



The Voice of Rural & Regional Carriers

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February 4, 2011

Via ECFS

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

**Re: WC Docket No. 10-90  
GN Docket No. 09-51  
WC Docket No. 07-135**

*Ex Parte* Notification

Dear Ms. Dortch:

On February 3, 2011, Angela Kronenberg, Commissioner Clyburn's Wireline Legal Advisor, called Rebecca Murphy Thompson, General Counsel for Rural Cellular Association (RCA)<sup>1</sup>, and Steven Berry, President and CEO of RCA, to discuss the FCC's Connect America Fund (CAF) and Intercarrier Compensation Reform Notice of Proposed Rulemaking. RCA explained the importance of success-based, competitively and technology neutral Universal Service reform and highlighted the anticompetitive harms of competitive bidding or reverse auctions to distribute Universal Service support. If it moves forward with reverse auctions, the FCC should condition receipt of CAF support on providing automatic voice and data roaming on reasonable and not unreasonably discriminatory terms and conditions. Additionally, to minimize the potential monopolistic effects of reverse auctions and increase competition in the mobile broadband market, the FCC should mandate interoperability throughout the 700 MHz spectrum to be used for 4<sup>th</sup> Generation (4G) mobile broadband services on 4G networks.

RCA fully supports the FCC's goal to accelerate investment in broadband infrastructure and make broadband services more accessible throughout the United States. However, RCA urges the FCC not to adopt competitive bidding mechanisms or reverse auctions to distribute universal service support. Reverse auctions encourage anticompetitive conduct and anticompetitive incentives to participate, including blocking support to competitors or off-setting contributions. Even worse, reverse auctions perpetuate a monopoly, at the expense of market-based competition, innovation, consumer choice, competitive prices and new technology. Nevertheless, if the Commission adopts a reverse auction mechanism to distribute CAF support, RCA recommends that the FCC require auction winners to provide automatic voice and data roaming at reasonable rates and terms. More generally, RCA also recommends that the FCC mandate interoperability throughout the 700 MHz "mobile broadband" spectrum.

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<sup>1</sup> RCA is an association representing the interests of nearly 100 regional and rural wireless licensees providing commercial services to subscribers throughout the Nation and licensed to serve more than 80 percent of the country. Most of RCA's members serve fewer than 500,000 customers.

The FCC must condition receipt of CAF funds on accepting data roaming obligations<sup>2</sup> because data roaming is the fundamental building block for bringing ubiquitous broadband to rural America. Rural and regional carriers have limited options to obtain nationwide data roaming, but their customers still expect nationwide coverage and comparable services to their urban counterparts. Larger carriers are blocking rural and regional carriers from obtaining data roaming agreements with reasonable terms and conditions because there is no regulatory mandate.<sup>3</sup> This problem will be exacerbated by reverse auctions proposing to fund a single, monopoly provider. Automatic roaming is essential to promoting competition, innovation and investment in wireless voice and data services and networks. A voice and data roaming requirement will help to mitigate the anticompetitive impact of funding a monopoly mobile broadband provider and help to promote competition among subsidized and unsubsidized providers.

In addition to a data roaming condition, as a general requirement imposed on mobile broadband providers, the FCC should mandate mobile broadband interoperability throughout the 700 MHz spectrum band. The FCC has identified Long Term Evolution (LTE) as the preferred technology platform for the 700 MHz spectrum band. And the 700 MHz spectrum band has been identified as the most suitable spectrum to deploy 4G mobile broadband service. As such, the winner of any reverse auction for CAF support to deploy mobile broadband in an unserved area will likely utilize 700 MHz spectrum due to cost and other efficiencies provided by LTE technology. As highlighted above, reverse auctions will result in the subsidization of a single, monopoly provider, at the expense of market-based competition, innovation and consumer choice. To combat the anticompetitive effects of reverse auctions, the FCC must mandate interoperability throughout the 700 MHz spectrum band.

The need for interoperability is equivalent to the need for data roaming in a 4G world. Interoperability throughout the 700 MHz band is crucial for consumers to reap the economic benefits of roaming and access to the latest handsets. Device flexibility and interoperability in the 700 MHz band will allow consumers to enjoy economies of scale from the entire 700 MHz LTE ecosystem by increasing handset competition while decreasing cost. For consumers to get the most bang for their Universal Service buck, CAF recipients should be allowed to reap these same benefits. Interoperability and roaming will help to ensure that CAF reverse auctions winners using 700 MHz spectrum will provide the most cost-efficient, high quality broadband service to rural consumers. A voice and data roaming condition and an interoperability requirement will promote the availability of advanced services provided by both subsidized and unsubsidized providers in rural America.

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<sup>2</sup> See, e.g., *Universal Service Reform, Mobility Fund*, WT Docket No. 10-208, Notice of Proposed Rulemaking, 25 FCC Rcd 14716, ¶ 36 (2010); see also RCA Comments at 13-14, WT Docket No. 10-208 (December 16, 2010).

<sup>3</sup> See *Ex Parte* Letter from Rebecca Murphy Thompson, RCA General Counsel, and Caressa D. Bennet, RTG General Counsel, to Marlene H. Dortch, Secretary, FCC, filed in WT Docket No. 05-265 (Nov. 12, 2010); see also *Ex Parte* Letter from Rebecca Murphy Thompson, RCA General Counsel, to Marlene H. Dortch, Secretary, FCC, filed in WT Docket No. 05-265 (January 31, 2011).

RCA files this *ex parte* notice pursuant to Sections 1.1203, 1.1204, and 1.1206 of the Commission's Rules.

Sincerely,



Rebecca Murphy Thompson  
General Counsel

cc: Angela Kronenberg  
Louis Peraertz