

**Before the
Federal Communications Commission
Washington, DC 20554**

In the Matter of)
)
AT&T Wireless Services, Inc. and Cingular) WT Docket No. 04-70
Wireless Corporation Seek FCC Consent to)
Transfer Control of Licenses and)
Authorizations)

To: The Commission

COMMENTS OF HIGHLAND CELLULAR, LLC

Highland Cellular, LLC (“Highland”) submits these comments in support of the proposed acquisition of AT&T Wireless Services, Inc. (“AWS”) by Cingular Wireless Corporation (“Cingular”).¹ Highland is a non-LEC rural wireless carrier operating in the 850 MHz and 1.9 GHz bands using a TDMA system overlaid with GSM. As discussed below, Highland believes that the proposed merger of Cingular and AWS is in the public interest and will considerably strengthen the position of GSM in the United States. A strong domestic GSM competitor, such as the post-merger Cingular, will inure to the public’s benefit and, of particular importance to Highland, to the benefit of Highland’s customers in rural America. As discussed below, Highland therefore believes the merger is in the public interest and should be approved.

DISCUSSION

Highland is a mobile carrier operating in some of the poorest and most sparsely populated areas of the eastern United States. Highland is an original 850 MHz cellular carrier in the Virginia 2 – Tazewell and West Virginia 7 – Raleigh RSAs, and its operations at 850 MHz have

¹ See “AT&T Wireless Services, Inc. and Cingular Wireless Corporation Seek FCC Consent to Transfer Control of Licenses and Authorizations,” WT Docket 04-70, *FCC Public Notice* DA 04-932 (rel. Apr. 2, 2004).

expanded to include Wyoming and McDowell counties in the West Virginia 6 – Lincoln RSA. Highland has also acquired a number of authorizations in the 1.9 GHz band in similar areas. Highland’s cellular service area comprises a contiguous band of counties surrounding I-77 bounded to the north by US-58 and to the south by US-60. This area is particularly challenging from a terrain perspective, being mainly mountainous. Perhaps as a result, Highland is the sole TDMA/GSM carrier in most of its footprint. As such, it is a roaming partner of both AWS and Cingular. Highland’s principal competitors are US Cellular and NTELOS, both CDMA operators.

Highland has reviewed the record in the Cingular and AWS merger applications as well as the material filed in support and against the proposed merger. In such respects, Highland believes that the merger parties have clearly established that the merger will not harm competition in relevant product markets and that the merger has substantive public interest benefits. Highland also has reviewed the parties’ spectrum requirements, which it believes are consistent with Highland’s experience in deploying overlaid TDMA/GSM/3G networks. Nonetheless, Highland is filing these comments because it believes that there are specific benefits to the proposed merger for rural America that should be emphasized.

Highland submits that rural carriers will benefit from a strong national GSM competitor. At the present time, GSM deployment in the United States is largely balkanized, with neither Cingular nor AWS possessing a truly national footprint.² CDMA operators like Sprint and Verizon, and even Nextel, are licensed in all—or virtually all—of the US markets, and therefore are able to offer true national coverage without resorting to extensive roaming arrangements. By

² See ULS File No. 0001656065, Exhibit 1 at 20-21.

combining the networks of Cingular and AWS, the post-merger company will be a stronger GSM competitor able to lead the development of 3G GSM services in the United States.

Having a strong GSM presence in the United States is beneficial to customers in Highland's region in several ways. As an initial matter, Highland does not possess the market scale and scope to, for example, force GSM development for 850 MHz systems or to make a market for higher functionality GSM handsets adapted for American consumers.³ The continued development of such products and offerings can only be assured if there is a strong GSM competitor to take the development reins. With a single strong GSM player, Highland also has greater certainty that national platforms will be developed—by vendors for carriers or as third party applications—for ancillary services and functionality, and that those platforms will be supported in the future. This provides Highland the needed encouragement to deploy advanced services for its rural subscriber base and, through economies of scope and scale that can be leveraged to Highland's benefit, reduces the costs associated with deployment and commercialization of those offerings.

Second, with the increased scope and scale associated with a post-merger Cingular, Highland fully anticipates that the current domestic GSM coverage footprint will be substantially expanded. GSM, for a variety of reasons, cannot simply be overlaid site-by-site where existing TDMA transmitters are located. As a more recent overlay, the GSM footprint in the United States is therefore less extensive than the TDMA or CDMA footprints, and falls well short of analog cellular coverage. With the combined strength of Cingular and AWS, Highland believes the post-merger company can focus on extending, on an expedited basis, the roll-out of GSM to

³ See, e.g., ULS File No. 0001656065, Exhibit 1 at 22-23.

offer substantially more robust national GSM roaming coverage.⁴ This is critically important to carriers like Highland because the GSM mobiles available, and economically viable for rural customers, are GSM-only dual band units. Unless GSM is aggressively built out nationally, which will only happen with a strong GSM competitor, Highland's GSM customers will have a much smaller area where their phones function out of market.

Third, because of the economic factors associated with low density regions and travel patterns of urban and rural subscribers, Highland is a net recipient of roaming revenues from both AWS and Cingular. As Highland previously noted, the greater impetus a strong GSM national player can place behind GSM will result in more GSM product development and more attractive GSM third party applications. Almost as importantly from Highland's perspective, those factors will result in a larger national GSM subscriber base. That larger subscriber base will result in more GSM traffic, including more GSM roaming traffic on Highland's network. That roaming revenue stream permits Highland to continue to offer the most advanced and high quality services possible to its own subscribers, and to extend its network to more remote areas.

Fourth, a keystone national GSM competitor in the United States also offers the potential for enhancing domestic export markets. At present, we lag behind many European and Asian nations in terms of the deployment and ubiquity of data services. Upon the merger of Cingular and AWS, the combined company will have the spectrum resources to aggressively pursue high speed data networks. Not only is this an immediate benefit to U.S. subscribers, it creates a content and applications platform that can enable U.S. companies to market internationally. As a matter of national economics, it is worthwhile noting that the vast majority of third party data

⁴ See ULS File No. 0001656065, Hogg/Austin Declaration, Exhibit 3 at 25

applications available at this time are being marketed by companies from those nations where 3G is already a reality.

As a final matter, Highland believes that both Cingular and AWS have strong track records with respect to working with independent carriers, such as Highland, to extend the scope of coverage to very rural and low population density areas. Both of these companies understand that in many cases rural companies are the entities best positioned to serve rural markets. Highland has no reason to believe that the post-merger Cingular will not continue to work in partnership with rural carriers and rural America.

CONCLUSION

Highland urges the Commission to consent to the applications filed by Cingular and AWS and thereby permit the two companies to form a stronger, unified GSM competitor for the U.S. market. As Highland has discussed, a strong national GSM carrier has vast benefits for customers in rural areas by reducing risks associated with rural GSM deployment, and by

