

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

In the Matter of)	
)	
Competitive Bidding Procedures for Broadcast Incentive Auction 1000, Including Auction 1001 and 1002)	AU Docket No. 14-252
)	
Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions)	GN Docket No. 12-268
)	
Policies Regarding Mobile Spectrum Holdings Competitive Bidding Procedures For Broadcast Incentive Auction 1000, Including Auction 1001 and 1002)	WT Docket No. 12-269
)	
Amendment of Parts 15, 73 and 74 of the Commission’s Rules to Provide for the Preservation of One Vacant Channel in the UHF Television Band for Use by White Space Devices and Wireless Microphones)	MB Docket No. 15-146
)	

To: The Commission

**COMMENTS OF THE RURAL WIRELESS ASSOCIATION, INC. AND NTCA – THE
RURAL BROADBAND ASSOCIATION IN SUPPORT OF PETITION FOR
RECONSIDERATION**

The Rural Wireless Association, Inc. (“RWA”)¹ and NTCA – the Rural Broadband Association (“NTCA”)² (together “the Associations”) file these joint comments in support of the Petition for Reconsideration submitted by the Blooston Rural Carriers (“Blooston”) in the above-

¹ RWA is a 501(c)(6) trade association dedicated to promoting wireless opportunities for rural telecommunications companies who serve rural consumers 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.

captioned proceeding.³ The Associations support Blooston’s Petition for Reconsideration of the Commission’s *Auction 1000 Bidding Procedures Public Notice*⁴ insofar as the public notice requires rural service providers participating in the forward auction of 600 MHz licenses to be active on at least 95% of their total eligibility from the very start of the auction, and does not provide these bidders with any activity rule waivers. The Associations agree with Blooston that requiring bidders to use at least 95% of their bidding eligibility could unnecessarily limit the ability of rural service providers to pursue alternative bidding strategies as bidding in markets of interest develops. Further, the Associations share Blooston’s concern that the lack of activity rule waivers will put undue pressure on rural service provider bidders because it creates the risk of forward auction elimination due to unforeseen circumstances that are beyond bidders’ control.

I. A 95 PERCENT ACTIVITY RULE WILL DISADVANTAGE SMALL AND RURAL CARRIERS.

In the *Auction 1000 Bidding Procedures Public Notice*, the Commission determined that forward auction bidders “must be active on at least 95 percent of their bidding eligibility in all regular clock rounds to maintain their bidding eligibility.” The Commission noted that imposing “an activity requirement significantly below 100 percent in the clock phase of the forward auction” would “unduly [prolong] the bidding process.”⁵ In the same paragraph, the Commission recognized bidders’ need for flexibility in order to bid across Partial Economic

³ *Petitions for Reconsideration and Clarification of Actions in Rulemaking Proceeding, Public Notice, Competitive Bidding Procedures for Broadcast Incentive Auction 1000, Including Auction 1001 and 1002, et al.*, 80 Fed. Reg. 75,042 (Dec. 1, 2015); see also [Petition for Reconsideration of the Blooston Rural Carriers, Competitive Bidding Procedures for Broadcast Incentive Auction 1000, Including Auction 1001 and 1002, et al.](#) (filed Nov. 13, 2015) (*Petition*).

⁴ *Broadcast Auction Scheduled to Begin March 29, 2016; Procedures for Competitive Bidding in Auction 1000, Including Initial Clearing Target Determination, Qualifying to Bid, and Bidding in Auctions 1001 (Reverse) and 1002 (Forward), Public Notice*, AU Docket No. 14-252, GN Docket No. 12-268, WT Docket No. 12-269, 30 FCC Rcd 8975 (2015) (*Auction 1000 Bidding Procedures Public Notice*).

⁵ *Auction 1000 Bidding Procedures Public Notice* at ¶ 212.

Areas.⁶ However, the Commission concluded that the 95 percent eligibility threshold will provide bidders with sufficient flexibility.

A 95 percent eligibility threshold will *not* provide rural service providers with the flexibility that they need to move bids between markets. For example, a 95 percent activity rule could bar certain inter-area switching strategies, which small and rural carriers are likely to employ. PEAs in neighboring regions will require different numbers of bidding units, which means that a rural service provider bidder hoping to switch its bid between rounds from one area to a neighboring area may find that bidding on the second area does not require 95 percent or more of the bidding units that had been applied to the larger region.⁷ As Blooston noted, if the 95 percent activity rule is not met in a situation like this, a much more substantial reduction in the rural service provider bidder's eligibility will result, possibly curtailing or eliminating its ability to place additional bids in the auction.⁸

The 95 percent activity rule *does not* pose the same concern to large, nationwide bidders. Because they seek national licenses, nationwide carrier bidders are most likely to shift their bids between block categories within a particular PEA – where the same number of bidding units is required in each category.⁹ Allowing rural service providers to maintain their current level of bidding eligibility if they are active on 80% of their total eligibility would give them the necessary flexibility to implement alternative bidding strategies in the early stages of the auction, while still preventing nationwide carriers from prolonging the bidding process. This change

⁶ *Auction 1000 Bidding Procedures Public Notice* at ¶ 212.

⁷ [Comments of the Competitive Carriers Association](#), *Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*, GN Docket No. 12-268 (Feb. 20, 2015), at pp. 15-16 (“CCA Comments”).

⁸ *Petition* at p. 3.

⁹ *CCA Comments* at p. 15.

would provide the Commission with the certainty that it seeks,¹⁰ and prevent nationwide carriers from enjoying a significant advantage over small and rural carriers because of a 95 percent activity rule.

II. THE COMMISSION SHOULD GRANT TWO ACTIVITY RULE WAIVERS TO SMALL AND RURAL BIDDERS.

The Associations share Blooston’s concern regarding the lack of activity rule waivers, and the hardship that this could impose on rural service providers. The Associations’ members have limited personnel resources to dedicate to auction participation, which prevents the implementation of backup bidding systems or large bidding teams. Small staffs already manage a substantial workload, and auction participation over a lengthy and unpredictable time period will stretch limited personnel resources even further. The lack of activity rule waivers means that rural service providers like the Associations’ members could be disqualified from the Incentive Auction as a result of circumstances they cannot control, such as if they run into an unexpected technical or communications glitch, or if the individual responsible for bidding contracts a sudden illness. The Associations agree with Blooston that granting small and rural carriers two activity rule waivers will allow them to overcome bidding glitches and complexities, and will not create the risk of abuse.

The Associations are appreciative of the Commission’s efforts to facilitate rural and small carrier participation in the Incentive Auction, pursuant to its mandate under Section 309(j) of the Communications Act.¹¹ The new rural service provider bidding credit and reasonable bidding credit caps should help to promote competition from small and rural carriers. The

¹⁰ *Auction 1000 Bidding Procedures Public Notice* at ¶ 212.

¹¹ 47 U.S.C. § 309(j) (mandating that the FCC promote “economic opportunity and competition...by avoiding excessive concentration of licenses and by disseminating licenses among a wide variety of applicants, including small businesses [and] rural telephone companies....”).

Commission should not reduce the efficacy of these efforts by preventing the use of activity rule waivers by small and rural bidders.

III. CONCLUSION.

For the foregoing reasons, the Associations request that the Commission reconsider its decision to require rural service provider bidders to have at least 95% activity in the clock phase of the forward auction, and to instead allow them to maintain their current level of bidding eligibility if they are active on 80% of their total eligibility. Further, the Commission's forward auction procedures should provide rural service provider bidders with at least two (2) activity rule waivers to account for unforeseen circumstances and to protect them from elimination from the auction if they are forced to miss a single round of bidding.

Respectfully submitted,

Rural Wireless Association, Inc.

NTCA – The Rural Broadband Association

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