

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Auctions of Advanced Wireless Services)	AU Docket No. 06-30
Licenses in the 1710-1755 MHz and)	DA 06-238
2110-2155 MHz Bands		

**COMMENTS
OF THE
NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION**

The National Telecommunications Cooperative Association (NTCA)¹ submits these comments in response to the Wireless Telecommunications Bureau's (Bureau's) Public Notice seeking comment on procedures for the auction of advanced wireless services (AWS) licenses.² NTCA urges the Bureau to reject the package bidding format for the AWS spectrum auction.

In its public notice, the Bureau announced that the auction of the AWS licenses in the 1720-1755 and 2110-2155 MHz bands is scheduled to commence on June 29, 2006. Small, rural telecommunications providers consider this spectrum desirable and, given the opportunity, will participate in the auction. A recent NTCA survey³ found that 11%

¹ NTCA is the premier industry association representing rural telecommunications providers. Established in 1954 by eight rural telephone companies, today NTCA represents more than 560 rural rate-of-return regulated telecommunications providers. All of NTCA's members are full service incumbent local exchange carriers (ILECs) and many of its members provide wireless, cable, Internet, satellite and long distance services to their communities. Each member is a "rural telephone company" as defined in the Communications Act of 1934, as amended (Act). NTCA's members are dedicated to providing competitive modern telecommunications services and ensuring the economic future of their rural communities.

² Auction of Advanced Wireless Services Licenses Scheduled for June 29, 2006: Comment Sought on Reserve Prices or Minimum Opening Bids and Other Procedures, Public Notice, AU Docket No. 06-30 (rel. January 31, 2006) (Public Notice).

³ See, NTCA 2005 Wireless Survey, available at www.ntca.org.

of survey respondents were interested in obtaining the spectrum.⁴ The auction announcement has generated much interest and many inquiries from NTCA's membership. Not only is the spectrum valuable with characteristics that will likely serve a rural population well, the Commission is auctioning the A Block according to cellular market areas (CMAs). These small license territories offer the advantage that they permit carriers to bid on only the territory in which they are interested, and they tend to ensure that the spectrum is more affordable. Large carriers will likely concentrate their bidding efforts on the Economic Areas (EAs) and the Regional Economic Area Groupings (REAGs), therefore not competing for and not inflating the price of CMAs.

The Bureau seeks comment on packaging bidding.⁵ This is a concept the small carriers find troubling. Under the package bidding format, bidders can place bids on groups of licenses they wish to win in combination with the result that they win either all of the licenses in a group or none of them. Package bidding will permit mid-size and large carriers to aggregate license territories, drawing lines creating self-defined EA-like and REAG-like license territories. Instead of having an auction with one spectrum block licensed according to small CMAs, package bidding will create another block of spectrum licensed *de facto* according to large license territories. An auction of only large license territories virtually ensures an auction of only large carriers. Small carriers, even with a small business bidding credit, lack the resources to compete against large carriers bidding on the same territory. In order to provide small carriers with the opportunity to obtain the AWS spectrum and provide additional wireless service in rural areas, NTCA

⁴ The most desired spectrum was 700 MHz, cited by 60% of survey respondents.

⁵ Public Notice, pp. 4-8.

urges the Commission to reject package bidding as an option for the upcoming AWS auction.

Package bidding for the AWS spectrum is also not realistically feasible. The auction is scheduled to begin in less than four months. Before package bidding can happen, the Commission must establish the policies and procedures governing its operation. The specifics of package bidding would require a rulemaking procedure with its associated notice and comment period and regulatory flexibility analysis.⁶ A full economic analysis of the rules and their impact on small entities would be necessary. It is unlikely that a thorough evaluation can be completed in the allotted time.

If the Commission determines that it will permit package bidding, it should consider it as an option for only the B, C, D, E or F spectrum blocks. The A block should be licensed according to CMAs without package bidding. The Commission has a statutory obligation to avoid an excessive concentration of licenses and to disseminate licenses among a wide variety of applicants, including small businesses and rural telephone companies.⁷ This statutory obligation seems lost in an era of large carrier mergers and consolidation. The Commission must abide by its obligation and ensure that small businesses and rural telephone companies have a meaningful opportunity to participate in the auction process. History has shown that only when spectrum is auctioned according to small license territories do a wide variety of applicants actually obtain spectrum licenses. The AWS A block of spectrum must be protected from package bidding.

⁶ 5 U.S.C. § 603, Initial Regulatory Flexibility Analysis, requires that whenever the FCC publishes “a Notice of Proposed Rulemaking for any proposed rule, the agency shall prepare and make available for public comment an initial regulatory flexibility analysis. Such analysis shall describe the impact of the proposed rule on small entities.”

⁷ 47 U.S.C. § 309(j)(3)(B).

Conclusion

NTCA urges the Commission to preserve the ability of small carriers to obtain spectrum to provide new, innovate wireless service to rural communities. The Commission should reject package bidding as an option for the upcoming AWS spectrum auction. The A spectrum block of the AWS spectrum should be licensed according to CMAs without package bidding.

Respectfully submitted,

NATIONAL TELECOMMUNICATIONS
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CERTIFICATE OF SERVICE

I, Gail Malloy, certify that a copy of the foregoing Comments of the National Telecommunications Cooperative Association in AU Docket No. 06-30, DA 06-238 was served on this 14th day of February 2006 via electronic mail to the following persons.

/s/ Gail Malloy

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