

In the matter of )  
 )  
Facilitating the provisions of Spectrum-Based ) WT Docket No. 02-381  
Services to Rural Areas and Promoting )  
Opportunities for Rural Telephone Companies )  
To Provide Spectrum-Based Services )

Notice of Inquiry  
Date: February 3, 2003

By: Lynn R. Merrill, P.E. of Monte R. Lee and Company

## I. INTRODUCTION

1. These comments have been filed based on the Notice of Inquiry adopted December 11, 2002 by the FCC. These comments are to help the FCC understand how the current policies affect the rural areas and what actions in the future could help promote wireless service in the rural areas.
2. Monte R. Lee and Company is a consulting engineering firm that has provided wireless and wireline service to both large and small carriers in the rural and urban areas. Our comments are to help the public interest by providing the rural areas the services offered in the urban areas as well as facilitating the rapid deployment of new technologies in the rural area.
3. The philosophy in the urban areas is not much different than the rural areas with the exception of scale. The large company's manager living in an area which they serve will notify its engineering staff when he frequently visits an unserved area and ask to have it fixed with no concern for budget or economics.
4. A manager of a rural area will have the same reaction, though it may not be from himself driving through an area. It may be from reports he hears from coworkers, his banker at Kiwanis, or Lions Club. Worse yet would be to get the report from his spouse who just returns from a visit to the beauty shop in the neighboring town.
5. The economics of building out the rural area tend to be minimized by the rural carrier sitting across the table from someone needing service than from a large company, when viewed by someone hundreds of miles away with no realization of how their decisions impact the rural area.

6. As large carriers implement the new technologies, the rural subscribers receive a wakeup call and thus moving the rural service providers.
7. The remainder of the comments are based on actual circumstances with the description on how the Business Credits, Area of Size of Geographical Service Areas, Bandwidth through partitioning and construction requirements rules have benefited or hinder the rural carriers from providing wireless service.

## II. BUSINESS CREDITS

8. The business credits as currently applied provide in many cases, a harmful effect on the rural carrier. The rules, which allow a large corporation to help finance a designated entity or small business, raised the price of the auction above the limits afforded by the local rural carrier. Once the auction is over the designated entity relies on the larger operating company to help in the business, thus relying on economics to dictate construction area. This is a big loss for the rural public interest.
9. The FCC should consider changing the rules for the designated entities requiring self funding or borrowing funds as true credit. With this in place the FCC should substantially raise the auction credit. A large credit to small rural company is like directly funneling the funds to the construction of the project. Added credits equate to additional sites in the rural areas.
10. The costs for the licenses, in many cases, are higher than the cost to meet the initial build out requirements. When small companies evaluate the licenses cost they usually determine the maximum funds they will place in a project. If the cost for the licenses is lower than initially determined, the licensee likely will use the additional funds to speed up the build out process.
11. For small communication companies serving small areas, the FCC should consider providing higher credit with requirements for additional build out. The FCC could base the credit on the percent of the rural area served within a given time period. The company would file for the additional credit after being notified as a successful auction winner.

## III. GEOGRAPHIC SERVICE AREAS

12. The size of the Geographic Service Area greatly affects the rural carriers ability to provide wireless service. In most cases, single telephone companies do not have the resources to purchase the licenses and to meet the build out requirements for the large communities and also serve the areas where they currently provide service to their current customers.

13. The areas over 150,000 population, become nearly impossible for individual phone companies to evaluate, especially when they are only interested in an area of 50,000 population around them. The telephone companies in these cases look for other partners to subdivide the area, but in many cases the companies cannot get a consistency among one another.
14. The FCC should consider setting aside a frequency band comparable to cellular or PCS, using counties as the geographic area. Any counties remaining with the FCC could be purchased for the initial bid amount through an open one-day filing. If two companies filing for the same market occurred, the FCC should hold a closed auction.
15. The FCC should not expect to have multiple wireless carriers in most rural areas. Multiple carriers can only exist if different technologies are in use, each with reciprocal roaming agreements with the large carriers.
16. Small carriers are faced with a growing problem. Making a decision for the next technology is being based on which large carrier will roam versus what technology will be best for the customer. As large carriers, who were partners in the past, sign preferred roamer agreement with other carriers, the small and mid-size companies are forced to look elsewhere for partners. These adjustments cause urban customers to lose service in rural areas (locations where no large carrier has built out digital service) and the loss of needed roamer revenue to the rural markets to aid construction for new areas.
17. The build out for additional carriers will only happen if reciprocal roamer rates are charged among the carriers with the same technology. The very rural areas in the most parts can only support one carrier without additional minutes of use received from roaming customers. In the new digital world, customers roaming in a rural area with a different technology than the local one provided, will receive no service.
18. The quality of service and area coverage is much higher for the small rural companies than the larger carriers. The owner of a small system takes a keen interest in the service area they propose to serve as well as their quality of service. They are looking for more from the limited construction budget and take the extra time to get the right site versus the easiest site. (As we see in a mass build out case).

### III. PARTITIONING AND DISAGGREGATION

19. The current partitioning and disaggregating rules meets the needs for the rural telephone companies when they can purchase counties from large carriers in an effort to serve their own communities. Several cases have occurred where the telephone companies were unable to purchase bandwidth or partition counties.

The answers from the carriers were they were not for sale or the amount of bandwidth was more than they could release.

20. The FCC will need to develop rules that in cases where no service is being provided, a carrier upon receiving a bonified request, would be required to develop the market or partition the service area to allow the area to be served.

#### IV. PERFORMANCE REQUIREMENTS

21. The FCC will only need to develop performance requirements in the event that no other method is used to push service by the large carriers into the rural area.
22. One option would be to require licenses beyond the build out period to incrementally provide service to the largest 50 percent of the communities. By providing service to over one half of the communities many of the smaller towns and the rural areas would be served by the overlap. Performance requirements for service should be the last option to push carriers into providing service.

#### V. BAND MANAGER LICENSING

23. The Band Managers for large bandwidth requirements is similar to privatizing the FCC under current rules. The Manager would have the interest of getting the most revenues for the spectrum in mind. The Manager would be faced with a decision between a large carrier offering a lot of money for a large portion of contiguous area versus receiving a smaller amount of revenue from several small carriers. For large bandwidth needs, the public interest may not be served.

#### VI. CONCLUSION

24. In our years of work, we seldom find a small or median sized telephone company that does not want to serve the general public with wireless services. Once serving the public, they look forward to providing quality service in places where no service exists today. The FCC should adjust its rules to allow for low auction costs for small geographic areas, reducing the cost for market entry and encouraging carriers with unserved areas to relinquish the rural areas and allow other carriers to service the public interest.

Respectfully submitted,

Lynn R. Merrill, P.E.  
President  
Monte R. Lee and Company