

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

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| In the Matter of |) | |
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| 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 CT CUBE, L.P. &
CENTRAL TEXAS TELEPHONE INVESTMENTS, L.P.**

CT Cube, L.P., and its parent, Central Texas Telephone Investments, L.P. (collectively, “WCW”),¹ by their attorneys, hereby file these reply comments in response to the *Public Notice*² released by the Wireless Telecommunications Bureau (“Bureau”) of the Federal Communications Commission (“FCC” or “Commission”) seeking comments on the Competitive Carriers Association (“CCA”) proposal³ 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

¹ Both CT Cube, L.P. and Central Texas Telephone Investments, L.P. hold FCC spectrum licenses and provide wireless telecommunications and information services to remote and sparsely populated areas in the west central portion of the state of Texas under the brand name West Central Wireless. WCW serves approximately 50,000 wireless subscribers in this rural area.

² *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*”).

³ 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”)⁴ to conduct a two-phased Incentive Auction.

WCW 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 WCW 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, WCW 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 WCW, to economically bid upon in any upcoming auction.

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

WCW agrees with the Comments filed by RWA, NTCA, the Blooston Rural Carriers

⁴ 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”).

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

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”).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 WCW FROM PARTICIPATING IN THE INCENTIVE AUCTION.

While WCW supports the Commission’s use of geographic license areas, the use of large geographic license areas such as EAs will prevent WCW from participating in the Incentive Auction. WCW is a rural wireless carrier providing service to approximately 50,000 customers

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.

located in 26 rural counties in west central Texas.¹⁴ In order to completely cover its existing operational and licensed footprint (all within the state of Texas), WCW would have to successfully bid on spectrum across seven separate EAs covering 14.6 million people. Indeed, in order to match its current licensed footprint, WCW would be forced in an auction scenario to acquire spectrum covering portions of not just Texas, but also Arkansas, Oklahoma and New Mexico. Portions of these seven EAs are not just far removed geographically from WCW's current licensed footprint, but they also include such major metropolitan markets as Dallas, San Antonio, Austin and Waco. Realistically, WCW would not be able to bid competitively or build the additional areas out economically under such a scenario.

WCW 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.¹⁵ 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.¹⁶

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

Though PEAs would be a better geographic license area option than EAs, WCW agrees with other commenters that CCA's current PEA proposal does not adequately address the

¹⁴ WCW provides service to customers located in the Texas counties of Howard, Glasscock, Reagan, Crockett, Sterling, Irion, Coke, Tom Green, Schleicher, Sutton, Edwards, Runnels, Concho, Menard, Kimble, Kerr, Coleman, McCulloch, Mason, Gillespie, Kendall, Brown, San Saba, Erath, Comanche, and Mills.

¹⁵ 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 pp. 14-15 (January 2014) ("NERA Report").

¹⁶ NERA Report at pp. 14-15.

concerns many small and rural carriers have regarding the size of the licenses to be auctioned.¹⁷

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.¹⁸ For providers in these states, and several others like Texas, use of PEAs would preclude auction participation in much the same way as EAs.

For its part, WCW would have to bid on nine PEAs covering more than 4.4 million people in order to cover its current operating and licensed service area. The covered population of WCW's licensed footprint today stands at 1,502,056 people. If the Commission were to adopt CMA-based licenses instead of PEAs, WCW would still have to bid on 15 CMAs, but those same 15 CMAs cover only 1,819,952 people. This represents only a modest increase, whether in terms of geography or population. So while the use of CMAs in the Incentive Auction would still necessitate that WCW successfully bid on 15 CMAs, this option is far more favorable than WCW bidding on licenses covering 4.4 million people (as would be the case with PEAs) or a more absurd 14.6 million people (as would be the case with EAs). Bidding on PEAs forces WCW to acquire un-needed licenses in major cities such as San Antonio. Bidding on EAs merely compounds the problem by adding cities like Dallas, as well as portions of three additional states.

¹⁷ 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).

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

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

In the event the Commission decides against using all 734 CMAs as geographic license areas in a single phase auction, WCW 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.¹⁹ A Second Phase Forward Auction would auction the remaining 428 RSAs. Although the use of CMAs would best allow WCW and other small and rural carriers to compete for licenses in the Incentive Auction, under the RWA/NTCA Proposal, WCW would still 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 WCW's rural service area.

V. CONCLUSION.

WCW 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, WCW supports the RWA/NTCA Proposal. Only by adopting licensing areas that are sufficiently small to provide small and rural carriers, such as WCW, a meaningful opportunity to participate in the Incentive Auction will the Commission meet the statutory mandate of Section 309(j) of the Act.

¹⁹ See Joint Association Comments at p. 10.

Respectfully submitted,

**CT CUBE, L.P. & CENTRAL TEXAS TELEPHONE
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