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

In the Matter of	)	
Service Rules for the Advanced Wireless Services	)	WT Docket No 12-357
H Block—Implementing Section 6401 of the	)	
Middle Class Tax Relief and Job Creation Act of	)	
2012 Related to the 1915-1920 MHz and	)	
1995-2000 MHz Bands	)	

To: The Commission

REPLY COMMENTS OF
THE RURAL TELECOMMUNICATIONS GROUP, INC.

The Rural Telecommunications Group, Inc. ("RTG"), by its attorneys, hereby replies to comments submitted in the record established by the Federal Communications Commission's ("FCC" or "Commission") *Notice of Proposed Rulemaking* proposing rules to auction and license Advanced Wireless Services ("AWS") spectrum in the 1915-1920 and 1995-2000 MHz bands (the "H Block").[1] These reply comments support those commenters who cite the importance of the Commission's obligation under Section 309(j) of the Communications Act of 1934, as amended, ("Communications Act" or "Act")[2] and the Middle Class Tax Relief and Job Creation Act of 2012 ("Spectrum Act")[3] to adopt auction rules and procedures that support the

[1] *See Service Rules for the Advanced Wireless Services H Block—Implementing Section 6401 of the Middle Class Tax Relief and Job Creation Act of 2012 Related to the 1915-1920 MHz and 1995-2000 MHz Bands*, WT Docket No. 12-357, Notice of Proposed Rulemaking, FCC 12-152 (rel. December 17, 2012) ("*Notice of Proposed Rulemaking*").

[2] 47 U.S.C. §309(j).

[3] Middle Class Tax Relief and Job Creation Act of 2012, Pub. L. No. 112-96, §§6402, 6403, 125 Stat. 156 (2012) ("Spectrum Act").

participation of rural carriers and avoid the concentration of licenses by disseminating licenses across a variety of applicants.

I. Licensing the H Block On a CMA Basis Better Comports with Section 309(j) of the Communications Act and the Spectrum Act Than Licensing on an EA Basis.

The FCC is statutorily required by the Communications Act to adopt regulations that promote "economic opportunity for a wide variety of applicants, including small businesses [and] rural telephone companies…[and]…ensure that small businesses [and] rural telephone companies… are given the opportunity to participate in the provision of spectrum-based services."[4] The Spectrum Act requires the Commission to "consider assigning licenses that cover geographic areas of a variety of sizes."[5]

RTG supports the comments of United States Cellular Corporation ("USCC"), which urges the Commission to license the H Block on a Cellular Market Area ("CMA") [6] basis to protect competition and ensure the deployment of rural networks. [7] USCC asserts that because the Commission proposes to base the H Block buildout requirements on the percentage of the total population served, licensees of large service areas can satisfy their buildout requirements by

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[4] 47 U.S.C. §§309(j)(4)(C) & (D).

[5] Pub. L. No. 112-96, §§6402, 6403.

[6] Metropolitan Service Areas ("MSAs") and Rural Service Areas ("RSAs") are collectively referred to as CMAs.

[7] Comments of United States Cellular Corporation, WT Docket No. 12-357 (filed February 6, 2013) at p. 4 ("USCC Comments") (noting that "at a minimum, the Commission should adopt its proposal to license the H Block on an [EA] basis, but USCC believes that the smaller [CMA] basis would better serve the public interest").

concentrating only on urban centers, thereby leaving rural areas unserved.[8] RTG agrees that this outcome would "contravene the statutory directive for the Commission to ensure the widest possible deployment of communications services, including to rural areas."[9] RTG agrees with USCC's argument that small license areas are necessary to preserve opportunities for small and regional carriers as well as new entrants in order to provide sources of competition, variety and diversity in rural areas. Small and regional carriers cannot afford the premium prices that accompany licenses serving large areas that encompass more densely populated areas. Licensing on a CMA basis, however, would make the H Block spectrum more affordable and also allow small and regional carriers to focus deployment efforts on customers in small and rural markets. Auctioning the H Block on a CMA basis, which segregates rural and urban areas, will give rural carriers an opportunity to participate in the auction as required by the Communications and Spectrum Acts.

RTG also agrees with C-Spire's comment that "competitive operators, Designated Entities, and virtually all other new entrants cannot realistically participate in the bidding for the largest geographic license areas… [which] effectively awards those licenses to the Bell incumbents for the reserve price…and further concentrates valuable spectrum in the hands of the largest operators."[10] RTG supports comments filed by MetroPCS Communications, Inc.

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[8] USCC Comments at p. 5.

[9] USCC Comments at p. 5, citing 47 U.S.C. §§309(j)(3)(A) and (4)(B).

[10] Comments of Cellular South, Inc., WT Docket No. 12-357 (filed February 6, 2013) at p. 5 ("C Spire Comments"). C Spire also notes that in Auction 73, the 700 MHz Lower B Block, which was divided into 734 CMAs - brought the highest price per MHz/POP of any block of spectrum, while the larger spectrum blocks were sold at the reserve price. C Spire Comments at p. 5 (citing

("MetroPCS") to the extent MetroPCS argues against licensing the H Block on a nationwide basis as it "limits the additional spectrum to a single licensure which means that all other carriers that might need spectrum would be foreclosed."[11] MetroPCS notes that "[e]ven though the wireless market is evolving to a national market, spectrum needs are still local. Licensing spectrum on a nationwide basis at this late date will not assist the Commission in its twin goals of making sure all carriers that need spectrum have an opportunity to acquire it and that the bidder that values it most actually acquires the spectrum. …."[12] However, RTG disagrees with the assertion made by MetroPCS that an EA licensing area is sufficiently small to further these twin goals.

Though RTG agrees with the Competitive Carrier Association's ("CCA") assertion that the use of "sufficiently small geographic areas will provide rural and regional carriers incentives to participate while still allowing carriers to aggregate blocks to serve larger geographic areas…,"[13] RTG respectfully disagrees with CCA's assertion that EAs are geographically small enough to encourage rural carrier participation in the auction.[14] While CMAs create separate license areas for rural and urban areas, EAs incorporate both urban and rural areas in the same

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Auction 73 summary data of Wireless Strategy (http://www.wirelessstrategy.com/auction8.html)).

[11] MetroPCS Communications, Inc. ("MetroPCS") Comments at p. 12.

[12] MetroPCS at p. 12.

[13] Comments of Competitive Carrier Association, WT Docket No. 12-357 (filed February 6, 2013) at p. 13 ("CCA Comments").

[14] There are 734 CMAs, 428 of which are RSAs, and 306 which are MSAs. By comparison there are only 175 EAs (excluding the Gulf of Mexico). EAs include both urban and rural areas and are generally larger than CMAs.

geographic license area. The inclusion of urban areas in all license areas will make rural areas unaffordable to rural carriers and other carriers who intend to focus only on serving rural areas. By effectively precluding small rural carriers from auction participation, licensing on an EA basis adversely impacts rural carriers and rural customers by creating markets in which large carriers focus on providing service to urban areas to satisfy their buildout requirements, while failing to serve rural areas. Licensing on a CMA basis will not only lead to auction participation by rural carriers, it will allow larger carriers to focus on urban areas of interest to them to serve. CMA licensing will have no adverse impact on larger carriers. Indeed, RTG agrees with USCC that licensing the spectrum on a CMA basis actually benefits large carriers who may want "more targeted spectrum acquisitions."[15]

II. The Commission Must Adopt a Bright Line Spectrum Aggregation Limit Prior to Auctioning the H Block

RTG supports CCA's Comments to the extent that they propose the Commission revise its current review of spectrum holdings.[16] RTG and CCA both believe it is imperative for the Commission to adopt a spectrum aggregation limitation to prevent large carriers from continuing to hold the majority of wireless spectrum. CCA urges the Commission to establish three separate screens depending on whether the Commission is looking at a carrier's spectrum holdings below 1 GHz in a given market, holdings above 1 GHz in a given market, or a carrier's national holdings, and evaluate a carrier's aggregate spectrum holdings in each local market.[17] However,

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[15] USCC Comments at pp. 5-6.

[16] CCA Comments at p.8.

[17] CCA Comments at p. 8.

RTG believes that in order to ensure robust competition, the Commission must adopt a bright line spectrum cap that allows no entity to hold more than 25% of all available and usable mobile broadband spectrum in any given county and require a minimum of four carriers per market. [18] Including this spectrum cap is vital to ensuring the competitiveness of the broadband wireless industry. Continuing to hold spectrum auctions that result in the further concentration of spectrum is against the public interest as it violates Section 309(j) of the Communications Act and the Spectrum Act.

For the foregoing reasons, RTG requests that the Commission adopt a bright line spectrum cap as set forth above, and auction the H Block on a CMA basis.

Respectfully submitted,

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[18] *See* Comments of Rural Telecommunications Group, WT Docket No. 12-269 (filed Nov. 28, 2012) at p. 7, ("RTG Spectrum Cap Comments").