

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Auction of Licenses)	Report No. AUC-02-31-A
747-762 and 777-792 MHz Bands)	DA 02-260
Scheduled for June 19, 2002)	
)	

To: The Commission

**REPLY COMMENTS OF
THE RURAL TELECOMMUNICATIONS GROUP**

The Rural Telecommunications Group (“RTG”),¹ by its attorneys, hereby replies to the comments filed pursuant to the Federal Communications Commission’s (“FCC” or “Commission”) request for comments in its *Public Notice*² in the above-captioned proceeding. RTG encourages the Commission to adopt its proposal to include only the 734 MSA/RSA Lower 700 MHz band licenses in Auction No. 44 and grouping the 24 larger licenses based on 700 MHz economic area groupings (“EAGs”) with the 12

¹ The Rural Telecommunications Group is a group of rural telecommunications providers who have joined together to speed the delivery of new, efficient, and innovative telecommunications technologies to the populations of remote and underserved sections of the country. RTG’s members provide wireless telecommunications services, such as cellular telephone service, Personal Communications Services (“PCS”), and Multichannel Multipoint Distribution Service (“MMDS”) to their subscribers. Many of RTG’s members also hold Local Multipoint Distribution Service (“LMDS”) licenses and have started to use LMDS to introduce advanced telecommunications services and competition in the local exchange markets in rural areas. Other RTG members seek to acquire spectrum or to be able to utilize the spectrum of others. RTG’s members are all affiliated with rural telephone companies or are small businesses.

² *In re* Auction of Licenses in the 747-762 and 777-792 MHz Band Scheduled for June 19, 2002: Comments Sought on Adding to Auction Inventory and Further Modifying Package Bidding Procedures, *Public Notice*, DA 02-260, Report No. AUC-02-31-A (Auction No. 31) (rel. February 4, 2002).

licenses in Auction No. 31.³ RTG, however, expressly opposes commenters that request or suggest that Auction No. 31 be postponed, pending additional clearing of incumbent broadcasters in the Lower 700 MHz Band.

In its comments, Paxson Communications Corporation (“Paxson”) opposes moving the Lower 700 MHz EAG licenses into the Upper 700 MHz auction because of potential delay of the Upper 700 MHz auction.⁴ While RTG agrees with Paxson regarding the need for a timely and non-delayed auction, RTG disagrees with Paxson that separating the EAG-based licenses from the MSA/RSA licenses will lead to delays. The Commission should avoid grouping larger carriers interested in the EAG licenses in the 700 MHz bands with the smaller carriers who are more likely to be interested in serving small and rural areas. Separating the MSA/RSA-licenses from the EAG-licenses and grouping the Lower 700 MHz EAG-licenses with the Upper 700 MHz EAG-licenses will not delay the Upper 700 MHz auction. Rather, it will help avoid confusion and will improve the efficiency of both Auction No. 31 and Auction No. 44.

Spectrum Exchange Group, LLC and Allen & Company Incorporated submitted joint comments requesting the Commission reconsider its decision to license the 740-746 MHz block of the Lower 700 MHz spectrum according to MSA/RSA boundaries because of potential clearing problems.⁵ RTG disagrees that licensing a block of the Lower 700 MHz spectrum according to MSAs and RSAs would create clearing problems. The FCC

³ *In re* Auction of Licenses in the 698-746 MHz Band Scheduled for June 19, 2002: Comments Sought on Reserve Prices of Minimum Opening Bids and Other Auction Procedural Issues, *Public Notice*, DA 02-200, Report No. AUC-02-44-A (Auction No. 44) (rel. January 24, 2002).

⁴ *See* Comments of Paxson Communications Corporation at 7-8.

⁵ *See* Spectrum Exchange Group, LLC and Allen & Company Incorporated at 5.

wisely elected to license a portion of the Lower 700 MHz Band using smaller license areas. By using smaller license areas, including only the 734 MSA/RSA Lower 700 MHz band licenses in Auction No. 44, and grouping the 24 larger licenses based on 700 MHz EAGs with the 12 licenses in Auction No. 31, the Commission continues to pursue the goal of disseminating licenses among a wide variety of applicants. The use of smaller geographic license areas, especially RSAs, will enable rural telephone companies and small businesses to have a meaningful chance of acquiring spectrum.

The Commission should not delay Auction No. 31. In its comments, United States Cellular Corporation states that the FCC should postpone Auction No. 31 because “providing an increased level of certainty about when this spectrum could be reclaimed from incumbent television broadcasters and delaying the 700 MHz auctions ... would help promote widespread auction participation and early deployment of this spectrum.”⁶ RTG disagrees. As RTG stated in a similar proceeding,⁷ postponement of Auction No. 31 in order to give larger carriers additional time to clear the Lower 700 MHz Band in urban areas will serve to further harm RTG and its member rural and small companies by needlessly delaying the Commission’s first nationwide auction of small RSA/MSA geographic areas since the Commission began its spectrum auctions almost a decade ago. In many areas, particularly in rural areas, the Lower 700 MHz Band is unencumbered. In these areas, entities that acquire Lower 700 MHz Band licenses will be able to quickly develop and deploy new wireless services without having to undertake *any* clearing of the

⁶ See U.S. Cellular Corporation Comments at 4.

⁷ *In re* Auction of Licenses in the 698-746 MHz Band Scheduled for June 19, 2002: Comments Sought on Reserve Prices of Minimum Opening Bids and Other Auction Procedural Issues, *Public Notice*, DA 02-200, Report No. AUC-02-44-A (Auction No. 44) (rel. January 24, 2002). See RTG Comments at 2.

spectrum. There is no reason to delay the introduction of new services in these rural areas. Each auction participant will have ample time to make its own determinations as to the existence of incumbent broadcasters within its desired markets and then proceed based on those determinations. Accordingly, there exists no legitimate reason for the Commission to delay Auction No. 31.

RTG applauds the Commission's efforts to allocate twelve megahertz of spectrum in the Lower 700 MHz Band on an RSA/MSA basis, and urges the Commission to proceed with Auction No. 31 as planned so that rural telephone companies and small businesses may begin utilizing the spectrum in unencumbered areas as soon as possible. Accordingly, RTG respectfully requests that the Commission include only RSA and MSA licenses in Auction No. 44, and that the Commission proceed as scheduled with the commencement of both Auction No. 31 and Auction No. 44 in a timely manner.

Respectfully submitted,

THE RURAL TELECOMMUNICATIONS GROUP

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