

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

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| In re |) | |
| |) | |
| Auction of Licenses |) | Report No. AUC-02-44-A |
| 698-746 MHz Band |) | (Auction No. 44) |
| |) | |
| Scheduled for June 19, 2002 |) | |

REPLY COMMENTS OF UNITED STATES CELLULAR CORPORATION

United States Cellular Corporation on behalf of itself and its subsidiaries (collectively "US Cellular"), by its attorneys, responds to comments filed with regard to the Public Notice of the Federal Communications Commission ("FCC") dated January 24, 2002 (DA 02-200) in the above-captioned matter.

1. We strongly disagree with the proposal of Spectrum Exchange Group and Allen & Company Incorporated ("Spectrum Exchange/Allen") that Auction #31 should be held on the current schedule and include only EAG licenses in the Upper 700 MHz band.¹ The FCC is correct in linking the auction of EAG licenses in the Upper and Lower portions of the 700 MHz band to encourage competitive entry and to avoid, to the extent reasonably possible, conferring headstart advantages among the licensees for this spectrum. For the same reasons, rural telephone companies and small businesses for whom MSA/RSA service area sizes were adopted in the Lower 700 MHz band should be given similar timely and fair entry opportunities by auctioning these licenses simultaneously with these EAG licenses. We propose that

¹ Spectrum Exchange/Allen Comments, p. 5.

the Commission hold a combined auction including all EAG and MSA/RSA service area licenses to encourage the broadest possible participation.

2. Contrary to the comments of Paxson Communications Corporation (“Paxson”),² we propose that the Commission consider delaying the auction of 700 MHz spectrum to permit plans for bandclearing (whether voluntary or legislatively mandated) to develop so that all potential bidders will have adequate information on which to base their bidding proposals and deployment plans.

Our proposal is consistent with the administration's recently reported budget proposals to postpone the 700 MHz auctions and to adopt legislation which includes incentives for incumbent broadcasters to discontinue use of the 700 MHz band. There are also reports that Congress will be considering similar measures possibly to extend the 2006 deadline for reclamation of this spectrum and to create similar incentives.

All potential bidders, including rural telephone and other rural wireless providers, need to know what urban and rural markets will be cleared of incumbent television uses, approximately when and at what cost to be able to develop their business plans. The Commission's objective in this proceeding should be to encourage the provision of new competitive service which in this case would be served by delaying any auction for 700 MHz spectrum until there is an increased level of certainty about when this spectrum, including the MSA/RSA license spectrum, could be reclaimed and at what cost.

² Paxson Comments, p. 7.

The Commission should not auction any 700 MHz spectrum until the Commission has had an opportunity to review in public proceedings the scope, cost and other terms and conditions which incumbent television licensees like Paxson have requested as a precondition to vacating their spectrum.

3. We also strongly oppose the proposal of Spectrum Exchange/Allen to use combinatorial bidding procedures in the auction for the 700 MHz spectrum allocated for MSA/RSA service area licensing.³ The opportunities for numerous small and rural wireless providers to obtain spectrum based on MSA/RSA service area licensing should not be jeopardized by adopting combinatorial bidding procedures which favors bidders with nationwide or broadly regional EAG business plans. As we proposed in our comments, the Commission would be well advised to test its combinatorial bidding procedures in a spectrum auction other than 700 MHz band spectrum. If as we suspect these bidding procedures will need to be modified to avoid statistically identifiable bias favoring aggregation, it would be best to confirm and solve this "bias" problem before it influences the selection of

³ Spectrum Exchange/Allen Comments, p. 6.

winning bidders in the 700 MHz band.

Respectfully submitted,

UNITED STATES CELLULAR
CORPORATION

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