

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

In the Matter of)	
)	
Service Rules for the 698-746, 747-762 and 777-792 MHz Bands)	WT Docket No. 06-150
)	
Revision of the Commission's Rules to Ensure Compatibility with Enhanced 911 Emergency Calling Systems)	CC Docket No. 94-102
)	
Section 68.4(a) of the Commission's Rules Governing Hearing Aid-Compatible Telephones)	WT Docket No. 01-309
)	

**COMMENTS OF FRONTIER COMMUNICATIONS
ON POSSIBLE MODIFICATIONS TO RULES GOVERNING WIRELESS
LICENSES IN PORTIONS OF THE 700 MHz SPECTRUM BAND**

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I. INTRODUCTION.

Frontier Communications (“Frontier”)¹ hereby submits its comments in the above captioned matter pursuant to the Commission’s August 10, 2006 Public Notice.² For the reasons stated herein, Frontier requests that the Commission reduce the size of the license areas for the unauctioned 700 MHz spectrum from EAGs to areas no larger than Rural Service Areas (“RSAs”) and Metropolitan Service Areas (“MSAs”).³ The Commission should similarly reduce the size of the license blocks and dedicate specific spectrum bands to smaller license areas.

¹ Frontier is a mid-size holding company with incumbent local exchange carrier (ILEC) operations in 23 states. As an ILEC, Frontier operates in one of the most competitive (both residential and business) urban markets in the country (Rochester, NY), but the balance of its ILEC operations are located in numerous small, high cost rural markets throughout the United States.

² Public Notice, FCC 06-114 (released August 10, 2006).

³ Rural Service Areas and Metropolitan Service Areas are relatively small geographic areas defined by section 27.6(h)(1) of the Commission’s Rules, 47 C.F.R. § 27.6(h)(1). There are a total of 734 RSAs and MSAs.

Frontier also urges the Commission to replace the existing January 2015 license term for the 700 MHz spectrum and establish a 15-year license term for the 700 MHz spectrum to be auctioned by the Commission.

II. The Commission Should Utilize Smaller License Areas to Facilitate Opportunities For Rural Carriers to Participate in the Auction and Expedite Additional Deployment of Competitive Wireless Broadband Services to Rural Areas.

The Commission has solicited comments regarding the revision of the size of the service areas for the licenses to be auctioned in the 700 MHz Band. Under the Commission's existing rules, the spectrum is to be licensed over six large service areas defined by EAGs.⁴ However, the Commission has recognized that circumstances have changed significantly since the Commission adopted the geographic areas for the licenses for the Upper and Lower 700 MHz bands in 2002 and 2001, respectively, that may warrant a revision to size of the services areas for the 700 MHz licenses.

In 2003 and again in 2005 in the Advanced Wireless Services auction, the Commission recognized the benefits of auctioning licensed spectrum on the basis of smaller license areas. The Commission concluded that, by offering three geographic license sizes, the band plan would meet the various needs expressed by potential entrants, as well as the needs of incumbents seeking additional spectrum. The Commission explained:

While some carriers may desire regional or nationwide service territories, others are interested in localized service areas. Our band plan meets this need by including licensing areas based on MSAs and RSAs. These local service areas will be optimal for incumbent operators who may need spectrum capacity only in limited areas. These local service areas also favor smaller entities, such as rural telephone companies and small service providers, with localized business plans and no interest in providing large-area service. As RCA observes, MSAs and RSAs permit entities who are only interested in serving rural areas to acquire spectrum licenses for these areas alone and avoid acquiring spectrum licenses with high population densities that make purchase of license rights too expensive for these types of entities. These types of service providers could

⁴ See 47 C.F.R. § 27.6(b).

*acquire a RSA and create a new service area or they could expand an existing service territory or supplement the spectrum they are licensed to operate in by adding a RSA. They could also combine a few MSAs and RSAs to create a larger but localized service territory. MSAs and RSAs allow entities to mix and match rural and urban areas according to their business plans. By being smaller, these types of geographic service areas provide entry opportunities for smaller carriers, new entrants, and rural telephone companies. Their inclusion in our band plan will foster service to rural areas and tribal lands and thereby bring the benefits of advanced services to these areas.*⁵

In the 2005 Reconsideration Order, the Commission went even further and reallocated an additional 30 MHz of spectrum from REAGs to RSAs and MSAs. The Commission explained:

*While we continue to believe that a variety of license area sizes offers the best means of providing spectrum to a wide variety of applicants, the record on reconsideration supports some modifications to the AWS-1 licensing areas. Specifically, we find that more spectrum should be licensed on an RSA/MSA basis to meet the needs of rural carriers, that a 30 megahertz REAG block is too large for most bidders and should be broken into smaller components that could be aggregated, and that offering an additional block licensed on an EA basis would help enhance the mixture of large and small geographic area licenses available to applicants.*⁶

Frontier urges the Commission to make licenses available in service areas no larger than RSAs/MSAs used in the AWS auction.⁷

Rural service providers like Frontier are interested in the 700 MHz spectrum to further deploy wireless services, including broadband, to consumers in remote and underserved areas. In rural areas, availability of digital subscriber line (DSL) service is potentially limited to loops extending less than 15,000 feet from a central office where DSLAMs are deployed.⁸ LECs and rural carriers serving these customers require access to high quality

⁵ Service Rules for Advanced Wireless Services in the 1.7 GHz and 2.1 GHz Bands, WT Docket No. 02-353 (Nov. 25, 2003) (*AWS-1 Service Rules Order*) at ¶ 39.

⁶ Service Rules for Advanced Wireless Services in the 1.7 GHz and 2.1 GHz Bands, WT Docket No. 02-353 (Aug. 15, 2005) at ¶ 10.

⁷ MSAs and RSAs are collectively referred to as Cellular Market Areas (CMAs).

⁸ An internal Frontier study has estimated that approximately 17% of Frontier's access lines have loop lengths greater than 15,000 feet. Even for loops that are less than 15,000 feet it may be more cost effective in some circumstances to provide advanced services using wireless spectrum.

spectrum, with affordable build-out costs, to deploy more wireless broadband solutions to these areas. The signal propagation characteristics of 700 MHz spectrum, coupled with the extended transmission characteristics, make it well suited for wireless services in rural areas, including the offering of wireless data services. By allocating this spectrum in license area sizes that are small enough to be attractive to the rural local wireline carrier, and enabling the deployment of high speed Internet access to the most difficult to reach customers, the Commission will be taking steps towards meeting its broadband goal of promoting the availability of broadband for all Americans.

With six large EAG license areas covering multiple states within a region, vast portions of the license area extend beyond the area currently served by a potential bidder providing landline service. Consequently, the license area may greatly exceed the area in which the rural carrier may seek to offer wireless data services. For example, Frontier's ILECs currently provide landline service to over two million subscriber lines across the country. Frontier ILEC service territories encompass 23 states and includes areas within each of the six EAGs. However, even in the Northeast EAG, where Frontier has its highest concentration of landline telephone subscribers (over 1 million subscriber lines), Frontier landline customers and service territories represent only a small fraction of the population of over 50 million included in the Northeast EAG. Frontier cannot economically⁹ or efficiently acquire spectrum to provide expanded wireless service in its existing service territory for a customer base of approximately one million basic telephone subscriber lines if it is required to purchase spectrum to serve the entire

⁹ Entities that do not intend to deploy a nationwide or even region-wide wireless network cannot afford to compete at auction for licenses with service areas that encompass an entire EAG covering multiple states with several large metropolitan areas. The price for the spectrum is based in large part on the total population in the entire license area even though a landline provider may only seek to use spectrum in a more limited geographic area with a smaller population base. The AWS auction reflects this fact. Verizon Wireless bid more than \$1.3 billion for the F-Block spectrum for the Northeast REA in the AWS auction. Bidding for the other six large REA areas in the AWS auction exceeded \$100 million for each of the D and E REA spectrum Blocks and \$270 million for REA F Blocks.

Northeast EAG. In short, companies seeking to provide services using the 700 MHz to a limited geographic area and existing customer base may be unable to effectively utilize a significant portion of the large service area encompassed by an EAG license.

This phenomenon of the license area greatly exceeding the area where a company desires to provide service may still occur when licenses are apportioned on a MSA/RSA (i.e. CMA) level, which is the smallest geographic area over which the Commission has issued licenses to date. In total, Frontier provides landline telephone service in 122 different CMAs. Frontier's service territory only includes eight CMAs (out of 122 CMAs) in which the number of households in Frontier's territory exceeds 50% of the households in the entire CMA. For example Frontier provides basic telephone service to approximately 100,000 households in the Minneapolis-St. Paul, MN-WI CMA (CMA015). The approximate number of households in the CMA is 1.2 million households. Frontier landline telephone service area encompasses less than 10% of the households in CMA015. If Frontier were to acquire a license for CMA015, over 90% of the households in the license area would be outside its landline telephone service area.

This is also true in smaller CMAs. For example, Frontier's Illinois ILEC provides basic telephone service in the area of Monmouth, Illinois. Monmouth is located in the Illinois 3 – Mercer CMA (CMA396). The approximate number of households in Frontier's service territory is 25,000, which represents only approximately 30% of the total of 78,000 households in the CMA. Therefore if Frontier were to acquire the license for CMA396, approximately 70% of the households would be outside Frontier's existing service territory for basic telephone service.

Consequently, Frontier strongly supports the use of license areas even smaller than the MSAs/RSAs, such as individual counties, for certain portions of the 700 MHz spectrum. In total, Frontier provides landline telephone service in 279 different counties in 23 states. Frontier's

service territory includes seventy-eight counties (78 out of 279 counties) in which the number of households in Frontier's territory exceeds 50% of the households in the entire county. By utilizing license areas smaller than the MSAs/RSAs, carriers would be able to better target their investment and deployment of wireless services in areas to provide expanded services to their existing customers, including customers in rural areas that may otherwise be unable to obtain broadband services.¹⁰

Excessively large geographic license area creates a lost opportunity for rural markets to receive additional wireless services. The Commission should recognize that when large national entities acquire licenses for large EAG areas, the first priority is often to deploy facilities and services in the most densely populated areas, thereby delaying the benefits associated with the deployment of the latest wireless technologies in the more rural portion of their licensed areas. In contrast, if small and rural carriers are able to purchase spectrum in more limited geographic areas, they can quickly target the deployment of wireless service in rural areas and thereby foster the availability of competitive wireless broadband services in rural markets.

Moreover, the use of RSAs/MSAs or smaller license areas will not disadvantage large entities because they can pursue and combine multiple small license areas to create statewide or regional service areas. Several companies such as American Cellular Corporation and Cricket Licensee (Reauction) Inc. apparently utilized this strategy in the AWS auction. Because the use of small license service areas will allow more entities, including entities which are more likely to

¹⁰ There may be other alternatives, beyond counties, for the Commission to establish a 700 MHz license area smaller than CMAs/RSAs. For example, the United States Office of Management and Budget and the US Census Bureau have identified Micropolitan Statistical Areas that comprise a core based statistical area with at least one urban cluster with a population of at least 10,000, but less than 50,000 population. The central county plus adjacent counties with a high degree of integration comprise the area within the Micropolitan Statistical Area. Frontier provides landline telephone service in 66 different micropolitan statistical areas. Frontier's service territory includes eleven micro statistical areas (out of 66 micro service areas) in which the number of households in Frontier's territory exceeds 50% of the households in the entire micropolitan statistical area.

provide service in rural areas, to participate in the auction, without disadvantaging large national or regional entities, Frontier urges the Commission to make 700 MHz licenses available in service areas no larger than RSAs/MSAs. Frontier further requests that the Commission consider the use of even smaller license areas, such as counties, for some portion of the 700 MHz spectrum to be auctioned. The establishment of smaller license service areas will allow rural companies like Frontier to participate in the auction process and selectively bid on licenses and provide wireless services in more-limited geographic areas that correspond with the area that they currently provide other services, including landline basic telephone service.

III. The Commission Should Reduce the Size of the Proposed Spectrum Blocks To Be Auctioned.

The Commission has requested comments on whether to reconfigure or subdivide existing spectrum blocks in the 700 MHz band plans to accommodate the assignment of licenses over service areas other than the six EAGs. As noted above, Frontier recommends that the Commission reduce the size of the license areas for the unauctioned 700 MHz spectrum from EAGs to smaller license areas. Along with the reduction in the size of the license areas, Frontier requests that the Commission reduce the size of one or more license blocks and dedicate these blocks to smaller license areas. At a minimum, Frontier requests that the Commission split the 20-megahertz Block D license in the Upper 700 MHz Band and thereby create two or more smaller paired blocks dedicated to smaller license areas, such as RSAs/MSAs. The availability of two or more blocks of spectrum assigned to smaller geographic license areas will make spectrum more affordable and enable multiple smaller and rural carriers to participate in the proposed auction of the 700 MHz spectrum. Greater participation by small and rural carriers should ultimately lead to the deployment more wireless broadband solutions in rural and other areas where these services have previously not been available.

IV. The Commission Should Extend the Initial 700 MHz Licenses Beyond the 2015 Term and Allow for a 15-year License Term.

The Commission has solicited comments on whether the license terms for both the unauctioned and already auctioned 700 MHz Band licenses should be revised as a result of the delays in auctioning most of the 700 MHz Band licenses. The Commission's rules currently provide that the initial license authorizations for spectrum in the 700 MHz Band will expire on January 1, 2015.¹¹ Frontier recommends that the Commission extend the initial license period for the auctioned 700 MHz spectrum beyond January 2015 and issue the initial licenses for a term of 15 years.

At this time it is uncertain when the Commission will begin the auction for the 700 MHz spectrum,¹² however, Frontier anticipates that the auction will not commence until late 2007 or early 2008 and may not be completed until mid-2008. The deadline for the transition from the analog spectrum in the 700 MHz band to digital television ("DTV") is February 17, 2009 and auctioned spectrum in the 700 MHz band may not be available for use until after that date. Accordingly, if the Commission retained the existing January 1, 2015 license authorization period, entities acquiring the auctioned spectrum would acquire the 700 MHz spectrum for an initial term of less than six years. This time period could potentially be compressed further if there are delays or an extension in either the January 2008 deadline for commencing the 700 MHz auction or the February 2009 DTV transition.

Given the technological benefits and significant values that are likely to be attributed to the 700 MHz spectrum, the price paid for this spectrum at auction is likely to be substantial. The

¹¹ 47 C.F.R. § 27.13(b)

¹² The Commission has been directed to commence the auction no later than January 28, 2006.

Commission has established a 15-year initial license term and 10-year renewal term for the AWS spectrum.¹³ With the AWS spectrum the Commission explained:

*We agree with these commenters that the circumstances surrounding the future development and deployment of services in these bands warrant an initial license term longer than 10 years in order to encourage the investment necessary to develop these bands. We believe that an initial 15-year license term followed by 10-year renewal terms will provide investors with the necessary assurances that a sufficient amount of time will be available to recoup the initial costs of developing and deploying advanced wireless networks in the these bands.*¹⁴

There is no rational reason to establish a shorter initial license term for the 700 MHz spectrum.

A license of a specific term (15 years) whereby licensees have time to recoup the costs of the spectrum and deploying services using the spectrum is likely to encourage more significant investment in the spectrum at auction.

Moreover, the Commission has indicated that auctioned 700 MHz spectrum may be subject to the “substantial service” performance requirements in Section 27.14(a) of the Commission’s rules. These rules require a showing of “substantial service” – i.e., deployment of service that is sound, favorable, and substantially above a level of mediocre service, before the expiration of the initial license term before the licensee can secure the renewal of the license.¹⁵ If a licensee fails to meet this requirement, its license will be forfeited and it will be ineligible to regain it. The six years or less between 2009 and the January 2015 expiration term for the 700 MHz band may not be sufficient time for companies to reasonably comply with the “substantial service” requirement. With the uncertainty regarding the exact timeframe the 700 MHz will be available for use and the potential for changes in technology and services that may be offered

¹³ AWS-1 licenses issued on or before December 31, 2009, will have a term of fifteen years. For AWS-1 licenses issued after that date, the license term will not exceed ten years from the date of initial issuance or renewal. 47 C.F.R. § 27.13(g).

¹⁴ *AWS-1 Service Rules Order* at ¶ 70.

¹⁵ 47 C.F.R. § 27.14.

using the 700 MHz spectrum, the Commission should issue the initial 700 MHz spectrum for a period of 15 years to give licensees a reasonable opportunity to deploy infrastructure and facilities to satisfy the “substantial service” requirement.

V. CONCLUSION

Frontier respectfully requests that the Commission reduce the size of the license areas for the unauctioned 700 MHz spectrum from EAGs to areas no larger than RSAs and MSAs. Frontier further requests that the Commission consider the use of even smaller license areas for some portion of the spectrum. Consistent with these smaller license areas, Frontier further requests that the Commission reduce the size of the spectrum blocks to be auctioned and dedicate additional spectrum blocks to smaller license areas. Frontier also urges the Commission to replace the 2015 ending term for the initial 700 MHz spectrum license and establish a 15-year license term for the spectrum to be auctioned.

Dated September 29, 2006

Respectfully submitted,



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