



April 11, 2014

Clearly The Best.

**VIA ECFS**

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

**RE: EX PARTE PRESENTATION**

GN Docket No. 12-268, Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions  
WT Docket No. 12-269, Policies Regarding Mobile Spectrum Holdings

Dear Ms. Dortch:

New-Cell, Inc. d/b/a Cellcom (Cellcom) urges the Commission to revise its aggregation rules to reflect the unique financial and technical benefits of low-band spectrum.<sup>1</sup> For Cellcom to effectively compete, it must have access to a mix of spectrum. Without up-front, reasonable spectrum aggregation limits, Cellcom will face challenges to obtain financing to participate in the upcoming incentive auction. This means the ninth largest carrier in the country may be shut out from the 600 MHz ecosystem for the foreseeable future. To expand competition and provide certainty to the marketplace, the Commission should adopt reasonable, low-band spectrum aggregation rules significantly in advance of its upcoming 600 MHz incentive auction.<sup>2</sup>

Cellcom has been providing cellular service to Brown County, Wisconsin since 1987. Subsequently, Cellcom expanded its cellular network throughout northern Wisconsin and into Iowa. Cellcom currently serves approximately 300,000 subscribers utilizing both high- and low-band spectrum. Cellcom has participated in each major spectrum auction and works hard to provide a superior user experience for its subscribers. There are certain advantages that low-band spectrum provide that cannot be easily replicated by other technological means. To continue to meet our consumers' growing demands for mobile broadband with robust service, it is critical that Cellcom have a fair and reasonable opportunity to acquire 600 MHz spectrum in the incentive auction.

Cellcom is ready and willing to invest in its network,<sup>3</sup> but this opportunity will likely be out of reach if the FCC does not establish a reasonable, up-front spectrum aggregation limit for

<sup>1</sup> *Policies Regarding Mobile Spectrum Holdings*, Notice of Proposed Rulemaking, 27 FCC Rcd 11710 (2012) (MSH NPRM).

<sup>2</sup> *Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*, Notice of Proposed Rulemaking, 27 FCC Rcd 12357 (2012) (Incentive Auctions NPRM).

<sup>3</sup> For example, the third through tenth largest wireless providers in the U.S. invested a combined \$5.5 billion in capital expenditures in 2012. See Summit Ridge Group, *Right-sizing Spectrum Auction Licenses: The Case for Smaller Geographic License Areas in the TV Broadcast Incentive Auction* at 6 (Nov. 20, 2013), attached to Letter of

450 Security Boulevard  
Green Bay, WI 54313  
920-617-7000

www.cellcom.com

the auction. To invest capital in infrastructure, operating entities must be able to justify cash expenditures to their shareholders or take on additional debt financing. Further, it takes an initial investment of time and effort to raise capital to participate in spectrum auctions.<sup>4</sup> Cellcom may choose not to participate in the incentive auction absent reasonable, up-front spectrum aggregation limits. The auction framework must at least open the door to an opportunity for these carriers to compete against Verizon and AT&T in the auction room.

Reasonable, up-front aggregation limits for the 600 MHz auction will also help ensure that the 600 MHz Band is inhabited by a variety of wireless carriers, which in turn will lead to a more heterogeneous ecosystem. Following Auction 73, \$2 billion in investment in beachfront, 700 MHz spectrum sat on the sidelines for several years because one operator dominated a particular block of spectrum in that band. A fully functioning aggregation limit will help to deter the balkanization of the 600 MHz band by any one or two carriers.

In conclusion, adopting reasonable, up-front spectrum aggregation limits for the upcoming 600 MHz auction will give rural and regional carriers like Cellcom opportunities to bid, increasing competition throughout the wireless industry. Cellcom urges the Commission to update its mobile spectrum holdings policies to reflect the unique benefits of low-band spectrum and limit the amount of this vital input any one carrier can acquire.

This *ex parte* notification is being filed electronically with your office pursuant to Section 1.1206 of the Commission's Rules.

Sincerely,



New-Cell, Inc. d/b/a Cellcom

cc (via email): Roger Sherman  
Gary Epstein  
Howard Symons  
Edward "Smitty" Smith  
Renee Gregory  
Louis Peraertz  
David Goldman  
Brendan Carr  
Erin McGrath  
Julie Knapp

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Steven K. Berry, President & CEO. CCA to The Hon. Tom Wheeler, Chairman, Federal Communications Commission, GN Docket No. 12-268 (filed Nov. 20, 2013). This figure obviously doesn't account for the capital expenditures of the other +90 wireless operators throughout America.

<sup>4</sup> It has been shown previously that smaller firms are prone to initially face more limited financing options and consequently confront higher capital costs. See, e.g., Joe Peek, Office of Advocacy, U.S. Small Bus. Admin., THE IMPACT OF CREDIT AVAILABILITY ON SMALL BUSINESS EXPORTERS 7-8 (Apr. 2013), available at [http://www.sba.gov/sites/default/files/files/rs-404tot\(3\).pdf](http://www.sba.gov/sites/default/files/files/rs-404tot(3).pdf).

John Leibovitz  
Jessica Almond  
Evan Kwerel  
John Williams  
Martha Stancill  
Sasha Javid  
Susan Singer  
Joel Taubenblatt  
Margaret Wiener  
Jonathan McCormack  
Paroma Sanyal  
Jennifer Tomchin  
Brett Tarnutzer  
Blaise Scinto  
Madelaine Maior  
Paul Malmud  
Chris Helzer  
Allison Neplokh