

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

In the Matter of)	
)	
Implementation of the Commercial)	
Spectrum Enhancement Act and)	WT Docket No. 05-211
Modernization of the Commission's)	
Competitive Bidding Rules and)	
Procedures)	

**Reply Comments of
United States Cellular Corporation**

United States Cellular Corporation ("USCC"), by its attorneys, submits its reply comments in response to the Commission's Further Notice of Proposed Rulemaking (FCC 06-8), released February 3, 2006 regarding Implementation of the Commercial Spectrum Enhancement Act and Modernization of the Commission's Competitive Bidding Rules and Procedures in WT Docket No. 05-211 ("Notice").

Introduction

The Commission now has strong support in the record for adoption of its proposals to re-focus the designated entity program away from the national wireless carriers, while retaining options within this program to afford non-national carriers opportunities to help small businesses. The Commission should strike a balance that will enable small businesses " ...to attract capital and draw on the experience of existing firms and managers as a way to increase their odds of success ... without exacerbating the ownership concentration problems associated with turning to large incumbent providers in their existing regions for support."¹ Continuing to

¹ Council Tree Ex Parte Communication dated June 13, 2005, p. 15.

allow smaller in-region incumbents like USCC and others to work with small businesses will benefit new and expanded small business development, encourage the deployment of advanced wireless services, particularly in rural areas, and help sustain diversity and competition in the mobile wireless industry.

Discussion

1. **The Comments Reflect Overwhelming Support for Adoption of New Restrictions to Refocus the Designated Entity Program Away From National Wireless Carriers.**

The comments filed by Council Tree Communications, Inc., MetroPCS Communications, Inc., SunCom Wireless, Inc., Rural Telecommunications Group, Inc., Organization for the Promotion and Advancement of Small Telecommunications Companies, Poplar Associates, LLC, Carroll Wireless, L.P., Aloha Partners, L.P., Columbia Capital LLC, MC Venture Partners, TA Associates, Inc., Anatares, Inc., Bethel Native Corporation, Bristol Bay Native Corporation, Doyon Communications, Inc. STX Wireless, LLC, The Minority Media and Telecommunications Council, US Wirefree, The Wireless Broadband Service Providers Association and Centennial Communications Corp. support adoption of new rules limiting bid credit opportunities based on material relationships between national wireless carriers and qualified designated entities.

We agree with MetroPCS² and others that national carriers are all substantially different in kind from local and regional independent carriers given the breadth of their footprints and the scope of their operations. It is not unreasonable or unfair for the Commission to update its designated entity program to take into account the greatly increased concentration of spectrum resources in the hands of the national wireless carriers. By limiting access of the national

² MetroPCS Comments, pages 9-10.

carriers to bid credit benefits, the Commission can effectively refocus its designated entity policies to expand opportunities for successful small business participation in the wireless industry. At the same time, the Commission can advance other important statutory goals such as avoiding excessive concentration of licenses, enhancing diversity, promoting competition and encouraging provision of new and innovative services in rural areas. Adopting bid credit restrictions which apply to the five national carriers is justified and clearly has broad support.

2. **The Commission Should Preserve the Options of Small Businesses Which Qualify for Bid Credit Benefits to have Material Financial and Operational Relationships with Non-National Wireless Incumbents.**

The Commission has previously recognized that giving small businesses the option to have material financial and operational relationships with in-region incumbents and others can assist " ...those small businesses who do participate in spectrum auctions to have sufficient capital and flexibility to structure their businesses to be able to compete at auction, fulfill their payment obligations, and ultimately provide service to the public."³ Adopting revised bid credit procedures which afford options to small businesses to work with non-national wireless incumbents will help promote new and expanded small business development, encourage the deployment of advanced wireless services, particularly in rural areas, and sustain diversity and competition in the mobile wireless industry.

The few comments proposing lower threshold limits⁴ ignore the obvious differences between the five national carriers and non-national carriers like USCC, Leap, MetroPCS and numerous other regional and local carriers. Consolidation within the industry has resulted in a dramatic concentration of spectrum resources and other sources of market power in the hands of

³ Notice, Para. 7.

⁴ US Wirefree Comments, page 3; WBSPA Comments, pages 5-6, Centennial Comments, p.6.

a very small group of large, national carriers. In proposing the mergers that have helped to bring about this concentration, merging parties have cited the continued presence of regional and local carriers and their role in ensuring a competitive market – especially in rural and underserved markets. Preserving opportunities for the non-national carriers to partner with small businesses through the designated entity program will help ensure that non-national carriers can continue to play this important role. The consequences of not preserving the opportunity for non-national carrier partnerships with designated entities would be the erosion of spectrum opportunities for small businesses, rural service, diversity and competition.

The comments of US Wirefree, WBSPA and Centennial also ignore the Commission's longstanding policies, and its specific goal in these proceedings, to "... strike a delicate balance between encouraging the participation of small businesses in the provision of spectrum based services, and ensuring that those small businesses who do participate in competitive bidding have sufficient capital and flexibility to structure their businesses to be able to compete at auction, fulfill their payment obligations, and ultimately provide service to the public.⁵" Mid-sized regional carriers like USCC, and others have been at the forefront of bringing high quality wireless services to rural and underserved markets. Each of the mid-sized regional carriers plays its own unique role, but as a group they have focused on markets and market segments that would otherwise have been underserved by the national carriers and they have been the leaders in expanding consumer choice through expansion of their operations. USCC, for example, operates a unique business model focused on providing the best possible end-to-end customer

⁵ *id.*; See Implementation of Section 309(j) of the Communications Act - Competitive Bidding, *Fifth Report and Order*, 9 FCC Rcd 5532 at ¶159 (1994); Implementation of Section 309(j) of the Communications Act - Competitive Bidding, *Fifth Memorandum Opinion and Order*, 10 FCC Rcd 403 at ¶¶ 5, 62 (1994); *Part 1 Fifth Report and Order* at ¶¶ 64-65 (2000).

experience. It has been recognized by numerous third parties as a leader in customer satisfaction and network quality.

As the industry has consolidated, the distinctions between the national carriers and non-nationals are becoming sharper. The record in the Roaming NPRM⁶ and other proceedings demonstrates that the Commission needs to take steps to ensure that the non-nationals continue to play a significant and beneficial role in the market for wireless services. The availability of the designated entity program has been a win-win proposition for small businesses and consumers and much of that benefit has arisen from the role played by the non-national carriers. Retaining flexibility within the designated entity program affords mid-sized regional carriers like USCC and others the opportunity to help small businesses to be successful, to assist with the deployment of advanced services (including in rural areas), to enhance diversity and to sustain robust competition.

3. **The Commission Should Adopt Procedures to Provide Adequate Time for Designated Entity Applicants in Auction #66 to Establish Compliance with Any Rate Changes Adopted in This Proceeding.**

USCC agrees with RTG and T-Mobile⁷ that the Commission should attempt to complete these proceedings as expeditiously as possible. At the same time, we share the concerns expressed by Leap, MetroPCS, Columbia Capital, MC Venture Partners and TA Associates⁸ that potential Auction #66 applicants must be given adequate notice of applicable rules and requirements and a reasonable opportunity to amend so that their applications will comply with any changes adopted in the proceedings.

⁶ See In re Re-examination of Roaming Obligations of Commercial Mobile Radio Service Providers, Memorandum Opinion and Order and Notice of Proposed Rulemaking, WT Dockets 05-263; 00-193, FCC 05-160, released August 31, 2005.

⁷ T-Mobile Comments, pages 3-5; RTG/OPASTCO Comments, page 6.

⁸ Leap Comments, page 5; MetroPCS Comments, pages 11-13; Columbia Capital et al. Comments, page 6.

In the event the Commission adopts new or revised rules, it should attempt to do so prior to the short-form filing deadline for Auction #66. Designated entity applicants should also be afforded a reasonable opportunity to amend and update their applications as provided in Sections 1.2105(b) and 1.65 of the Commission's rules to establish compliance with such new or revised rules. The Commission should also confirm that the deadline for submission of a statement made by a designated entity applicant pursuant to Section 1.2110 of the Commission's rules made after the effective date of any new or revised rules similarly should allow a reasonable opportunity for such amendments and updates.

Finally, in the event that the Commission adopts new or revised bid credit benefit procedures which might require the control group of a designated entity applicant to be recapitalized or restructured to remain eligible, the Commission should allow a minimum of sixty days from adoption of a Memorandum Opinion and Order in this proceeding in which to submit major amendments to its short form application to participate in Auction #66.

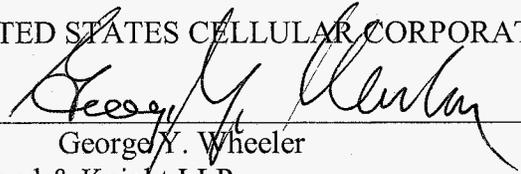
Conclusion

USCC joins with numerous commenters in supporting the adoption of new rules to refocus the Commission's designated entity program to restrict the opportunities for material relationships between the nation's few large incumbent providers, i.e. wireless providers with greater than \$5 billion in average gross wireless revenues, and qualified designated entities. The Commission should continue to allow regional and smaller wireless providers like USCC and others to help small businesses attract capital and obtain technical and operational assistance needed in implementing their new services. Subject to appropriate administrative safeguards, the Commission should take prompt action in these proceedings to avoid delaying the June 29, 2006 schedule for commencing the auction for the AWS-1 licenses.

Respectfully submitted,

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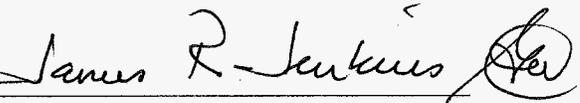
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