

**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
)	
To: The Commission)	

REPLY COMMENTS OF COLEMAN COUNTY TELEPHONE COOPERATIVE, INC.

Coleman County Telephone Cooperative, Inc. (“CCTC”), by its attorneys, hereby files these reply comments in response to comments filed by various parties with regard to the *Public Notice*¹ released by the Wireless Telecommunications Bureau (“Bureau”) of the Federal Communications Commission (“FCC” or “Commission”) seeking comments on the Competitive Carriers Association (“CCA”) proposal² to adopt Partial Economic Areas (“PEAs”) to award licenses in the 600 MHz Broadcast Incentive Auction. The *Public Notice* also sought comment on any additional geographic licensing proposals, including the joint proposal submitted by the Rural Wireless Association, Inc. (“RWA”) and NTCA – The Rural Broadband Association (“NTCA”)³ to conduct a two-phased Incentive Auction.

¹ *Wireless Telecommunications Bureau Seeks Comment on a Proposal to License the 600 MHz Band Using “Partial Economic Areas,”* GN Docket Nos. 12-268 and 13-185, Public Notice, DA 13-2351 (WTB, Dec. 11, 2013) (“*Public Notice*”).

² Letter from Rebecca Murphy Thompson, General Counsel, Competitive Carriers Association, to Marlene H. Dortch, Secretary, FCC (Nov. 27, 2013) (“CCA PEA Ex Parte”); *see also* Letter from C. Sean Spivey, Competitive Carriers Association, to Marlene Dortch, Secretary, FCC (Dec. 23, 2013) (“CCA Revised PEA Ex Parte”).

³ Letter from Caressa Bennet, Rural Wireless Association, Inc., and Jill Canfield, NTCA - The

CCTC is a rural wireless carrier providing service in portions of three counties in central Texas.⁴ CCTC agrees with commenters' widespread support⁵ for the use of Cellular Market Areas ("CMAs"), rather than Economic Areas ("EAs"), as the geographic license area for the Broadcast Incentive Auction. As discussed below, CMAs would provide CCTC the most meaningful opportunity to participate in the Incentive Auction. However, in the event that the Commission decides against using CMAs as the auction's geographic license area, CCTC believes that the RWA/NTCA Proposal is the best alternative to encourage robust industry-wide auction participation.⁶ As they are currently proposed, PEAs remain too large for many small and rural carriers, like CCTC, to effectively compete for auctioned licenses.

I. SECTION 309(j) OF THE ACT REQUIRES THE COMMISSION TO ADOPT RULES AND PROCEDURES THAT PROMOTE INCENTIVE AUCTION PARTICIPATION OF RURAL CARRIERS.

CCTC agrees with the Comments filed by RWA, NTCA, the Blooston Rural Carriers and others that neither the use of EAs, nor CCA's PEA approach, would adequately address the

Rural Broadband Association to Marlene Dortch, Secretary, FCC (Dec. 6, 2013) ("RWA/NTCA Proposal").

⁴ CCTC provides service in Runnels, Coleman, and Brown counties.

⁵ See, e.g., Joint Association Comments; Supplemental Comments of Competitive Carriers Association, *Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions, 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 Nos. 12-268 & 13-185 (filed Jan. 9, 2014) ("CCA Comments"); Comments of the Blooston Rural Carriers, GN Docket Nos. 12-268 & 13-185 (filed Jan. 9, 2014) ("Blooston Comments"); Comments of Peoples Telephone Cooperative, Inc., GN Docket Nos. 12-268 & 13-185 (filed Jan. 9, 2014) ("Peoples Comments"); Comments of King Street Wireless, L.P., GN Docket Nos. 12-268 & 13-185 (filed Jan. 9, 2014); Comments of United States Cellular Corporation, GN Docket Nos. 12-268 & 13-185 (filed Jan. 9, 2014).

⁶ Under the RWA/NTCA Proposal, the Commission would conduct the reverse broadcast auction contemporaneously with the initial auction phase. During this phase, forward auction bidders would bid on the basis of EAs, but receive licenses covering only the MSA or MSAs (when there is more than one MSA) located within the relevant EA. After bidding is completed in the initial auction phase, the remaining 428 RSAs would be auctioned in the second auction phase. RWA/NTCA Proposal at p. 2.

Commission's obligations under Section 309(j) of the Communications Act of 1934, as amended ("the Act").⁷ Section 309(j) requires the Commission to adopt auction and service rules, license sizes, and bandwidth assignments that, among other things, (1) ensure the timely deployment of new services to people residing in rural areas;⁸ (2) promote economic opportunity and competition;⁹ (3) ensure new technologies are readily available to the public by avoiding the excessive concentration of licenses;¹⁰ (4) disseminate licenses to a wide variety of applicants, including small businesses and rural telephone companies;¹¹ (5) prevent stockpiling or warehousing of spectrum;¹² and (6) promote an equitable distribution of licenses among different geographic areas and promote economic opportunities for small businesses and rural carriers.¹³ As discussed below, if the Commission was to adopt EAs and (to a lesser extent) PEAs as the Incentive Auction's geographic license area, many small and rural carriers would be unable to participate. As a result, the Commission would contravene the Section 309(j) requirements put in place to promote provider diversity and encourage rural wireless deployment.

II. COMMISSION USE OF EAs AS GEOGRAPHIC LICENSE AREAS WOULD PREVENT CCTC FROM PARTICIPATING IN THE INCENTIVE AUCTION.

While CCTC supports the Commission's use of geographic license areas, the use of large geographic license areas such as EAs will prevent CCTC from participating in the Incentive Auction. CCTC currently provides service to an area with a population of approximately 57,502 people. In order to cover its existing service footprint, CCTC would have to bid on spectrum across two EAs, covering 9.3 million people. Indeed, in order to match its

⁷ See, e.g., Joint Association Comments at pp. 5-6; Blooston Comments at pp. 1, 6.

⁸ 47 U.S.C. § 309(j)(3)(A).

⁹ 47 U.S.C. § 309(j)(3)(B).

¹⁰ *Id.*

¹¹ *Id.*

¹² 47 U.S.C. § 309(j)(4)(B).

¹³ 47 U.S.C. § 309(j)(4)(C). See also Joint Association Comments at p. 6.

current footprint, CCTC would be forced in an auction scenario to acquire spectrum covering incredibly large portions of the state of Texas, including the densely populated metropolitan markets of Dallas – Fort Worth, Waco and Killeen-Temple-Fort Hood. While CCTC’s current operations are focused solely within three rural counties, an Incentive Auction with licenses divided into EAs would require CCTC to successively bid on two EAs covering 92 Texas counties. Realistically, CCTC cannot compete under such a scenario.

CCTC is not alone. The Summit Ridge Group, based on an analysis of letters to the FCC, has identified 12 local carriers that will not participate in the auction if an EA structure is used exclusively for licensing 600 MHz spectrum.¹⁴ The NERA Report identified several additional rural carriers for which the use of EA geographic licensing areas would make Incentive Auction participation difficult, if not impossible.¹⁵

III. AS CURRENTLY PROPOSED, PEAs WILL NOT MAXIMIZE AUCTION PARTICIPATION.

Though PEAs would be a better geographic license area option than EAs, CCTC agrees with other commenters that CCA’s current PEA proposal does not adequately address the concerns many small and rural carriers have regarding the size of the licenses to be auctioned.¹⁶ As the Blooston Rural Carriers make clear, because PEA boundaries in Midwestern and Western states largely follow current EA boundaries, states such as North Dakota, South Dakota,

¹⁴ William Lehr and J. Armand Musey, *Right-sizing Spectrum Auction Licenses: The Case for Smaller Geographic License Areas in the TV Broadcast Incentive Auction*, at p. 17 (Nov. 20, 2013) (“Summit Study”). See also Richard Marsden, Dr. Chantale LaCasse, and Jonathan Pike, *Local and Regional Licensing for the US 600 MHz Band (Incentive Auction)*, at p. 13 (January 2014) (“NERA Report”).

¹⁵ NERA Report at pp. 14-15.

¹⁶ See Blooston Comments at pp. 1-2 (noting that the use of PEAs would “offer inadequate improvement over EA licensing for the many Blooston Rural Carriers that provide service in the West and Midwestern states”); see also Peoples Comments at pp. 2-3 (stating that a PEA overlapping portions of its study area is too large, and use of PEA geographic license areas may preclude its participation in the Incentive Auction).

Montana, Wyoming, New Mexico, and Nevada would see little improvement from the use of PEAs under the current CCA proposal instead of EAs.¹⁷ For providers in these states, and several others, use of PEAs would preclude auction participation in much the same way as EAs.

For its part, CCTC would have to bid on two PEAs covering over one million people in order to cover its service area, a population 18 times the population currently covered by its footprint. If the Commission were to adopt CMA-based licenses instead, CCTC would only have to bid on a single CMA covering a modest 203,193 people, allowing CCTC to be much more competitive. So while the use of CMAs would necessitate that CCTC bid successfully on a single CMA covering 11 counties (eight more than it currently covers today), this option is still far more favorable than one requiring CCTC to bid successfully on two PEAs covering 31 counties and over one million people.

IV. THE RWA/NTCA PROPOSAL WOULD ALLOW FOR ROBUST AUCTION PARTICIPATION BY ALL CARRIERS, INCLUDING CCTC.

In the event the Commission decides against using all 734 CMAs as geographic license areas in a single phase auction, CCTC believes that the alternative RWA/NTCA Proposal will maximize carrier participation and offer the best opportunity for a successful Incentive Auction. The two-phase Incentive Auction framework would allow the Commission to conduct the reverse broadcast auction, spectrum repacking, and a First Phase Forward Auction on the basis of 176 EAs, but award licenses on the basis of MSAs.¹⁸ A Second Phase Forward Auction would auction the remaining 428 RSAs. Although the use of CMAs would best allow CCTC and other small and rural carriers to compete for licenses in the Incentive Auction, under the RWA/NTCA Proposal, CCTC would be able to participate in the Incentive Auction and

¹⁷ Blooston Comments at p. 5. *See* Peoples Comments at pp. 2-3.

¹⁸ *See* Joint Association Comments at p. 10.

reasonably compete for the licenses necessary for it to timely deploy new services to the people who live, work and travel through CCTC's rural service area.

V. CONCLUSION.

CCTC strongly encourages the Commission to adopt CMAs when awarding these valuable 600 MHz licenses. In the event that the Commission decides to use an alternative geographic licensing scheme, CCTC supports the RWA/NTCA Proposal. Only by adopting licensing areas that are sufficiently small to provide small and rural carriers, such as CCTC, a meaningful opportunity to participate in the Incentive Auction will the Commission meet the statutory mandate of Section 309(j) of the Act.

Respectfully submitted,

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