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March 21, 2014

Via ECFS

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

Re: *Notice of Ex Parte Presentation*
Docket No. 13-185

Dear Ms. Dortch:

In accordance with Section 1.1206 of the Commission's rules, 47 C.F.R. §1.1206, United States Cellular Corporation ("USCC"), by its attorneys, hereby provides notice of oral ex parte presentations made in connection with the above-referenced proceeding. On March 19, 2014, LeRoy T. Carlson, Jr., Chairman of USCC, Joseph Hanley, Senior Vice President, Telephone and Data Systems, Inc. (the parent company of USCC), Grant Spellmeyer, Vice President, Federal Affairs and Public Policy, USCC, George Wheeler, Partner, Holland & Knight LLP, and Leighton Brown, Partner, Holland & Knight LLP, met with Gigi Sohn, Special Counsel to Chairman Tom Wheeler, Renee Gregory, Legal Advisor to Chairman Wheeler, Roger Sherman, Acting Chief of the Wireless Telecommunications Bureau, and John Leibovitz, Deputy Chief of the Wireless Telecommunications Bureau; Commissioner Jessica Rosenworcel and David Goldman, Senior Legal Advisor to Commissioner Rosenworcel; Commissioner Mignon Clyburn, Louis Peraertz, Legal Advisor to Commissioner Clyburn, and Stefanie Frank, Law Clerk in Commissioner Clyburn's office; Commissioner Ajit Pai, Nicholas Degani, Legal Advisor to Commissioner Pai, and Brendan Carr, Legal Advisor to Commissioner Pai; and Commissioner Michael O'Rielly and Erin McGrath, Legal Advisor to Commissioner O'Rielly.

In each meeting, we distributed the attached presentation and discussed the issues detailed therein. In particular, we emphasized that the paired 1755-1780 and 2155-2180 MHz bands should be licensed on the basis of five paired 5x5 megahertz blocks in order to ensure robust participation in the AWS-3 auction, maximize auction revenue, and promote competition in the wireless industry. Alternatively, we noted that licensing these bands on the basis of four paired spectrum blocks would be far superior to licensing the spectrum on the basis of only three paired spectrum blocks. We further advocated for licensing the AWS-3 spectrum on the basis of Cellular Market Areas, while also noting that we would support licensing this spectrum on the basis of Partial Economic Areas.

In the meeting with Commissioner Clyburn, we also advocated for an auction-specific spectrum aggregation limit which would prevent any bidder from acquiring more than a reasonable amount (in the range of one-third) of the paired AWS-3 spectrum made available in a particular market.

Respectfully submitted,
HOLLAND & KNIGHT LLP

/s/
Leighton T. Brown
Counsel for United States Cellular Corporation

Enclosure

cc (via email): Commissioner Mignon Clyburn (Mignon.Clyburn@fcc.gov)
Commissioner Jessica Rosenworcel (Jessica.Rosenworcel@fcc.gov)
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AWS-3 Service Rules & Auction Procedures:

Carriers of All Sizes Should Have a Reasonable Opportunity to Acquire Licenses and Deploy Networks

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Spurring Rural Network Deployments & Promoting Much-Needed Competition

- The following service and auction rules will prove critical to providing small and regional carriers with a reasonable opportunity to acquire AWS-3 licenses and provide broadband services using this spectrum:
  - Small license areas;
  - 5 MHz license blocks;
  - No package bidding; and
  - A clear, ex ante interoperability requirement.
- By providing this opportunity to small and regional carriers, these actions will:
  - Spur AWS-3 broadband network deployments in rural and other underserved areas; and
  - Promote much-needed competition in the wireless industry.

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The Need For 5 MHz License Blocks

- Smaller carriers need small license areas and 5 MHz blocks to compete effectively for AWS-3 spectrum.
  - Fewer, larger blocks would mean fewer winners in each market and worsened spectrum and market concentration.
  - Conversely, if small license areas and blocks are offered, large carriers will bid for them, but so will small carriers, creating competition and increasing auction revenues.
- 5 MHz blocks provide greater flexibility.
  - Bidders can build 10 MHz positions by bidding on adjacent 5 MHz blocks.
  - They can also fall back to 5 MHz positions if the bidding gets too high.
  - 10 MHz blocks are all or nothing propositions.

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Band Plan Principles

- The band plan should contain at least four blocks to provide sufficient opportunity for multiple winners per market. Five would be better for maximum bidder diversity and flexibility.
- At least three of the blocks should be licensed using CMAs.
  - EAs are too large to be winnable and useable by smaller bidders in many markets. EA licenses will be "set asides" for larger bidders.
- The CMA blocks should be adjacent.
  - Bidders that want to aggregate larger positions should have an opportunity to bid for adjacent 5 MHz CMA licenses.

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Band Plan Variations

	1755-1760 -------- 2155-2160	1760-1765 -------- 2160-2165	1765-1770 -------- 2165-2170	1770-1775 -------- 2170-2175	1775-1780 -------- 2175-2180
USCC Proposal	CMA	CMA	CMA	CMA	CMA
FCC Draft	CMA	EA		EA	
5 Block Variations					
Option 5-A	CMA	CMA	CMA	CMA	EA
Option 5-B	CMA	CMA	CMA	EA	EA
Option 5-C	CMA	CMA	EA	EA	EA
4 Block Variations					
Option 4-A	CMA	CMA	CMA	CMA	
Option 4-B	CMA	CMA	CMA	EA	
Option 4-C	CMA	CMA	EA	EA	

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Small License Areas

- Small license areas are needed to preserve opportunities for small and regional carriers, as well as new entrants, to provide an important source of competition and to deploy broadband networks in rural and other underserved areas.
  - Larger license areas are often out of reach for smaller carriers because they cover expansive geography and include densely-populated metropolitan areas that only large carriers serve.
  - Because many smaller carriers' existing service areas are structured around small, rural license areas, larger license areas can force these carriers to purchase unwanted spectrum rights simply to upgrade their existing networks – or more likely, not be able to acquire even the spectrum that covers their current operations.
- Small license areas benefit carriers of all sizes because they permit targeted license acquisitions while not discriminating in favor of a particular business plan – they are the closest thing to a common denominator among available geographic licensing options.
- Past auctions demonstrate that the use of small license areas increases participation, bidding activity, and revenues.

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No Package Bidding

- Package bidding should not be permitted for any AWS-3 licenses.
- Package bidding is a tool that only large bidders can use, giving them a structural advantage over smaller bidders. This can prevent smaller bidders from acquiring licenses, leading to an even greater concentration of finite spectrum assets among the largest carriers.
  - The "threshold problem" makes it difficult for smaller bidders to collectively defeat a package bidder, who can end up acquiring certain licenses at a discount.
  - Even if smaller bidders assign higher values to particular licenses, these valuations can be completely undercut by a large bidder able to include those licenses within a package bid that includes pricier urban markets.
  - The potential for "losing" bids on individual licenses to be reactivated in later rounds creates a significant "exposure risk" for those bidding on individual licenses, which further advantages package bidders.
    - This risk may compel smaller bidders to cease auction participation, which would prevent them from acquiring licenses and further bias the auction in favor of package bidders.

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Need for Interoperability Rule

- Absent a regulatory requirement, the largest carriers, who alone can drive device development, have no incentive, and in fact have a disincentive, to offer interoperable devices.
- A clear, *ex ante* interoperability requirement would:
  - Provide all AWS-3 licensees with better access to a sufficient variety of "cutting edge" consumer devices;
  - Reduce risk for small and regional carriers, which would increase auction participation and revenue;
  - Decrease consumer device costs by increasing economies of scale through a larger common ecosystem;
  - Lower "switching costs," and thus allow consumers to choose carriers based solely on factors such as price, local coverage, and customer service; and
  - Permit consumers to benefit from broad roaming capabilities.

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Interoperability Proposal

- USCC previously urged the Commission to require that:
  - All AWS-3 mobile devices be capable of transmitting across the entire 1695-1780 MHz uplink band and receiving across the entire 2095-2180 MHz downlink band; and
  - All AWS-3 networks permit the use of such mobile devices.
- Alternatively, if reallocating the 2095-2110 MHz band proves infeasible and a suitable pairing for the 1695-1710 MHz band cannot be identified prior to the statutory deadline, at a minimum the Commission should require that:
  - All AWS-3 mobile devices be capable of transmitting across the entire 1710-1780 MHz uplink band and receiving across the entire 2110-2180 MHz downlink band; and
  - All AWS-3 networks permit the use of such mobile devices.
- It is particularly important for the interoperability requirement to include all of the paired 1755-1780 MHz and 2155-2180 MHz spectrum bands.
  - Otherwise, the largest bidders may focus on the lower 15 megahertz of this pairing, which is included in the current 3GPP Band 10 specification (*i.e.*, 1710-1770/2110-2170 MHz).
  - In turn, this could orphan the uppermost 10 megahertz of this pairing and relegate small and regional carriers to a marginalized device ecosystem – a repeat of the Band 12 interoperability problem.

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