Competitive Carriers Association
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November 27, 2013

Via ECFS

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

RE: EX PARTE PRESENTATION

GN Docket No. 12-268: *Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*

Dear Ms. Dortch,

Competitive Carriers Association ("CCA") recently filed an economic study demonstrating the significant public interest benefits that would flow from using Cellular Market Areas ("CMAs") as the geographic license size for the upcoming broadcast incentive auction.[1] Sufficiently small geographic license sizes, along with appropriate spectrum aggregation limits, would maximize the amount of spectrum available for the forward auction and boost competition by encouraging participation by a broader array of carriers, including smaller and rural carriers.

In particular, auctioning spectrum in smaller geographic license sizes like CMAs would "maximize opportunities for efficient participation by both large and small wireless services providers."[2] CMAs would enable smaller and rural carriers to bid on smaller spectrum licenses without being forced to bid on large geographic areas that they cannot efficiently serve (or being foreclosed from bidding altogether), while still allowing larger carriers to aggregate licenses to acquire larger swaths of spectrum, including nationwide spectrum. In addition, CMAs would "increase the ability to allow for market variation in areas where limited amounts of spectrum are procured in the Reverse Auction, while reducing the amount of spectrum lost to international border coordination."[3] Relying on smaller geographic license sizes like CMAs thus would maximize the amount of spectrum that is repurposed for the forward auction and likely would increase overall auction revenues.

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[1] *See* William Lehr and J. Armand Musey, "Right-sizing Spectrum Auction Licenses: The Case for Smaller Geographic License Areas in the TV Broadcast Incentive Auction," ("Lehr/Musey Study"), attached to *Ex Parte* Letter from Steven K. Berry, Competitive Carriers Association, to The Hon. Tom Wheeler, Chairman, Federal Communications Commission, GN Docket No. 12-268 (Nov. 20, 2013).

[2] Lehr/Musey Study at 2.

[3] *Id.*

For these reasons, CCA submits that CMAs represent the optimal geographic license size for the forward auction to promote competition and the public interest. If the Commission nevertheless is inclined to rely on Economic Areas ("EAs"), notwithstanding the many benefits of using CMAs, the Commission should find a way to retain at least *some* of the benefits of smaller license areas. To that end, without prejudice to CCA's continued support for CMAs, CCA is submitting the enclosed map and associated county list to demonstrate how a hybrid proposal based on EAs *and* CMAs could work.

The map illustrates the possibility of dividing EAs into Partial Economic Areas ("PEAs"), which would enable smaller and rural carriers to bid on portions of EAs to obtain more efficiently sized spectrum licenses.[4] Although PEAs would not promote opportunities for smaller carriers to the same degree as CMAs, those geographic units would ensure that some licenses consist of large population centers while other PEAs consist of less populous areas, with the goal of attracting a variety of bidders, including carriers that would be foreclosed from bidding on entire EAs. Moreover, PEAs would not establish a wholly new geographic licensing scheme, as they respect existing CMA boundaries to the extent possible, consistent with the CMA licenses that were employed in numerous previous auctions, including Auctions 73 (700 MHz), 78 (AWS-1), and 92 (Lower 700 MHz), and they "nest" within existing EAs.[5] Licensing spectrum based on PEAs thus would entail some of the benefits of smaller geographic licenses, including promoting participation by a broader array of carriers, while employing geographic units that are capable of nesting into larger EAs.

Additionally, CCA is aware of larger carriers' desires to aggregate the largest population centers into a package of licenses for bidding in the forward auction. CCA has consistently advocated against package bidding. Package bidding curtails competitive carriers' participation in auctions and can lead to a reduction in overall revenue in certain instances. These considerations are particularly important in the incentive auction. However, should the Commission determine that a package of licenses is necessary to implement a licensing scheme using smaller geographic license sizes, similar to PEAs, CCA urges the Commission to create a package of *no more than* the ten largest PEAs by population. Any larger package would disproportionately burden rural and regional competitive carriers and undermine the benefits of the PEA hybrid proposal.

In short, while CCA continues to believe that CMAs represent the most efficient and pro-competitive license size for the forward auction, any alternative should harness the benefits of small license sizes to the extent possible. Accordingly, if the Commission declines to use CMAs in the broadcast incentive auction, using PEAs would be far preferable to an approach based on EAs alone. Please contact CCA with any questions about this proposal.

Pursuant to Section 1.1206 of the Commission's Rules, this *ex parte* presentation is being filed electronically with the Office of the Secretary.

Sincerely,

/s/ Rebecca Murhpy Thompson

Rebecca Murphy Thompson
General Counsel

cc (via email): Ms. Jessica Almond

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4 The attached map represents CCA's first draft proposal for a PEA licensing scheme. CCA submits this draft in the interest of expediency, but reserves the right to make modifications as its members have additional time to review.

5 Lehr/Musey Study at 9.

Mr. Gary Epstein
Mr. Chris Helzer
Mr. John Leibovitz
Mr. Paul Malmud
Ms. Blaise Scinto
Mr. Edward "Smitty" Smith
Ms. Martha Stancill
Mr. Brett Tarnutzer
Ms. Jennifer Tomchin
Ms. Margaret Wiener
Ms. Madelaine Maior