

**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 HOME TELEPHONE COMPANY**

Home Telephone Company (“Home Telecom”),<sup>1</sup> by its attorneys, hereby files these reply comments in response to comments filed by various parties with regard to the *Public Notice*<sup>2</sup> released by the Wireless Telecommunications Bureau (“Bureau”) of the Federal Communications Commission (“FCC” or “Commission”) seeking comments on the Competitive Carriers Association (“CCA”) proposal<sup>3</sup> 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

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<sup>1</sup> Home Telecom is an independent telecommunications company located in Moncks Corner, South Carolina, employing close to 200 people and serving over 20,000 access lines. The company provides local and long distance telephone, high speed Internet, video, wireless and security services.

<sup>2</sup> *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*”).

<sup>3</sup> 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”).

Rural Wireless Association, Inc. (“RWA”) and NTCA – The Rural Broadband Association (“NTCA”)<sup>4</sup> to conduct a two-phased Incentive Auction.

Home Telecom is a rural wireless carrier providing service in Berkeley County, the Harleyville area of Dorchester County and portions of the Greater Charleston area, including Goose Creek, Daniel Island and nearby neighborhoods. Home Telecom agrees with commenters’ widespread support<sup>5</sup> 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 Home Telecom 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, Home Telecom believes that the RWA/NTCA Proposal is the best alternative to encourage robust industry-wide auction participation.<sup>6</sup>

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<sup>4</sup> Letter from Caressa Bennet, Rural Wireless Association, Inc., and Jill Canfield, NTCA - The Rural Broadband Association to Marlene Dortch, Secretary, FCC (Dec. 6, 2013) (“RWA/NTCA Proposal”).

<sup>5</sup> *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).

<sup>6</sup> 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 Rural Service Areas (“RSAs”) would be auctioned in the second auction phase. RWA/NTCA Proposal at p. 2.

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

Home Telecom 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 Commission's obligations under Section 309(j) of the Communications Act of 1934, as amended ("the Act").<sup>7</sup> 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;<sup>8</sup> (2) promote economic opportunity and competition;<sup>9</sup> (3) ensure new technologies are readily available to the public by avoiding the excessive concentration of licenses;<sup>10</sup> (4) disseminate licenses to a wide variety of applicants, including small businesses and rural telephone companies;<sup>11</sup> (5) prevent stockpiling or warehousing of spectrum;<sup>12</sup> and (6) promote an equitable distribution of licenses among different geographic areas and promote economic opportunities for small businesses and rural carriers.<sup>13</sup> 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.

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

<sup>8</sup> 47 U.S.C. § 309(j)(3)(A).

<sup>9</sup> 47 U.S.C. § 309(j)(3)(B).

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> 47 U.S.C. § 309(j)(4)(B).

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

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

The use of large geographic license areas such as EAs will prevent Home Telecom from participating in the Incentive Auction. Home Telecom currently provides service to portions of three counties that have a total population of approximately 664,000 people. In order to cover its existing service footprint, Home Telecom would have to bid on spectrum across an EA, covering at least 1,056 additional square miles outside of Home Telecom’s current footprint that Home Telecom does not have the financial wherewithal to cover.<sup>14</sup>

Home Telecom 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.<sup>15</sup> 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.<sup>16</sup>

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

Though PEAs would be a better geographic license area option than EAs, Home Telecom 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

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<sup>14</sup> In order to take advantage of existing infrastructure and leverage existing assets, Home Telecom must operate within its existing footprint and focus on its existing rural customer base.

<sup>15</sup> 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”).

<sup>16</sup> NERA Report at pp. 14-15.

auctioned.<sup>17</sup> 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, Montana, Wyoming, New Mexico, and Nevada would see little improvement from the use of PEAs under the current CCA proposal instead of EAs.<sup>18</sup> For providers in these states, and several others, use of PEAs would preclude auction participation in much the same way as EAs. Home Telecom works with these other carriers through its industry associations, and counts on their survival and participation as wireless operators to leverage their working relationships with vendors and service providers. If these companies are unable to participate, Home Telecom loses out on this important rural industry support from a host of suppliers that focus on rural carriers.

Any support for PEAs expressed by the national carriers is solely related to the fact that PEAs “nest” into larger geographical areas and would enable package bidding. Home Telecom opposes package bidding because it forces small and rural carriers, like Home Telecom, to bid on license areas that extend well beyond their service territories. In order to make Incentive Auction participation (and any resulting 600 MHz spectrum purchase) strategically worthwhile, Home Telecom must be able to utilize its existing resources and focus on providing service within its current footprint. Spectrum auctions that utilize large license areas and/or package bidding make it impossible for rural telephone companies like Home Telecom to purchase and build out auctioned licenses.

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<sup>17</sup> 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).

<sup>18</sup> Blooston Comments at p. 5. PEAs in Texas pose similar issues for at least some carriers. See Peoples Comments at pp. 2-3.

Unfortunately for Home Telecom, the PEA that covers Home Telecom's service area has the same borders as the relevant EA, and therefore offers no improvement. Home Telecom is concerned that this will be the start of a slippery slope that will allow the FCC to continue to use EAs for all future auctions. If the Commission were to adopt CMA-based licenses instead, Home Telecom would only have to bid on one CMA that includes the three counties it already serves, allowing Home Telecom to be much more competitive.

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

In the event the Commission decides against using all 734 CMAs as geographic license areas in a single phase auction, Home Telecom 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.<sup>19</sup> A Second Phase Forward Auction would auction the remaining 428 RSAs. Although the use of CMAs would best allow Home Telecom and other small and rural carriers to compete for licenses in the Incentive Auction, under the RWA/NTCA Proposal, Home Telecom would be able to participate in the Incentive Auction and reasonably compete for the licenses necessary for it to timely deploy new services to the people who live, work and travel through Home Telecom's rural service area.

**V. CONCLUSION.**

Home Telecom 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, Home Telecom supports the RWA/NTCA Proposal. Only by

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<sup>19</sup> See Joint Association Comments at p. 10.

adopting licensing areas that are sufficiently small to provide small and rural carriers, such as Home Telecom, 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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