



January 28, 2014

VIA ELECTRONIC FILING

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

Re: **Ex Parte Presentation**
GN Docket No. 12-268: *Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*
GN Docket No. 13-185: *Amendment of the Commission's Rules with Regard to Commercial Operations in the 1695-1710, 1755-1780, and 1255-2180 MHz Bands*

Dear Ms. Dortch:

On January 24, 2014, representatives of the Rural Wireless Association ("RWA"),¹ including Caressa D. Bennet, General Counsel; Tara B. Shostek, Regulatory Counsel; Erin P. Fitzgerald, Assistant Regulatory Counsel, and Jill Canfield, Director of Legal and Industry & Assistant General Counsel for NTCA – The Rural Broadband Association ("NTCA"),² (collectively, "the Associations") participated in a conference call with the following individuals at the Federal Communications Commission ("FCC" or "Commission"):

- Blaise Scinto, Jennifer Tomchin, Chris Helzer, Paul Malmud, and Madelaine Maior from the Broadband Division of the Wireless Telecommunications Bureau;
- Margaret Wiener and Kathryn Hinton from the Auctions and Spectrum Access Division of the Wireless Telecommunications Bureau;
- Jessica Almond, Brett Tarnutzer, and John Leibovitz from the Wireless Telecommunications Bureau;
- Gary Epstein from the Incentive Auction Task Force; and
- Evan Kwerel from the Office of Strategic Planning and Policy Analysis.

¹ The Rural Wireless Association, Inc. is a 501(c)(6) trade association dedicated to promoting wireless opportunities for rural telecommunications companies who serve rural customers and those consumers traveling to rural America. RWA's members are small businesses serving or seeking to serve secondary, tertiary, and rural markets. RWA's members are comprised of both independent wireless carriers and wireless carriers that are affiliated with rural telephone companies. Each of RWA's member companies serves fewer than 100,000 subscribers.

² NTCA represents nearly 900 rural rate-of-return regulated telecommunications providers. All of NTCA's members are full service local exchange carriers and broadband providers, and many provide wireless, video, satellite, and/or long distance services as well.

The purpose of this call was to discuss the Associations' support for the use of Cellular Market Areas ("CMAs") as the geographic license areas in the 600 MHz Broadcast Incentive Auction. Like the majority of those that filed comments in response to the Wireless Telecommunications Bureau's *Public Notice*³ regarding the Competitive Carriers Association ("CCA") proposal⁴ to adopt Partial Economic Areas ("PEAs") as the geographic license area in the 600 MHz Broadcast Incentive Auction, the Associations discussed their strong preference that the Commission adopt CMAs instead of PEAs. The Associations pointed out that many PEAs, as proposed in the December 23, 2013 CCA Revised PEA Ex Parte,⁵ remain too large to ensure the auction participation level necessary to ensure dissemination of licenses to small businesses and rural telephone companies. For many carriers, the use of PEAs would preclude auction participation in much the same way as Economic Areas ("EAs"). This is particularly true for carriers west of the Mississippi River.

To facilitate the use of CMAs, the Associations have proposed a two-phase auction format ("Joint Proposal"),⁶ whereby the Commission would 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 Metropolitan Statistical Areas ("MSAs"). A Second Phase Forward Auction would auction the remaining 428 Rural Service Areas ("RSAs").

While the Associations do not believe that their Joint Proposal would create additional complexity, if the Commission finds that a two-phase auction is not optimal, the Associations believe the Commission could obtain the same benefits of making smaller license areas available to rural carriers by adopting the Associations' proposed licensing framework for a single phase auction. Under this approach, the Commission could auction the MSA, or MSAs where there is more than one, located within a single EA as a single license and also auction each RSA as a separate license. The total number of lots could be reduced further by grouping contiguous MSAs into a single lot.

The Associations and the Commission discussed the Associations' concerns with the Commission's desire to limit the overall number of licenses being auctioned to limit the length of time it will take to complete the auction. The Associations sought clarification regarding the maximum number of lots the Commission would entertain, and call participants discussed a number between 400-500 licenses as a possibility.

³ *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*").

⁴ 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").

⁵ CCA submitted Reply Comments in this proceeding that proposed further changes to PEA boundaries. RWA and NTCA are reviewing these proposed changes.

⁶ Letter from Caressa Bennet, Rural Wireless Association, Inc., and Jill Canfield, NTCA - The Rural Broadband Association to Marlene Dortch, Secretary, FCC (Dec. 6, 2013).

The Associations also shared their concerns regarding package bidding, which would make it extremely difficult for small businesses and rural carriers to win individual licenses because they will be competing against national carriers bidding on packages of licenses. The Associations pointed out that large carriers rarely, if ever, have difficulty out-bidding small businesses and rural carriers for licenses they truly want. The Associations stated they do not believe large carriers would fail to bid on licenses just because the Commission did not adopt package bidding. The Associations also voiced their concern with the Commission's desire to ensure the 600 MHz geographic license areas "nest" within EAs because nesting would enable package bidding. The Associations reiterated the arguments put forth in the joint reply comments that "nesting" is not statutorily required, is not a public interest goal, and is not necessary to ensure a successful auction.

The Associations stand ready to work with the Commission and other parties as the 600 MHz Broadcast Incentive Auction proceeding moves forward. Pursuant to Section 1.1206 of the Commission's rules, a copy of this letter is being filed in ECFS. Please do not hesitate to contact the undersigned with any questions.

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