

**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
)	
Biennial Regulatory Review – Amendment of Parts 1, 22, 24, 27, and 90 to Streamline and Harmonize Various Rules Affecting Wireless Radio Services)	WT Docket No. 03-264
)	
Former Nextel Communications, Inc. Upper 700 MHz Guard Band Licenses and Revisions to Part 27 of the Commission’s Rules)	WT Docket No. 06-169
)	
Implementing a Nationwide, Broadband, Interoperable Public Safety Network in the 700 MHz Band)	PS Docket No. 06-229
)	
Development of Operational, Technical and Spectrum Requirements for Meeting Federal, State and Local Public Safety Communications Requirements Through the Year 2010)	WT Docket No. 96-86

To: The Commission

**COMMENTS OF CENTRAL WISCONSIN COMMUNICATIONS, LLC d/b/a
SOLARUS, CHARITON VALLEY COMMUNICATION CORPORATION, INC., CT
CUBE, L.P. d/b/a WEST CENTRAL WIRELESS, GRAND RIVER
COMMUNICATIONS, INC., HOME TELEPHONE COMPANY, HORRY TELEPHONE
COOPERATIVE, INC., INTERSTATE ENTERPRISES, LTD., KANOKLA
TELEPHONE ASSOCIATION, INC., PALMETTO RURAL TELEPHONE
COOPERATIVE, INC., SISKIYOU TELEPHONE COMPANY, and
SOUTHERN IOWA 700, L.L.C.**

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SUMMARY

Due to its favorable propagation characteristics, the 700 MHz band represents an excellent opportunity for the Commission to promote the deployment of advanced broadband systems in rural and underserved areas. To achieve this result, it is critical that the Commission adopt a bandplan and service rules that afford small and rural companies, as well as new entrants, a meaningful opportunity to acquire 700 MHz at auction and to deploy service.

Central Wisconsin Communications, LLC, *et al.* (the “700 MHz Independents”) strongly support the Commission’s proposal to license the Lower 700 MHz B Block on the basis of Cellular Market Areas (“CMAs”). This will afford small and rural companies an opportunity to acquire licenses to serve rural areas and to efficiently aggregate Lower 700 MHz spectrum in both the B and already-licensed C Blocks. Many of the 700 MHz Independents currently provide broadband Internet access to otherwise unserved or underserved rural areas using C block Lower 700 MHz spectrum, but need additional spectrum to expand their systems and capabilities. Licensing 700 MHz on the basis of CMAs also will result in greater auction and market efficiency generally because it allows all bidders—both large and small—to tailor their auction strategies and spectrum acquisitions to meet their business plans.

The Commission should adopt Proposal #2 for licensing the Upper 700 MHz and should license the Upper 700 MHz C block on the basis of CMAs. As previous auctions have demonstrated, small companies cannot compete for and acquire licenses auctioned on the basis of large license areas, such as REAGs, but large companies can and will compete for and acquire licenses auctioned on the basis of CMAs. In order to increase the overall auction competitiveness and to afford small and medium-sized companies a meaningful chance to acquire spectrum, the Commission must auction more than one block on a CMA basis.

The Commission should adopt geographic based performance requirements and tiered

construction benchmarks for newly-auctioned licenses. The Commission, however, should modify the proposed requirements to account for likely delays in the availability of equipment for small and rural carriers and the difficulties of deploying service in rural areas. Specifically, the Commission should exempt licensees of RSAs from the three and five-year interim construction benchmarks. The Commission also should adopt a “use it or lose it” licensing approach based on the cellular unserved area rules.

The Commission should not impose any eligibility restrictions on incumbent providers. Such restrictions would limit the development of equipment and the deployment of systems and would hinder the deployment of service to rural areas.

Finally, the Commission should not utilize blind bidding or combinatorial bidding in the 700 MHz auction. These procedures are unnecessary and would unduly harm rural and small companies.

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SOUTHERN IOWA 700, L.L.C.**

Central Wisconsin Communications, LLC d/b/a Solarus (“Solarus”), Chariton Valley Communication Corporation, Inc. (“Chariton Valley”), CT Cube, L.P. d/b/a West Central Wireless (“WCW”), Grand River Communications, Inc. (“Grand River”), Home Telephone Company, Horry Telephone Cooperative, Inc., Interstate Enterprises, Ltd. (“Interstate”), KanOkla Telephone Association, Inc. (“KanOkla”), Palmetto Rural Telephone Cooperative, Inc., Siskiyou Telephone Company, and Southern Iowa 700, L.L.C. (“Southern Iowa”), (collectively the “700 MHz Independents”) by their attorneys, hereby submit comments in response to the Federal Communications Commission (“FCC” or “Commission”) Further Notice of Proposed Rulemaking (“FNPRM”) in the above-captioned proceedings.¹ The 700 MHz Independents strongly support licensing two additional paired blocks of spectrum—one in the Upper 700 MHz band and one in the Lower 700 MHz band—on the basis of Cellular Market Areas (“CMAs”). The 700 MHz Independents also support the use of performance requirements that encourage the deployment of service in rural areas and strongly oppose any eligibility restriction on bidding in the upcoming 700 MHz auction. The 700 MHz Independents also oppose any use of “blind bidding” or combinatorial bidding in the 700 MHz auction.

INTRODUCTION

The unique characteristics of the 700 MHz band² make it particularly desirable for the deployment of advanced broadband services in rural areas. Accordingly, the 700 MHz spectrum

¹ *Service Rules for the 698-746, 747-762 and 777-792 MHz Bands; Revision of the Commission’s Rules to Ensure Compatibility with Enhanced 911 Emergency Calling Systems; Section 68.4(a) of the Commission’s Rules Governing Hearing Aid Compatible Telephones; Biennial Regulatory Review- Amendment of Parts 1, 22, 24, 27 and 90 to Streamline and Harmonize Various Rules Affecting Wireless Radio Services; Former Nextel Communications, Inc. Upper 700 MHz Guard Band Licenses and Revisions to Part 27 of the Commission’s Rules; Implementing a Nationwide, Broadband, Interoperable Public Safety Network in the 700 MHz Band; Development of Operational, Technical and Spectrum Requirements for Meeting Federal, State and Local Public Safety Communications Requirements Through the Year 2010*, Report and Order and Further Notice of Proposed Rulemaking, WT Docket No. 06-150, CC Docket No. 94-102, WT Docket No. 01-309, WT Docket No. 03-264, WT Docket No. 06-169, PS Docket No. 06-229, and WT Docket No. 96-86, rel. April 27, 2007 (“Order” and “FNPRM”).

² As used herein, the 700 MHz band refers to spectrum in the 698-806 MHz band, which encompasses broadcast television channels 52-59 (“Lower 700 MHz band”) and 60-69 (“Upper 700 MHz band”).

represents a unique opportunity for carriers to acquire broadband spectrum capable of efficient use in rural settings. Many of the 700 MHz Independents currently provide high-speed broadband Internet access to rural areas and small villages and towns using licensed Lower 700 MHz spectrum and recognize the great potential of the band. Solarus, Grand River, Interstate, KanOkla, and Southern Iowa all provide advanced services to otherwise unserved or underserved areas. All of the 700 MHz Independents are deeply committed to providing service in rural areas and are keenly interested in acquiring 700 MHz spectrum to allow them to do so. Access to new or additional 700 MHz spectrum also will allow the 700 MHz Independents, and other companies like them, to expand their existing service areas to introduce competition in small towns and communities across America. Accordingly, it is critical that the Commission afford small and rural carriers like the 700 MHz Independents a realistic opportunity to acquire spectrum in the auction.

ARGUMENT

I. THE FCC SHOULD ADOPT THE PROPOSED RECONFIGURATION OF THE LOWER 700 MHZ BAND BECAUSE IT WILL FACILITATE SERVICE TO RURAL AREAS AND EFFICIENT SPECTRUM DISTRIBUTION IN THE AUCTION

In the FNPRM, the FCC proposes licensing the Lower 700 MHz B Block (704-710 MHz and 734-740 MHz) on the basis of CMAs. The 700 MHz Independents strongly support adoption of this proposal. Adoption of this proposal will result in the availability of 734 CMA licenses in this block as opposed to only 6 Economic Area Grouping (“EAG”) licenses under the current band plan. The availability of a substantially greater number of licenses in smaller area groupings will afford small and rural companies realistic opportunities to acquire 700 MHz spectrum so that they may provide broadband services to rural America.

Offering the B block licenses on a CMA basis will promote the public interest by

satisfying numerous licensing objectives set forth by the FCC and Congress. By modifying the 700 MHz licensing plan to license the B Block on a CMA basis, the FCC will “promote economic opportunity and competition” and ensure “that new and innovative technologies are readily accessible to the American people by avoiding excessive concentration of licenses and by disseminating licenses among a wide variety of applicants, including small businesses, rural telephone companies, and businesses owned by members of minority groups and women.”³ Indeed, small and rural carriers who seek to serve customers in rural and secondary markets will only have a meaningful opportunity to acquire 700 MHz spectrum if the Commission licenses it on the basis of small license areas.

Previous auctions have demonstrated what logic dictates – small and rural companies cannot successfully compete for licenses auctioned on the basis of larger geographic areas such as the six EAGs or the twelve Regional Economic Area Groupings (“REAGs”) or even the 176 slightly smaller yet still quite expansive Economic Areas (“EAs”). As the results of the recent AWS auction confirm, virtually the only entities capable of acquiring licenses for large geographic areas are the large incumbent mobile carriers or affiliated entities.⁴

Moreover, as the Commission notes in the FNPRM, licensing the Lower 700 MHz B block on the basis of CMAs will be afforded the existing and new licensees the opportunity to efficiently combine the B Block license with licenses in the adjacent C Block, which have already been licensed over CMAs. This will allow existing Lower 700 MHz C Block licensees, such as the 700 MHz Independents and other small and rural licensees, the flexibility to augment their spectrum efficiently with adjacent bandwidth for a combined 24-megahertz block of spectrum (two paired 12-megahertz blocks). This in turn will allow small and rural licensees

³ 47 U.S.C. § 309(j)(3)(B).

⁴ T-Mobile and Cellco won the majority of spectrum licensed on an REAG basis. Cricket Licensee (Reauction), Inc. and Denali Spectrum License, LLC, two bidders affiliated with Leap Wireless International, Inc., each won a ten-megahertz REAG license.

greater flexibility to deploy bandwidth intensive services such as high-speed Internet access.

Due to technical limitations of C Block spectrum resulting from proprietary channel spacing and intra-system interference specifications as well as protection and coordination with neighboring systems deploying different services and technologies, such as Qualcomm's high power MediaFlo service in the D Block, many C Block licensees may need additional bandwidth to ensure adequate throughput capacity necessary for future growth to accommodate available technologies. As noted above, many of the 700 MHz Independents currently are operating 700 MHz systems and need additional spectrum in some areas for their planned deployments and anticipated spectrum needs. Licensing B Block spectrum on a CMA basis will thus not only afford small and rural licensees the opportunity to acquire desirable 700 MHz spectrum to deploy advanced services to their rural communities, it will lead to more efficient use of the spectrum by allowing existing licensees the ability to obtain both B and C Block licenses to bring the benefits of such efficiencies to their rural customers in the form of advanced bandwidth intensive services such as high-speed Internet access, and thereby help to combat the so-called "Rural Divide".

Moreover, it is not only rural and small companies that will benefit from licensing 700 MHz spectrum on the basis of CMAs. Existing C block licensees in urban areas also may need additional spectrum, and auctioning the B block on a CMA basis will allow them the opportunity to acquire spectrum where they need it. The use of CMAs also will result in greater auction and market efficiency generally because it allows bidders to tailor their auction strategy and spectrum acquisitions to meet their business plans. As demonstrated in the recent AWS auction, large companies also benefit from the use of CMAs because it allows them more granularity to target their spectrum acquisitions. For example, they may desire to acquire additional spectrum in urban areas (where demand is greatest and capacity most constrained) without having to acquire licenses for rural areas. Auctioning 700 MHz spectrum on a CMA basis will allow them to

target their bidding strategy to better match their business plans, thus increasing overall auction and licensing efficiency.

II. THE FCC SHOULD ADOPT PROPOSAL #2 IN THE UPPER 700 MHZ COMMERCIAL SERVICES BAND AND LICENSE THE C BLOCK ON A CMA BASIS

In the FNPRM, the Commission seeks comments on a number of alternative band plan proposals for the Upper 700 MHz Commercial Services band. Of the many proposals under consideration, the 700 MHz Independents strongly support the adoption of “Proposal 2” as discussed herein and oppose the adoption of any Upper 700 MHz band plan that does not include a mix of geographic areas including CMAs and EAs in addition to REAGs.

Under Proposal 2, the FCC would license 34 megahertz of commercial spectrum in the Upper 700 MHz band using a mix of REAG, EA and CMA geographic licensing areas. The proposal would create two 11-megahertz licenses (each composed of two 5.5-megahertz paired blocks) – the C and D blocks – and a 12-megahertz E block (composed of two 6-megahertz paired blocks). The Commission proposes to license the D block on an EA basis and the E block on an REAG basis, while licensing the C block on either a CMA or EA basis.

The 700 MHz Independents strongly support the adoption of Proposal 2 and the licensing of the C block on a CMA basis.⁵ As discussed above, the licensing of 700 MHz spectrum on a CMA basis will afford small and rural carriers a realistic opportunity to acquire 700 MHz spectrum and thereby bring advanced broadband services to rural and unserved areas, furthering the statutory objectives of Section 309(j).

The propagation and other technical characteristics of the 700 MHz band make it uniquely suited for the rapid and efficient deployment of mobile and other advanced services in

⁵ Proposal 2 most closely resembles the Balanced Consensus Plan (“BalCon”), a plan widely supported by a broad industry coalition of both large and small companies, and their representative organizations.

high cost rural areas. The cost of deploying systems in rural areas is considerably greater at 1900 MHz than at 850 MHz because almost twice as many sites are needed to provide the same amount of coverage. 700 MHz spectrum has even more favorable characteristics than 850 MHz and is therefore even better suited to the provision of service in rural areas. Accordingly, because providing service using 700 MHz spectrum may be cost effective where providing service using spectrum in the AWS or PCS bands may not be, it is critical that the Commission ensure that carriers truly interested in providing service to rural areas are not shut out of the opportunity to do so. The Commission must ensure that there are sufficient blocks available in small license areas to facilitate a variety of business plans, including the plans of small and rural carriers that intend to provide service to rural markets.

Any band plan that does not provide for licensing of a sufficient number of licenses on the basis of smaller geographic areas will benefit only large incumbent wireless carriers, and will thereby stifle competition by precluding new entrants, rural carriers, minorities and women from obtaining spectrum.⁶ In the experience of the 700 MHz Independents, with few exceptions, small and rural companies and other new entrants are unlikely to be able to access spectrum that large companies acquire at auction. Because of a number of factors, including the transaction costs, large companies generally have been uninterested and unwilling to partition or lease the rural portions of their license areas.

While the 700 MHz Independents commend the Commission for proposing to license the Lower 700 MHz C block on the basis of CMAs, this one block alone is not sufficient. If there is only one CMA block available, all the small and mid-sized companies will be forced to compete

⁶ The FCC has recognized that small license areas generate opportunities for minorities to enter the telecommunications market. *Service Rules for Advanced Wireless Services in the 1.7 GHz and 2.1 GHz Bands*, Order on Reconsideration, WT Docket No. 02-353 at n. 50 (rel. August 15, 2005) (“*AWS Order*”) (noting the recommendation of the FCC Federal Advisory Committee on Diversity for Communications in the Digital Age that as a means to promote participation by minorities in emerging technology sectors of the communications industry, the Commission identify spectrum auctions whereby the licenses assigned cover small geographic areas such as MSAs and RSAs).

for this one block, thereby reducing competition for the large license area blocks and putting small and mid-sized bidders at a competitive disadvantage. The large companies are free to bid for CMA-based licenses but small companies cannot bid for REAG-based licenses.

By contrast, the adoption of Proposal 2, with the licensing of the C Block on a CMA basis, will improve the overall auction competitiveness by allowing more companies to bid on more spectrum. Indeed, the use of CMAs will result in greater auction and market efficiency both for large and small bidders because it allows bidders to tailor their auction strategy and spectrum acquisitions to meet their business plans.⁷ For example, in the AWS auction, T-Mobile was able to bid on and acquire targeted CMA licenses without necessarily having to acquire all of the surrounding rural areas.⁸ The use of CMAs will allow for more targeted spectrum acquisition and result in greater efficiencies for both large and small applicants, while ensuring vigorous competition for 700 MHz licenses and not discriminating in favor of any single business plan.

Proposal 2 also would allow a large company, if it so desired, to aggregate REAG, EA and CMA licenses into a nationwide license. The Commission should not, however, adopt a bandplan favoring one business plan over all others. By licensing a mix of geographic areas under Proposal 2, the FCC will allow the market place, through the competitive bidding process, to efficiently distribute licenses.

III. THE FCC SHOULD ADOPT PERFORMANCE REQUIREMENTS THAT ENCOURAGE BUILDOUT IN RURAL AREAS

The 700 MHz Independents support geographic based coverage requirements and the

⁷ See *AWS Order* at par. 14 (“RSAs and MSAs allow entities to mix and match rural and urban areas according to their business plans and that, by being smaller, these types of geographic service areas provide entry opportunities for smaller carriers, new entrants, and rural telephone companies.”).

⁸ In the AWS auction, T-Mobile was the high bidder for 83 Metropolitan Statistical Areas (“MSAs”) and ten Rural Service Areas (“RSAs”).

concept of a “keep what you use” approach to licensing the to be auctioned spectrum. The 700 MHz Independents are, however, concerned that equipment may not be available immediately to serve rural areas, and accordingly, request that the Commission exclude RSA licenses from the interim construction benchmarks as suggested by the Rural Telecommunications Group, Inc. (“RTG”) in its comments in this proceeding. The 700 MHz Independents also stress that the imposition of any new construction requirements and benchmarks should apply only to the spectrum to be auctioned, and not to the previously licensed Lower 700 MHz C and D blocks.

In the FNPRM, the Commission proposes that each licensee of 700 MHz Commercial Service provide coverage to 25 percent of the geographic area of its license area within three years of the grant of the initial license, 50 percent of this area within five years, and 75 percent of the area within eight years, and that government land be excluded from the relevant service area. For licensees that fail to meet these requirements, the FCC proposes that they either have their license term reduced or their license area reduced under a proportionate “keep what you use” approach. Under the latter alternative, the license area would be reduced until the area covered meets the relevant interim benchmark.

The FCC also proposes to apply the performance requirements on an EA and CMA basis only. Under such an approach, licensees with REAGs would be required to employ a signal level sufficient to provide adequate service to at least 25 percent of the geographic area of each EA in its license area within three years, 50 percent of the geographic area of each of these EAs within five years, and 75 percent of the geographic area of each of these EAs within eight years. REAG licensees would have to demonstrate coverage for each EA within their license area. REAG licensees that fail to meet the interim requirement in any EA within their license areas would lose a portion of the geographic area of that EA, such that the coverage of the remaining portion of the EA would be sufficient to meet the relevant benchmark. The 700 MHz Independents also support the proposal to apply the performance requirements on an EA and CMA basis only. This will level the playing field and standardize the construction requirements.

The 700 MHz Independents support the use of the three and five year benchmarks for non-RSA license areas and the use of the eight-year benchmark for all license areas. The 700 MHz Independents are concerned that licensees of RSAs may require more time to construct

their networks due to the additional time and cost involved in serving rural areas only, as well as the typical delay in the availability of equipment for rural markets. Accordingly, the 700 MHz Independents support the request of RTG that the Commission exempt RSA licenses from the interim three and five-year construction benchmarks. If the Commission does impose such interim benchmarks on licensees of RSAs, then it should recognize a safety-valve for RSA licensees if affordable equipment is not widely available, particularly at the three-year mark.

With respect to “use it or lose it” licensing, the 700 MHz Independents generally support adoption of rules similar to those used for licensing unserved cellular areas.⁹ The cellular unserved area rules have proven successful at getting unused spectrum in rural areas into the hands of those carriers who desire to serve such areas.¹⁰ This “use it or lose it” approach, will be far simpler to implement and administer than the proportional reduction in service area approach contemplated by the FNPRM, while bringing the same intended benefits of encouraging and facilitating the provision of service to underserved rural areas.

IV. THE FCC SHOULD NOT IMPOSE RESTRICTIONS ON INCUMBENT ELIGIBILITY

The 700 MHz Independents oppose the imposition of any type of eligibility restrictions on incumbent local exchange carriers (“ILECs”), incumbent cable operators or large wireless carriers. All of the 700 MHz Independents are ILECs or affiliated with ILECS and would be prevented from bidding on 700 MHz licenses under the proposed eligibility restriction. Such an eligibility restriction would totally undermine the Commission’s stated goal in this proceeding of

⁹ See 47 C.F.R. § 22.949.

¹⁰ The 700 MHz Independents agree with the Commission that licensees be required to demonstrate their compliance with benchmarks by filing maps and other supporting documents with the Commission sufficient to allow the Commission and other parties to evaluate the purported coverage. To prevent a licensee from filing inaccurate maps or documents, prospective applicants should be permitted to challenge a licensee’s claims of coverage.

getting such spectrum into the hands of small and rural carriers and other new entrants. Rural wireline carriers and their affiliates represent the predominant class of entity interested in bringing advanced broadband services to rural areas. An eligibility restriction on ILEC participation would serve no public interest purpose.

Limiting participation in the auction also may have the unintended consequence of limiting capital for the deployment of systems and impeding the development of equipment for use in the 700 MHz band. Large ILECs and incumbent cable operators were prevented from participating in the LMDS auction, and almost ten years after initial licensing of LMDS licenses, there is no widescale deployment of point-to-point LMDS equipment and virtually no deployment of point-to-multipoint LMDS services or equipment. With the large amount of spectrum to be auctioned in the 700 MHz band, there is no compelling reason to limit eligibility.

V. THE FCC SHOULD NOT APPLY BLIND BIDDING OR COMBINATORIAL BIDDING PROCEDURES TO THE 700 MHZ AUCTION

A. Blind Bidding Procedures Will Unduly Disadvantage Small and Rural Bidders

The 700 MHz Independents strongly opposes the use of “blind bidding” procedures (also referred to by the Commission as “limited information” or “anonymous bidding” procedures) in the upcoming auction of 700 MHz licenses. Absent information regarding the identities of competing bidders, it is impossible for small carriers to make rational bidding decisions. Due to their heavy dependence upon roaming, small and rural carriers are uniquely dependent on knowledge of bidder identity in their neighboring markets in order to formulate a rational spectrum acquisition plan. Because of their dependence on roaming revenue, rural carriers must often make technological and business decisions based on the equipment and technologies used by their much larger urban neighbors in order for them to be able to offer their customers, who typically rely on roaming services to a greater extent than customers of nationwide carriers,

technically compatible roaming. Accordingly, the attractiveness of certain rural markets is greatly affected by the roaming behavior of neighboring carriers, many of which have historically forbidden “in-region” automatic roaming. Without information on the identity of bidders for neighboring markets, it is impossible for rural carriers to reasonably place a value on spectrum during an auction.

Blind bidding will not enhance competition in the 700 MHz auction. To the contrary, it will impede competition. Withholding bidder information will harm only those companies, such as the 700 MHz Independents, without the resources to identify bidders based on their auction behavior. While blind bidding will leave small and rural companies “in the dark”, the large companies and other deep-pocketed auction participants will be able to afford the type of “night vision goggles” provided by the retainer of scores of economists and auction behavioral analysts who can microanalyze and macroanalyze the bidding behavior of other auction participants and determine with reliability the identities of such entities based on their bidding behavior.

The harm to small and rural carriers caused by blind bidding will not serve the public interest, and is not consistent with the Commission’s statutory mandate to disseminate licenses to rural areas and to ensure that a wide variety of applicants, including rural carriers, can access new technologies such as those that will be provided using 700 MHz spectrum. Lacking information on bidder identity, rural carriers will have no choice but to temper their bidding, and as a result, their prospects for auction success will be greatly diminished. Adoption of blind bidding will only serve to favor large companies at the expense of small companies and their customers.

B. The Commission Should Not Utilize Combinatorial Bidding

In the FNPRM, the Commission seeks comment on whether it should license certain blocks using combinatorial bidding in order to facilitate the aggregation of a nationwide

footprint. Specifically, the Commission seeks comment on licensing the REAG blocks on a combinatorial basis under the First and Second Additional Proposal Based on Modified Guard Bands.¹¹

The 700 MHz Independents oppose the use of combinatorial bidding in the 700 MHz auction for any blocks of spectrum. The use of combinatorial bidding would add unnecessary complexity and cost to the 700 MHz auction. Using combinatorial bidding would make it much more difficult for small and medium sized bidders—who depend on relationships with larger partners—to develop and execute 700 MHz bidding strategies. Combinatorial bidding would add increased risk and uncertainty for small companies who lack the resources to hire game theorists to handle their auction participation.

Combinatorial bidding is not necessary to allow a bidder to aggregate a nationwide footprint. As SpectrumCo demonstrated in the Auction No. 66, a bidder can successfully aggregate a nationwide footprint from areas much smaller than the six REAGs that cover the continental United States. If a bidder wants to aggregate a nationwide footprint using the REAG licenses, it will be a simple matter to do so. Moreover, with at least sixty megahertz of commercial spectrum up for auction, a bidder will have ample opportunity to aggregate licenses, from different blocks if necessary, to create a large footprint, *if* such bidder most highly values the spectrum.

¹¹ See FNPRM at ¶¶ 202, 206.

CONCLUSION

For the foregoing reasons, the 700 MHz Independents respectfully request that the Commission: 1) revise the Lower 700 MHz band plan as proposed, 2) adopt Proposal 2 for the Upper 700 MHz Band—licensing the C Block on a CMA-basis, 3) adopt construction requirements with a modified “use it or lose it” approach, 4) allow open eligibility in the auction, 5) reject the use of “blind bidding” and combinatorial bidding, and 6) take such other action as the 700 MHz Independents have requested herein.

Respectfully submitted,

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CT Cube, L.P. d/b/a West Central Wireless
Grand River Communications, Inc.
Home Telephone Company
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Interstate Enterprises, Ltd.
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