

**Before the
Federal Communications Commission
Washington, DC 20554**

In the Matter of)	
)	
Auction of Priority Access Licenses for the 3550-3650 MHz Band; Comment)	AU Docket No. 19-244
Sought on Competitive Bidding Procedures for Auction 105)	

COMMENTS OF THE RURAL WIRELESS ASSOCIATION, INC.

The Rural Wireless Association, Inc. (“RWA”)¹ files these comments in response to the Federal Communications Commission’s (“FCC” or “Commission”) *Public Notice* seeking comment on proposed competitive bidding procedures to be used for the auction of Priority Access Licenses (“PALs”) for the 3550-3650 MHz (“3.5 GHz”) band in Auction 105.² The Commission’s decision to offer PALs on a county basis rather than a Partial Economic Area (“PEA”) basis and its adoption of bidding credits for small businesses and rural service providers evidences the Commission’s dedication to meeting its mandate under Section 309(j) of the Communications Act of 1934, as amended (the “Act”) to 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

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 *Auction of Priority Access Licenses for the 3550-3650 MHz Band; Comment Sought on Competitive Bidding Procedures for Auction 105; Bidding in Auction 105 Scheduled to Begin June 25, 2020*, AU Docket No. 19-244, Public Notice, FCC 19-96 (rel. September 27, 2019) (“*Public Notice*”).

companies....”³ RWA is appreciative of the Commission’s efforts thus far and hopes that the further determinations to be made regarding competitive bidding procedures, particularly those related to the Commission’s package bidding proposal, remain consistent with this Section 309(j) mandate so that RWA’s members may participate fully in Auction 105 in June 2020 and take advantage of the broadband opportunities afforded by PALs.

I. RWA Supports the Proposed Bidding Credit Caps to Promote Participation and Competition.

RWA applauds the Commission for adopting PAL bidding credits for small businesses (15 percent for “small businesses” and 25 percent for “very small businesses”) and a 15 percent bidding credit for rural service providers and supports the Commission’s proposal to impose (1) a \$25 million cap on the total amount of bidding credits that may be awarded to an eligible small business, and (2) a \$10 million cap on the total amount of bidding credits that may be awarded to an eligible rural service provider.

The proposed caps are consistent with similar caps adopted in Auctions 101, 102, and 103 as well as the 600 MHz Incentive Auction. In all of these auctions (except Auction 103 which has yet to occur), small and rural providers, including members of RWA, were able to participate and take advantage of these bidding credits without being unduly constrained by the respective caps that had been adopted. Given that the CBRS spectrum being offered in Auction 105 is limited to county boundaries and is in the mid-band, which has less robust propagation characteristics than the low-band 600 MHz spectrum offered in the Incentive Auction, it is reasonable to anticipate that PAL use cases will permit smaller scale network deployments with lower total costs than large scale low-band spectrum and will not be hampered by the proposed

³ See 47 U.S.C. § 309(j)(B).

caps. Also, just as the Commission’s prior analysis of the Incentive Auction revealed that no rural service provider exceeded the \$10 million cap for the low-band spectrum offered there, it stands to reason that the same \$10 million cap will not constrain the ability of any rural service provider to participate fully in Auction 105 for mid-band PALs.

Lastly, RWA supports the proposed \$10 million “small markets” cap on the amount of bidding credits that any one winning small business bidder can apply to licenses won in counties located within any PEA with a population of 500,000 or less (i.e., a small market). In prior auctions, deep-pocketed applicants that nevertheless qualified as small businesses were able to freeze out the small and rural providers that actually serve rural areas. This small markets cap will promote competition and help level the playing field for bona fide rural bidders in rural areas by providing a bidding credit ceiling for entities that may seek to amass CBRS PALs, including in small markets, as an investment strategy.

II. If CMA-Based Package Bidding Is Adopted Then Rural Counties Should Be Excluded.

RWA believes that the Commission’s adoption of county-based bidding for PALs will simplify bidding and incentivize rural providers to participate in the 3.5 GHz band auction. However, since its adoption of county-based bidding, the Commission, in an attempt to benefit bidders seeking to aggregate counties in large metropolitan areas, has proposed to allow package bidding at the Cellular Market Area (“CMA”) level for the top 172 CMAs that are (1) classified as Metropolitan Statistical Areas (“MSAs”) and (2) include multiple counties. Though this proposal may appear to limit package bidding to metropolitan areas, a closer examination of the 172 CMAs classified as MSAs reveals that numerous rural counties—including counties that RWA members serve—would be tied to pricier metropolitan package bid areas for which large and nationwide carriers would be competing, and therefore effectively unavailable to small and

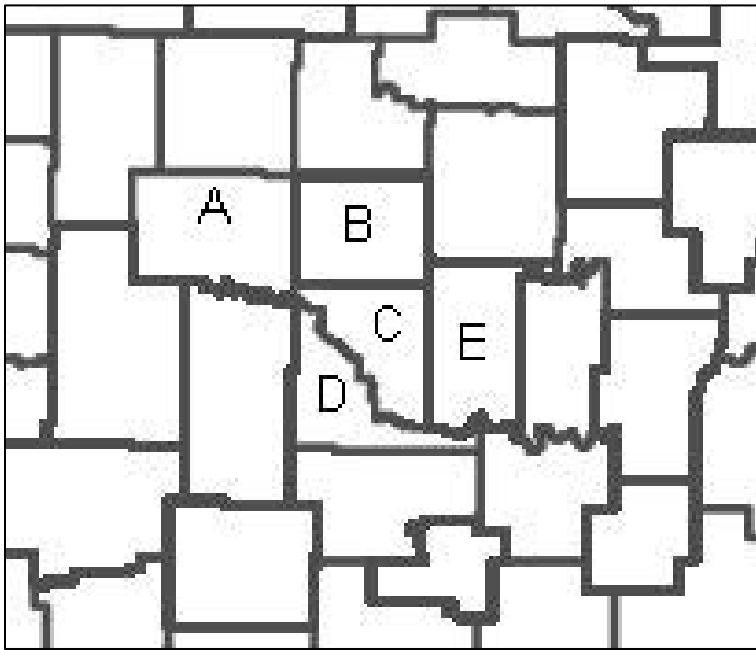
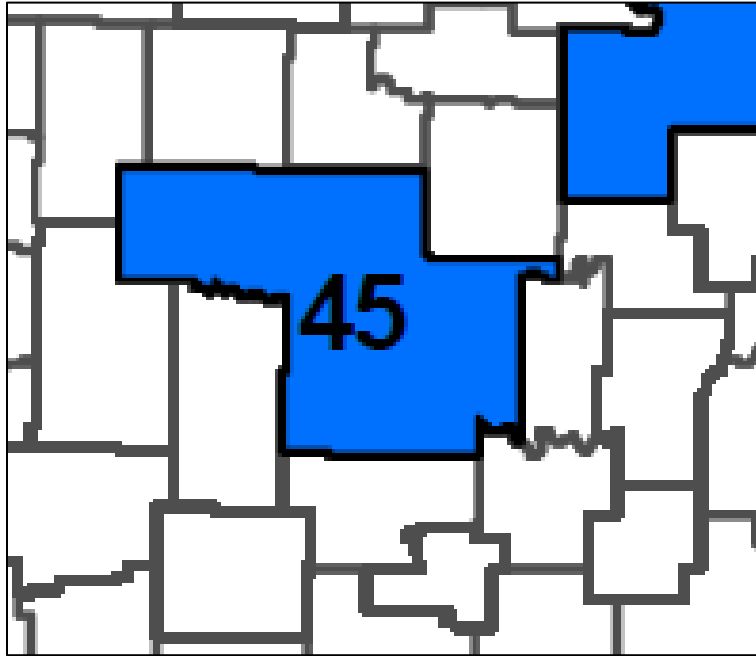
rural bidders. To avoid this outcome, which would not be consistent with Section 309(j) of the Act whereby licenses are disseminated among a “wide variety of applicants, including small businesses [and] rural telephone companies,”⁴ the Commission should prohibit package bidding. If, however, the Commission remains determined to accommodate bidders that are more inclined to bid on aggregated county groupings than a single county, then the Commission’s current proposal of permitting package bidding on the top 172 CMAs that include more than one county should not be adopted as is. Instead, the Commission at minimum should carve out of any package bidding aggregations rural counties – counties with populations of 100 persons or fewer per square mile.⁵ RWA also would support a broader carve out, for instance counties with 150 or even 250 persons or fewer per square mile.

The below example depicts CMA 45 (Oklahoma City, OK), which contains a metropolitan county that includes Oklahoma City, with a population density of almost 1,104 persons per square mile. However, the Commission’s CMA map and data do not contemplate population density, which disguises the fact that CMA 45 also contains rural counties that are identified below. Despite their proximity to metropolitan areas, rural counties within MSAs can nevertheless be home to widely dispersed populations, including Tribal populations.

⁴ *Id.*

⁵ For auction and designated entity purposes, the Commission has defined a “rural area” as a county with a population density of 100 persons or fewer per square mile. *See* 47 CFR § 1.2110(f)(1).

Detail of Counties in CMA 45 (Oklahoma City, OK)⁶



⁶ See FCC 3.5 GHz Band Overview (available at <https://www.fcc.gov/wireless/bureau-divisions/mobility-division/35-ghz-band/35-ghz-band-overview>) and U.S. Census Bureau Quick Facts (available at <https://www.census.gov/quickfacts/fact/table/US/PST045218>).

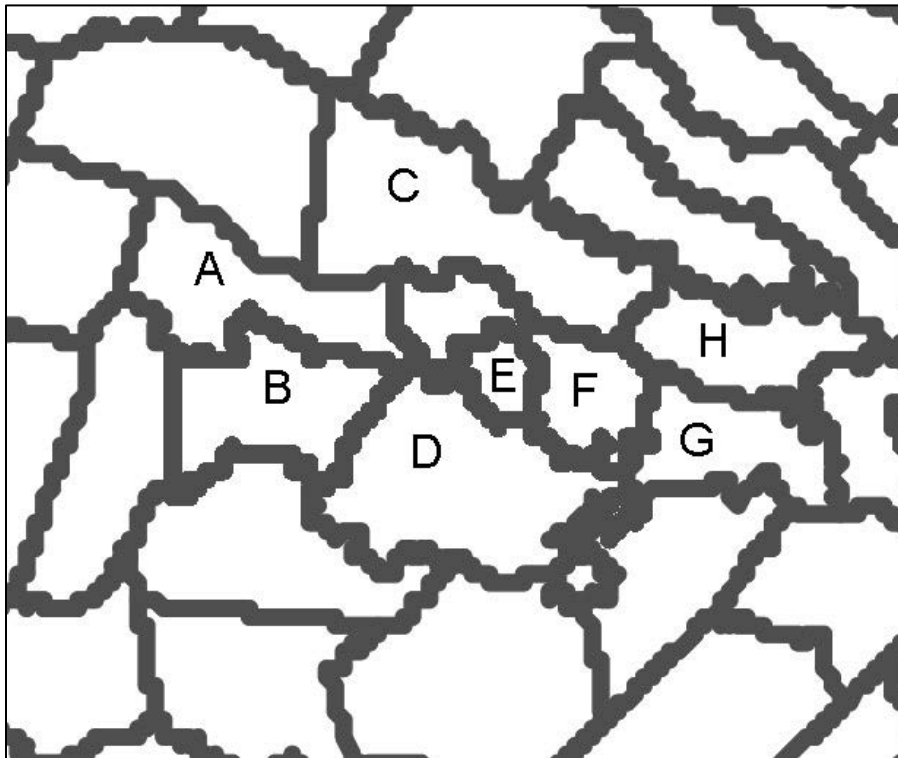
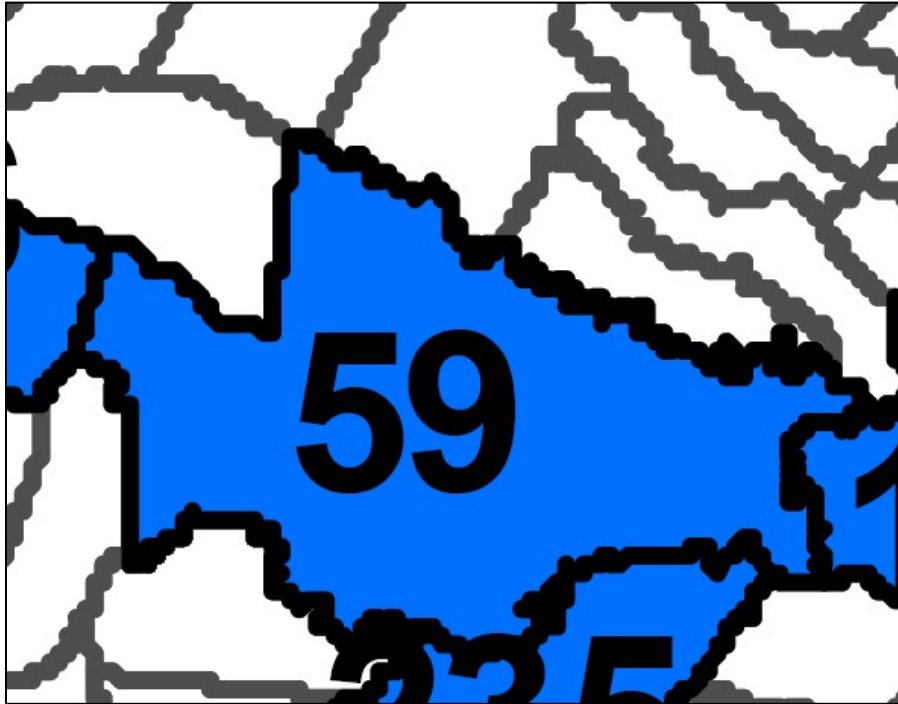
	County	State	CMA	FIPS Code	Population (2010)	Area (Sq Mi)	Population Density (Per Sq Mi)
A	Canadian	OK	45	40017	115,541	896.63	128.9
B	Oklahoma	OK	45	40109	718,633	708.82	1,013.8
C	Cleveland	OK	45	40027	255,755	538.77	474.7
D	McClain	OK	45	40087	34,506	570.70	60.5
E	Pottawatomie	OK	45	40125	69,442	787.67	88.2

In the case of CMA 45, two of the five counties that comprise the CMA—McClain and Pottawatomie Counties (highlighted in yellow)—have population densities of 100 persons or fewer per square mile, which fits squarely within the Commission’s definition of a “rural area” for purposes of the rural service provider bidding credit.⁷ Moreover, one county in CMA 45—Canadian County (highlighted in orange)—is hardly metropolitan and falls close to meeting the FCC’s definition of a rural area with a population density of only 128.9 persons per square mile.

CMA 45 is just one example of where a large, nationwide carrier submitting package bids while targeting the “big fish” markets with the highest and densest populations would also be forced to acquire unwanted rural counties, essentially leaving such counties as bycatch. This scenario is not unique to particular parts of the country. As further illustrated below, instances of rural counties potentially being swept up in CMA packages also exist in the Eastern U.S., such as CMA 59 (Richmond, VA), and the Western U.S., such as CMA 86 (Albuquerque, NM), both of which are detailed below. Again, rural counties with 100 persons or fewer per square mile are highlighted in yellow and counties that almost have 100 persons or fewer per square mile are highlighted in orange.

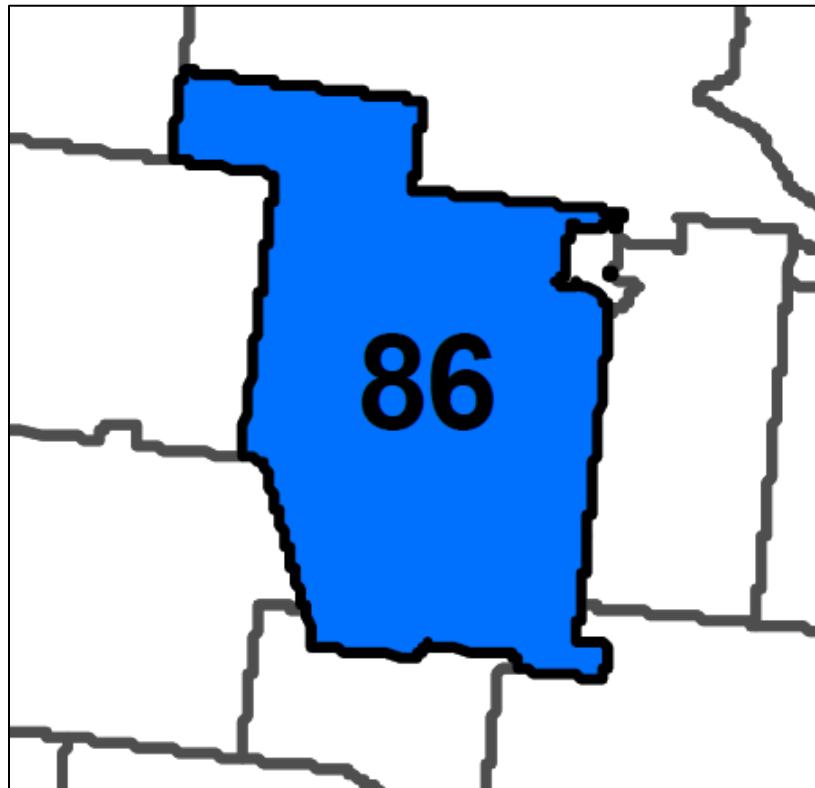
⁷ 47 CFR § 1.2110(f)(1).

Detail of Counties in CMA 59 (Richmond, VA)



	County	State	CMA	FIPS Code	Population (2010)	Area (Sq Mi)	Population Density (Per Sq Mi)
A	Goochland	VA	59	51075	21,717	281.42	77.2
B	Powhatan	VA	59	51145	28,046	260.22	107.8
C	Hanover	VA	59	51085	99,863	468.54	213.1
D	Chesterfield	VA	59	51041	316,236	423.30	747.1
E	Richmond City	VA	59	51760	204,214	59.81	3,414.7
F	Henrico	VA	59	51087	306,935	233.70	1,313.4
G	Charles City	VA	59	51036	7,256	182.82	39.7
H	New Kent	VA	59	51127	18,429	209.73	87.9

Detail of Counties in CMA 86 (Albuquerque, NM)





	County	State	CMA	FIPS Code	Population (2010)	Area (Sq Mi)	Population Density (Per Sq Mi)
A	Sandoval	NM	86	35043	131,561	3,710.65	35.5
B	Bernalillo	NM	86	35001	662,564	1,160.83	570.8

Accordingly, as illustrated above, the Commission’s current package bidding proposal will unfairly disadvantage small and rural entities bidding on certain rural counties. To meet its mandate under Section 309(j) and ensure the dissemination of licenses among a wide variety of applicants, including small businesses and rural telephone companies, if the Commission chooses to adopt package bidding, it should exclude rural counties from those CMAs subject to package bidding.

III. Conclusion.

Based on the foregoing, RWA supports the Commission's proposed small business and rural service provider bidding credit caps to incentivize participation and competition among small and rural carriers for PAL licenses. RWA also supports county-based bidding. However, if the Commission is to allow CMA-based package bidding for the top 172 CMAs, RWA supports such a proposal only if rural counties are excluded.

Respectfully submitted,

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