



**Competitive Carriers Association**  
Rural • Regional • Nationwide®

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October 2, 2013

**Via ECFS**

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

**RE:** *GN Docket No. 12-268, Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*  
*GN Docket No. 13-185, Amendment of the Commission's Rules with Regard to Commercial Operations in the 1695-1740 MHz, 1755-1780 MHz, and 2155-2180 MHz Bands*

Dear Mr. Epstein and Ms. Milkman:

Competitive Carriers Association (CCA) and the undersigned CCA members are committed to ensuring that the Commission's upcoming incentive auction of 600 MHz spectrum is a success. To enhance competition and maximize revenues, helping to ensure the auction's success, we urge the Commission to adopt smaller geographic license areas, such as Cellular Market Areas (CMAs). Using smaller geographic license areas will create opportunities for a broad array of providers to participate, thereby creating opportunities for increased revenues.<sup>1</sup>

As most of us previously have explained, many smaller carriers, including our companies, will be unable to participate in the incentive auction if the FCC licenses the spectrum in Economic Areas (EAs).<sup>2</sup> If the Commission uses EAs, smaller carriers like ours, typically focused on serving

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<sup>1</sup> This is also true of other upcoming auctions, such as the auction for AWS-3 band spectrum. *See* Comments of Competitive Carriers Association, GN Docket No. 13-185, *et al.* (filed Sept. 18, 2013); Comments of Atlantic Seawinds Communications, LLC, GN Docket No. 13-185, *et al.* (filed Sept. 18, 2013); Comments of Bluegrass Cellular, Inc., GN Docket No. 13-185, *et al.* (filed Sept. 18, 2013); Comments of Public Service Wireless Services, Inc., GN Docket No. 13-185, *et al.* (filed Sept. 18, 2013); Comments of Rural Wireless Association, GN Docket No. 13-185, *et al.* (filed Sept. 18, 2013); Comments of United States Cellular Corporation, GN Docket No. 13-185, *et al.* (filed Sept. 18, 2013).

<sup>2</sup> *See, e.g.*, Supplemental Comments of Competitive Carriers Association Regarding the 600 MHz Band Plan, Docket No. 12-268, at 7-10 (filed June 14, 2013); *See* Letter from Ron Smith, President, Bluegrass Cellular, Inc. to Marlene H. Dortch, Secretary, FCC, GN Docket No. 12-268 (filed July 10, 2013) ("Bluegrass Cellular will not participate in the 600 MHz spectrum auction if the FCC does

rural and regional areas, might be forced to bid on multiple license areas—each of which includes significantly more populated areas—to acquire spectrum that covers our respective footprints.<sup>3</sup> Most CCA members lack the financial capability to bid on these large and populous spectrum blocks.

By contrast, CMAs will attract the broadest participation among bidders by giving our companies and other competitive carriers a meaningful opportunity to participate. Greater participation likely will lead to greater auction revenues.<sup>4</sup> For example, nearly 100 smaller or rural carriers participated in Auction 73, predominantly bidding on spectrum allocated in CMAs. This spectrum generated more revenue on a MHz-pop basis than larger geographic areas.<sup>5</sup> In addition to the almost \$2 billion competitive carriers paid for licenses in Auction 73, small entities also bid \$1.2 billion for licenses that larger providers ultimately paid \$1.6 billion to win—driving an additional \$400 million in revenue that most likely wouldn't have materialized had these carriers not participated and increased bid amounts.<sup>6</sup>

Thus, there is significant evidence in the record showing that the Commission should license the spectrum reclaimed in the upcoming incentive auction based on smaller geographic license areas. Doing so will help to encourage our companies' participation, which should lead to increased revenue and enhanced opportunities for competitive services—to the benefit of competition and American consumers.

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not license the spectrum in small geographic areas, like CMAs.”) (Bluegrass July 10 Ex Parte); Letter from Patrick D. Riordan, President and CEO, New-Cell, Inc. d/b/a Cellcom to Marlene H. Dortch, Secretary, FCC, AU Docket No. 13-178, *et al.* at 2 (filed Aug. 5, 2013) (“[If] the Commission adopts EAs for its upcoming auctions, it will not be able to participate.”) (Cellcom Aug. 5 Ex Parte).

<sup>3</sup> For example, if spectrum in the upcoming incentive auction is licensed based on EAs, Bluegrass Cellular will be forced to bid on licenses covering approximately six million pops when its core markets cover a much smaller footprint (somewhere closer to 1.2 million pops). Bluegrass July 10 Ex Parte at 1.

<sup>4</sup> See generally Leslie M. Marx, Ph.D., *Economic Analysis of Proposals that would Restrict Participation in the Incentive Auction*, WT Docket No. 12-68 at 24, ¶ 80 (filed Sept. 18, 2013) (noting that “[H]aving more bidders results in higher winning bids both in theory and in the data in a range of different auction settings . . .”).

<sup>5</sup> The Upper C Block, auctioned in 12 Regional Economic Area Groups, sold for only \$0.76/MHz-pop. The Lower A Block, auctioned in smaller areas through 176 EAs, sold for \$1.16/MHz-pop. And the Lower B Block, auctioned in even smaller areas, 734 CMAs, sold for \$2.68/MHz-pop.

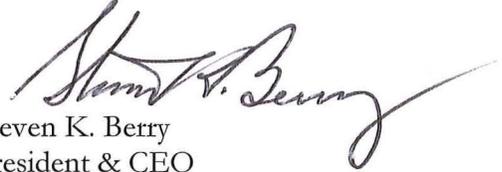
<sup>6</sup> Note that, while smaller carriers have bid on (and sometimes won) licenses in spectrum blocks based on EAs as well as CMAs, continued aggregation of spectrum by the largest carriers and other market conditions have diminished competitive carriers' abilities to attract capital to bid on these larger spectrum blocks going forward. See Cellcom Aug. 5 Ex Parte at 1.

This *ex parte* notification is being filed electronically with your office pursuant to Section 1.1206 of the Commission's Rules.



Terry Addington  
Chief Executive Officer  
SI Wireless LLC d/b/a MobileNation

Sincerely,



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Competitive Carriers Association



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