serve. They may use the spectrum to fill in gaps in their service territories or to provide new services economically. The public interest is served since the rural carriers will use the spectrum to build out systems and provide much needed services to the rural consumers.

Further, section 309(j) of the Communications Act of 1934 and Section 706 of the Telecommunications Act of 1996 mandate that the Commission adopt rules and policies that promote the development and rapid deployment of new technologies to rural areas. The Commission is also directed to ensure that small businesses, specifically rural telephone companies, are given the opportunity to participate in the provision of spectrum-based services. The Commission will best fulfill its Congressional directives and provide opportunities for rural carriers by auctioning the transferred spectrum bands in small service territories. Licensing this spectrum according to large service areas would represent a complete abandonment of the goals of 309(j), *i.e.*, the promotion of small business participation in the ownership of the spectrum.

CONCLUSION

The Commission is getting ready to auction spectrum that may have valuable applications in rural markets. NTCA urges the Commission to meet its obligations under the Communications Act and provide real, meaningful opportunities to small and rural

carriers. The transferred spectrum bands, or at the very least a portion thereof, should be licensed according to small service areas, such as RSAs and MSAs.

Respectfully submitted,

NATIONAL TELECOMMUNICATIONS
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CERTIFICATE OF SERVICE

I, Gail C. Malloy, certify that a copy of the foregoing Comments of the National Telecommunications Cooperative Association in WT Docket No. 02-08, FCC 02-15 was served on this 4th of March 2002 by first-class, U.S. Mail, postage prepaid, to the following persons.

/s/ Gail C. Malloy

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