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

In the Matter of	)	
	)	
Petition for Rulemaking Regarding the	)	RM 11592
Need for 700 MHz Mobile Equipment to be	)	
Capable of Operating on All Paired	)	
Commercial 700 MHz Frequency Blocks	)	

COMMENTS OF THE
NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION

The National Telecommunications Cooperative Association (NTCA) files these comments in support of the Block A Good Faith Purchasers Alliance (the "Alliance") petition requesting the Commission initiate a rulemaking regarding the need for 700 MHz mobile equipment to be capable of operating on all paired commercial 700 MHz frequency blocks (the Petition). Rules are necessary to ensure that all consumers, especially those living in rural areas, have full access to the telecommunications advances that 700 MHz spectrum offers. Without appropriate protections, the two largest 700 MHz spectrum holders have the ability and incentive to shut smaller providers, who hold spectrum primarily in rural areas, out of the market.

NTCA represents more than 580 rural telecommunications providers. NTCA's members are all incumbent local exchange carriers serving consumers living and working in rural America. The vast majority offer broadband and video to their subscribers and more than half offer fixed and/or mobile wireless service. NTCA's members exist primarily because large carriers were unable or unwilling to offer service in the sparsely populated territories NTCA's members serve.

The rural providers were active participants in the 700 MHz spectrum auctions. The propagation characteristics of the spectrum make it particularly well suited to provide service in a rural setting. More than 60 NTCA members obtained spectrum in Auction 44, in which 484 licenses were offered. The larger carriers did not participate in Auction 44, choosing instead to wait for the Auction 73 with more and larger spectrum blocks. While several small providers also attempted to obtain spectrum in Auction No. 73, it was primarily a large carrier opportunity. Only 23 NTCA members were successful in obtaining any of the 1,093 licenses that were offered. The nation's two largest wireless carriers dominated the bidding. Cellco Partnership d/b/a Verizon (Verizon) holds the entire Upper C Block and AT&T holds the Lower B and C blocks.

There is evidence that Verizon and AT&T are acting in a manner that will significantly hinder the ability of smaller providers and competitors to use their 700 MHz spectrum in the most efficient and effective manner. The Third Generation Partnership Project (3GPP) has established band classes for 700 MHz equipment for Verizon and AT&T that are separate and distinct from the band class for the spectrum held by all other 700 MHz licensees. It is also alleged by the Alliance that both Verizon and AT&T are issuing Requests for Proposals that specify equipment capable of operating only on their spectrum. These equipment design and procurement practices are detrimental to competing carriers and consumers.

Large carriers drive the development of equipment and devices. The large carriers have the purchasing power to direct the manufacture of equipment and devices to suit their needs. Smaller carriers generally wait in line, knowing that eventually the needs of the larger carriers will ebb and manufacturers can turn their attention and offer the same equipment and devices to smaller players. If the large carriers force the development of exclusive products and services

that cannot be offered in the spectrum bands held by smaller carriers, smaller carriers will be left without viable equipment options. Exclusive equipment arrangements ensure that only the two largest providers will offer their subscribers the full array of applications and reasonable pricing that comes with volume. Not only would the result be competitively detrimental, consumers living in areas Verizon and AT&T choose not to serve will be denied access to many of the benefits that 700 MHz spectrum offers.

There is evidence of the harm caused by exclusive equipment contracts in the handset market. Handset features are a driving factor of consumer behavior and only the largest carriers have access to the most advanced devices. Exclusive contracts between handset manufacturers and large carriers have, in some cases, decimated small carriers' customer bases. The small carriers cannot offer all of the desirable features that their subscribers see advertised. As a result, customers are turning to the large carriers for service and handsets when contracts expire, even if the large carriers offer inferior coverage in the home market. Exclusive arrangements between large carriers and manufacturers would limit consumer choice and competition and could adversely affect quality and innovation.

There are also direct consequences for consumers. Exclusive contracts would preclude roaming, something consumers rely on and have come to expect. Mobile subscribers now enjoy a seamless experience. Without the ability to roam, there will be isolated islands of service. History has shown that large carriers will focus their build-out efforts on the profitable, more densely populated areas. Construction is cheaper there and the return on investment is greater. Rural carriers focus their build out in their licensed rural service territories. There is a symbiotic relationship that results in a better nationwide network, sooner.

FCC rules have thus far created a relationship between large and small CMRS carriers that offers the customer the ability to use urban and rural systems as needs dictate.[1] Without 700 MHz roaming, customers of the large carriers will be unable to utilize the block A systems of the small and regional carriers. Customers of small carriers would be limited without an option for a nationwide service, perpetually unable to roam on the networks of the large carriers. Without roaming, consumers will have a useful device only if and when they are physically situated in an area in which their home provider has constructed towers. The actions of the large carriers will limit the experience for all consumers.

The Alliance points out that the 700 MHz spectrum is best suited for deployment and application in rural areas and the actions of the nation's largest wireless providers could thwart efforts of rural carriers to offer a viable rural service. Rural carriers face unique challenges. Serving few customers over vast distances with difficult terrain can be prohibitively expensive. Rural carriers must be creative in their network architecture. The propagation characteristics of the 700 MHz spectrum could allow rural carriers to cover a lot of territory with just a few towers. It could be an economic solution to reaching the most remote and difficult to serve rural consumers with an affordable fixed and/or mobile broadband product. The Commission should act to protect small competing wireless providers and consumers living and working in rural America.

CONCLUSION

NTCA supports the efforts of the Alliance to initiate a Commission rulemaking proceeding on 700 MHz equipment issues. It is essential that 700 MHz mobile equipment be

[1] *See*, 47 C.F.R. § 22.902.

capable of operating on all paired commercial 700 MHz frequency blocks. Commission rules are necessary to ensure that the nation's two largest wireless providers do not create restrictive purchasing arrangements that are contrary to the public interest.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I, Adrienne L. Rolls, certify that a copy of the foregoing Comments of the National Telecommunications Cooperative Association in RM-11592, DA 10-278, was served on this 29th day of March 2010 by first-class, United States mail, postage prepaid, or via electronic mail to the following persons:

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