

**Before the
Federal Communications Commission
Washington, DC 20554**

In the Matter of)
)
Mobility Fund Phase 1 Auction Scheduled for) AU Docket No. 12-25
September 27, 2012; Comments Sought on)
Competitive Bidding Procedures for Auction 901)
And Certain Program Requirements)

To: Wireless Telecommunications and Wireline Competition Bureaus

**REPLY COMMENTS OF THE
NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION**

The National Telecommunications Cooperative Association (“NTCA”)¹ submits these reply comments in response to comments filed in response to the Federal Communications Commission’s (“Commission”) *Public Notice*² announcing the reverse auction to award \$300 million in one-time Mobility Fund Phase I support and requesting comment on auction procedures and related programmatic issues.

As an initial matter, NTCA repeats its opposition to the use of reverse auctions for the disbursement of support.³ Reverse auctions are neither a proven nor an effective method for the disbursement of funding to support the deployment and operation of broadband networks in rural areas. It promotes a “race to the bottom” in terms of service quality, allowing construction and equipment quality short-cuts and gaming strategies that result in deceptively low bids.

¹ NTCA represents nearly 600 rural telecommunications providers. All of NTCA’s members are full service local exchange carriers and many of its members provide wireless, video, broadband Internet, satellite, and/or long distance services to their communications; each member is a “rural telephone company” as defined in the Communications Act of 1934, as amended.

² Mobility Fund Phase I Auction Scheduled for September 27, 2012; Comment Sought on Competitive Bidding Procedures for Auction 901 and Certain Program Requirements, AU Docket 12-25, *Public Notice*, DA 12-121 (rel. February 2, 2012) (“*Auction 901 Procedures Public Notice*”).

³ May 23 reply comments.

However, if the Commission moves forward with Reverse Auctions, despite continued questions and concerns, it must adopt meaningful protections and constraints to ensure that the Mobility Fund serves its intended purpose.

I. THE COMMISSION MUST ACCURATELY IDENTIFY AREAS ELIGIBLE FOR SUPPORT.

Small and rural wireless service providers seeking high-cost universal service support are concerned about how areas will be determined eligible for Mobility Fund support. The Commission must be careful to not foreclose the carriers that most need universal service support from participating in the Mobility Fund Phase I auction. Eligible areas should not be limited to census blocks with paved roads which are more prevalent in more developed parts of the country. Data should not be more accessible to large wireless incumbents with significant IT resources and mapping and planning departments at their disposal.

NTCA supports commenters urging a wider array of the types of roads which count toward funding eligibility.⁴ The Commission's proposal to limit eligibility to the following three categories of road miles is too restrictive: Primary Roads (\$1100), Secondary Roads (\$1200), and Local Neighborhood Roads, Rural Roads, City Streets (\$140). Roads that supplement the interstate system, including section roads, vehicular trails, private logging roads and roads for service vehicles must count. As the Blooston Rural Carriers point out, although only 40 percent of travel occurs on rural roads, they are the site of more crash fatalities.⁵ Public safety entities must rely on the public communications network in rural areas where public safety system coverage is often lacking. NTCA agrees with the Rural Telecommunications Group that including more road categories will serve the public interest by making additional unserved areas

⁴ See, e.g., Comments of General Communications Inc, pp. 2-3; Blooston Rural Carriers, pp. 4-5, Rural Telecommunications Group, pp. 3-4.

⁵ Comments of Blooston Rural Carriers, p. 5.

eligible for support based on an accurate reflection of rural road coverage.⁶ Covering the smaller, and in some cases unpaved, roads is necessary to achieve the Commission's goal to provide mobile voice and broadband to the areas where Americans live, work and travel.

NTCA also supports the Blooston Rural Carriers in their comment that the Bureaus should make available the maps needed for challenging eligible areas in a format that would permit operators to directly overlay their existing network layouts, as well as census block and TIGER data in a GIS or CAD program.⁷ The ability to directly overlay the broadband availability map would permit a small company to more accurately evaluate the existing network coverage without unnecessarily spending the estimated \$10,000 to obtain the mapping capability and the required American Roamer data files.

II. RURAL CARRIER PARTICIPATION SHOULD BE ENCOURAGED

Given the track record of rural carriers of serving rural, traditionally undeserved or underserved community, the Commission should take certain actions to encourage and make it easier for small, rural carriers to participate in the reverse auction process. NTCA agrees with commenters arguing that the requirement for awardees to provide an irrevocable standby letter of credit ("LOC") is unnecessary, inappropriate and unduly burdensome for small, rural carriers.⁸ Most rural local exchange carriers are small businesses that lack the financial resources or relationship with major banks that would enable them to obtain the required LOC. As proposed, the LOC requirement may effectively exclude small and rural wireless carriers from participating in Mobility Fund reverse auctions. NTCA agrees that the Commission should grant exemptions

⁶ Comments of Rural Telecommunications Group, p. 3.

⁷ Comments of Blooston Rural Carriers, p. 4.

⁸ See Comments of U.S. Cellular, p. 3; Comments of Blooston Rural Carrier, p. 11.

from the LOC requirement for established rural telephone carriers.⁹ Carriers that have borrowed and timely repaid funds from RUS, CoBank or the Rural Telecommunications Finance Cooperative have a proven record of trustworthiness and public service.

NTCA also agrees that the Commission take concrete steps to promote rural carrier participation in the Phase I auction by implementing bidding credits. Large carriers have historically dominated auctions and small and rural carriers have been successful only when adequate protections were in place, including spectrum set-asides and substantial bid credits. NTCA agrees with the Blooston Rural Carriers that the Commission should establish bidding credits specifically for small businesses, and any entity that qualifies as a “rural telephone company” under Section 51.5 of the Commission’s rules.¹⁰ Section 309(j) of the Communications Act requires spectrum auctions to be designed and conducted in a manner that “promotes economic opportunity and competition and ensures that new and innovative technologies are readily accessible to the American people by avoiding excessive concentration of licenses and by disseminating licenses among a variety of applicants, including small business [and] rural telephone companies.”¹¹ Bidding credits for the auction are in spirit of the law and would help to fulfill Congress’ intent in enacting the legislation. Absent bidding credits, the Phase I auction is sure to be dominated by large, nationwide providers to the detriment of small providers and the consumers they serve.

III. CONCLUSION

NTCA does not believe that a reverse auction is the appropriate methodology for determining who receives universal service support. However, if the Commission proceeds

⁹ See Comments of Blooston Rural Carriers, p. 11; U.S. Cellular, p. 4.

¹⁰ Comments of Blooston Rural Carriers, p. 12.

¹¹ 47 U.S.C. § 309(j)(2).

down this path, it must take certain measures to protect small, rural carriers and consumers. It should expand its class of roads to include those most prevalent in rural areas and make mapping data available in an easy-to-use accessible format. Letters of Credit should not be required from established rural carriers as they unnecessary and may preclude rural carrier participation. The Commission should also adopt bidding credits that will help level the playing field for small providers competing with large, nationwide providers for funding.

Respectfully submitted,



By: /s/ Michael Romano
Michael Romano
Senior Vice President, Policy
mromano@ntca.org

By: /s/ Jill Canfield
Jill Canfield
Director – Legal & Industry
jcanfield@ntca.org

Its Attorneys

4121 Wilson Boulevard, 10th Floor
Arlington, VA 22203
703-351-2000

Date: March 9, 2012

CERTIFICATE OF SERVICE

I, Adrienne L. Rolls, certify that a copy of the foregoing Reply Comments of the National Telecommunications Cooperative Association in AU Docket No. 12-25, DA 12-121, was served on this 9th day of March 2012 by first-class, United States mail, postage prepaid, or via electronic mail to the following persons:

Julius Genachowski, Chairman
Federal Communications Commission
445 12th Street, SW, Room 8-B201
Washington, D.C. 20554
Julius.Genachowski@fcc.gov

Commissioner Robert M. McDowell
Federal Communications Commission
445 12th Street, SW, Room 8-C302
Washington, D.C. 20554
Robert.McDowell@fcc.gov

Commissioner Mignon Clyburn
Federal Communications Commission
445 12th Street, SW, Room 8-A302
Washington, D.C. 20554
Mignon.Clyburn@fcc.gov

Best Copy and Printing, Inc.
Federal Communications Commission
445 12th Street, SW, Room CY-B402
Washington, D.C. 20554
fcc@bcpiweb.com

David A. LaFuria
John Cimko
LUKAS, NACE, GUTIERREZ & SACHS,
LLP
8300 Greensboro Drive, Suite 1200
McLean, VA 22102

Grant B. Spellmeyer
Executive Director – Federal Affairs &
Public Policy
UNITED STATES CELLULAR
CORPORATION
8410 West Bryn Mawr
Chicago, IL 60631

Caressa D. Bennet
Robert A. Silverman
Bennet & Bennet, PLLC
Counsel for RURAL
TELECOMMUNICATIONS GROUP, INC.
4350 East West Highway, Suite 201
Bethesda, MD 20814

Chris Nierman
GENERAL COMMUNICATION, INC.
1350 I Street, N.W., Suite 1260
Washington, D.C. 20005

John A. Prendergast
D. Cary Mitchell
Salvatore Taillefer, Jr.
Blooston, Mordkofsky, Dickens, Duffy &
Prendergast, LLP
2120 L Street, NW, Suite 300
Washington, D.C. 20036

Shannon M. Heim
Dorsey & Whitney LLP
1031 West Fourth Avenue, Suite 600
Anchorage, AK 99501
Counsel for the Alaska Rural Coalition

Christopher M. Miller
Attorneys for Verizon and Verizon Wireless
1320 North Courthouse Road, Ninth Floor
Arlington, VA 22201-2909

Melany K. Crawford
Attorney for the Commonwealth of
Kentucky
702 Capital Ave., Room 392
Frankfort, KY 40601

Donald K. Stockdale, Jr.
MAYER BROWN LLP
1999 K Street, N.W.
Washington, D.C. 20006

Cathy Carpino
Gary L. Phillips
Peggy Garber
AT&T SERVICES, INC
1120 20th Street, N.W., Suite 1000
Washington, D.C. 20036

Charles Acquard, Executive Director
NASUCA
8380 Colesville Rd., Suite 101
Silver Spring, MD 20910

/s/ Adrienne L. Rolls
Adrienne L. Rolls