

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

In the Matter of	)	
	)	
Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions	)	GN Docket No. 12-268
	)	
Amendment of the Commission’s Rules with Regard to Commercial Operations in the 1695-1710 MHz, 1755-1780 MHz, and 2155- 2180 MHz Bands	)	GN Docket No. 13-185
	)	

**Comments  
Of  
Peoples Telephone Cooperative, Inc. (PTC)**

This filing is submitted in response to the Public Notice seeking comment on the geographic area licensing scheme for the upcoming auction of spectrum in the 600 MHz band.<sup>1</sup> The Public Notice seeks comment on a proposal to auction spectrum in the 600 MHz band on the basis of “Partial Economic Area” (PEA) licenses, as well as several alternatives. The Competitive Carriers Association (CCA) proposal to license 600 MHz spectrum on the basis of PEAs<sup>2</sup> came about after concerns were raised that Economic Area (EA) licenses would not enable smaller wireless providers to compete at auction against the largest, nationwide carriers, and also in response to larger carriers’ concerns that Cellular Market Area (CMA) licenses would not “nest” into EAs.

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<sup>1</sup> *Wireless Telecommunication Bureau Seeks Comment on a Proposal to License the 600 MHz Band Using “Partial Economic Areas,”* GN Docket No. 12-268 & GN Docket No. 13-185, Public Notice, DA 13-2351 (rel. Dec. 11, 2013).

<sup>2</sup> Letter from Rebecca Murphy Thompson, Competitive Carriers Association, to Marlene Dortch, Secretary, FCC (Nov. 27, 2013) (CCA proposal).

While clearly intended as a compromise, the CCA proposal for PEA-based 600 MHz band licenses fails to fully balance the competing concerns at issue. The proposal made by the Rural Wireless Association (RWA) and NTCA–The Rural Broadband Association,<sup>3</sup> on the other hand, equitably balances the concerns of wireless carriers large and small to obtain spectrum that fits their business plans. It would also assist the Commission in meeting its statutory responsibilities to make available spectrum-based services to consumers in urban and rural areas alike.

Demand for wireless services by urban and rural consumers is rapidly increasing, and giving consumers what they want requires access to limited wireless spectrum. PTC's consumers depend on us for their wireless service because large, nationwide providers understandably focus their attention on densely populated markets rather than on less lucrative areas like the rural areas of Northeast Texas around Quitman. EA-based licenses, highly coveted by larger wireless carriers, will cover areas too large for any smaller provider to capture. As a result, EA-based licensing in the 600 MHz band is likely to result in the award of most, if not all, licenses to larger nationwide carriers that serve predominately urban areas. If smaller license areas, such as those proposed by RWA and NTCA are not offered at auction, we will be severely limited in our ability to offer innovative wireless services to consumers or expand the availability of our services to additional, currently unserved residents of Northeast Texas.

More specifically, the proposed PEA boundaries map filed by CCA on December 20, 2013<sup>4</sup> shows area 261, which overlaps portions of PTC's study area. It is an area that may under

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<sup>3</sup> Letter from Caressa Bennet, Rural Wireless Association, and Jill Canfield, NTCA–The Rural Broadband, to Marlene Dortch, Secretary, FCC (Dec. 6, 2013) (RWA/NTCA Proposal).

<sup>4</sup> *Ex parte* letter from Rebecca Murphy Thompson, Competitive Carriers Association, GN Docket No. 12-268 (Dec. 23, 2013) (CCA proposal) (attaching a revised PEA map and county data).

certain circumstances appeal to PTC. Unfortunately, area 261 is quite large, from the perspective of a small carrier such as PTC, and it also straddles parts of Texas and Oklahoma (PTC's study area does not). As such, PTC would be unable to serve the entirety of this area and will very likely not be able to participate in this auction.

To ensure that carriers of all sizes can meaningfully participate in the 600 MHz auction, the RWA/NTCA auction proposal would conduct the 600 MHz incentive auction using a two-phase process.<sup>5</sup> In the first phase, the repackaged broadcast spectrum would be auctioned off on the basis of predefined Metropolitan Statistical Area (MSA) groupings that consist of densely populated areas that would likely appeal to nationwide and regional carriers. The second phase would auction 429 remaining Rural Statistical Areas (RSAs) that cover the sparsely-populated areas typically served by smaller wireless providers. These areas available for bid in the second phase of the auction would also be available and of interest to carriers of all sizes.

In short, the RWA/NTCA incentive auction proposal would most fairly and efficiently promote the deployment of advanced wireless services to consumers in urban and rural areas. From the perspective of a small, rural provider, the smaller license areas that would be available in the second phase of the RWA/NTCA proposal would provide a meaningful opportunity to participate in the 600 MHz spectrum auction. In addition, the RWA/NTCA proposal would have several advantages for larger and regional wireless providers. By separating the less populated, rural areas from the first phase, it would allow larger and regional carriers to bid on license areas made up of the urban areas that are more consistent with their business plans. Understandably, these carriers prefer to concentrate their buildout efforts on the more profitable, less costly to serve urban areas. These carriers would also be free to bid on licenses in the second phase of the auction, to the extent that they also wish to expand their wireless networks into more rural areas.

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<sup>5</sup> RWA/NTCA Proposal, p. 2.

In addition, as demonstrated in their proposal, the RWA/NTCA incentive auction model would assist the Commission in meeting its responsibilities to enact the Middle Class Tax Relief and Job Creation Act of 2012. By providing incentives for carriers of all sizes to participate in the auction, and by ensuring that the auction is competitive, the Commission can generate sufficient revenue that can be directed towards other important objectives, such as FirstNet.<sup>6</sup> This competitive and equitable auction structure will also, as noted above, make limited and valuable spectrum available to rural providers, as mandated by Section 309 of the Communications Act.

Finally, it is also important to note that the CCA proposal for PEAs is based, in part, on a flawed premise. Specifically, CCA contends that PEAs are preferable to CMAs because the latter do not neatly “nest” within EAs. However, as the RWA/NTCA proposal shows, this “nesting” problem is a concern in only three CMAs nationwide.<sup>7</sup> In any event, meeting its statutory duty to make spectrum-based services available to consumers in rural and urban areas, and not addressing very limited “nesting” concerns, should be the primary focus of the Commission.

The 600 MHz incentive auction will be the first spectrum auction held by the Commission in a number of years, and with the ever-increasing demands being placed on rural carriers by consumers’ use of wireless services, it is imperative that the Commission not squander this opportunity to promote the availability of spectrum-based services to rural Americans. The RWA/NTCA proposal would enable smaller wireless providers to bid for licenses to serve less populated rural areas that may otherwise not get wireless services, while

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<sup>6</sup> *Id.*, pp. 2-3.

<sup>7</sup> *Id.*, p. 3.

also incenting nationwide and regional carriers to participate in the 600 MHz auction, and therefore represents a reasonable and equitable compromise that the Commission should act on immediately.

Respectfully Submitted,

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