

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

In re)	
)	
Auction of Licenses)	Report No. AUC-02-31
747-762 and 777-792 MHz Bands)	(Auction No. 31)
)	
Scheduled for June 19, 2002)	

COMMENTS OF UNITED STATES CELLULAR CORPORATION

United States Cellular Corporation on behalf of itself and its subsidiaries (collectively "U.S. Cellular"), by its attorneys, submits its comments in response to the Public Notice of the Wireless Telecommunications Bureau dated February 4, 2002 (DA 02 –260) in the above-captioned matter.

U.S. Cellular has been an active participant in the Commission's various proceedings leading up to the adoption of reallocations and service rules for the 700 MHz spectrum band supporting use of this spectrum for the expansion of the capacities of cellular radio telephone and other land mobile radio services to meet the needs of regional and rural carriers. The Commission commendably has adopted MSA/RSA service area licensing for a portion of this 700 MHz of spectrum stating:

“Our assignment of a 12-megahertz block of paired spectrum, 25 percent of the Lower 700 MHz Band spectrum, over MSAs/RSAs reflects our desire to promote opportunities for a wide variety of applicants, including small and rural wireless providers, to obtain spectrum. This is consistent with our congressional mandate to promote “economic opportunity and competition” and to disseminate licenses “among a wide variety of applicants, including small businesses, rural telephone companies, and businesses owned by members of minority groups and women.”¹ We believe that a combination of large and small geographic service areas best accomplishes these various statutory objectives.”

¹ 47 U.S.C. § 309(j)(3)(B). Specifically, in establishing policies regarding competitive bidding for spectrum licenses, Congress mandated that the Commission “prescribe area designations and bandwidth assignments that promote ... economic opportunity for a wide variety of applicants, including small businesses, rural telephone companies, and businesses owned by members of minority groups and women.” 47 U.S.C. § 309(j)(4)(C).

[In Re Reallocation and Service Rules for the 698-746 MHz Spectrum Band (Television Channels 52-59) (GN Docket No. 01-74), Report and Order, Released: January 18, 2002, para. 95 ("Lower 700 MHz R&O")]

The Commission's rationale with which we strongly agree is to disseminate licenses in a manner which accomplishes the statutory objectives cited in its decision. We describe below additional steps which the Commission should take to implement opportunities for small and rural wireless providers.

First, we support a consolidation of the licenses for large and small service areas on all of the newly reallocated 700 MHz spectrum into a single auction or perhaps two auctions conducted simultaneously. This will help avoid the effects of the head-start advantage which national or super regional carriers might otherwise obtain if all EAG licenses are auctioned before the auctions for MSA/RSA licenses in this band.

The duration of this headstart advantage is difficult to estimate but clearly could be many years if the Commission is prepared to grant the Petition for Clarification or Reconsideration filed by Paxson Communications Corporation ("Paxson") in GN Dkt. No. 01-74 on February 5, 2002. Specifically, Paxson proposes that analog television operations in the Upper 700 MHz band be permitted to relocate to Channels 52-59.¹ Spectrum Exchange Group, LLC and Allen and Company Incorporated ("Spectrum Exchange/Allen) in their joint comments in

¹ Paxson Petition, p. 2.

response to the January 24 Auction Public Notice (DA 02-200) regarding Auction #44 also suggests that the Commission reconsider use of Block A or B rather than Block C in the Lower 700 MHz band for MSA/RSA licensing.² In both cases, the uncertainties which these changes could make in the timing and prospects for MSA/RSA licensing are significant.

We strongly support Commission action to ensure that MSA/RSA licensing of 700 MHz spectrum is given a timely opportunity to become a competitive alternative to EAG licensed spectrum. We agree with the Commission proposal that EAG licensing should not be split into two auctions. Also, the Commission should not proceed with 700 MHz licensing while reconsideration of the Lower 700 MHz R&O remains pending. At such time as the Commission proceeds with EAG licensing, it should do so only if it is prepared to proceed simultaneously with MSA/RSA licensing.

Second, in our comments regarding Auction #44, we referenced the possible postponement of the auctions for 700 MHz spectrum on the basis of recent trade press accounts of the administration's legislative and related congressional proposals to delay the start of Auction No. 31. These proposals reflect what we believe is justifiable concern about the progress of current voluntary bandclearing efforts and uncertainty about the outcome of these efforts. The significance of obtaining such a postponement is now increased because it appears from the positions of Paxson and Spectrum Exchange/Allen expressed above that incumbent

² Spectrum Exchange/Allen, p. 4, fn.5.

television licensees on Channels 60-69 may be willing to relocate only if at least some of them are permitted to occupy Channels 52-59, thereby burdening Lower 700 MHz band spectrum. The Commission should not be holding the EAG auction on Upper 700 MHz spectrum without having examined in public proceedings, open to all potential bidders for 700 MHz spectrum, the terms and conditions on which incumbent television broadcasters are prepared to relocate. We believe that providing an increased level of certainty about when this spectrum could be reclaimed from incumbent television broadcasters and delaying the 700 MHz auctions to a date which is two years or less prior to anticipated reclamation would help promote widespread auction participation and early deployment of this spectrum.

Finally, in the event Auction #31 is delayed as proposed here, the Commission should consider testing its combinatorial bidding procedures in connection with the licensing of spectrum other than 700 MHz or other Advanced Wireless spectrum bands, so that 700 MHz is not the first band in which this new bidding methodology is used. This may permit the Commission to refine or eliminate its combinatorial bidding procedures so as to avoid the so-called "threshold problem," which the Commission itself has identified, and thereby diminish the potential under the Commission's current combinatorial bidding procedures to bias auction results in favor of nationwide or super regional aggregation.

Respectfully submitted,

UNITED STATES CELLULAR
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