

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

In the Matter of )  
 )  
Facilitating the Provision of ) WT Docket No. 02-381  
Spectrum-Based Services to Rural )  
Areas and Promoting Opportunities )  
For Rural Telephone Companies to )  
Provide Spectrum-Based Services )

**REPLY COMMENTS OF  
UNITED STATES CELLULAR CORPORATION**

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February 19, 2003

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United States Cellular Corporation (“U.S. Cellular”), by its attorneys, submits its reply comments in response to the comments filed in the above-referenced proceeding.

**Introduction**

U.S. Cellular strongly supports the Commission’s re-examination of its rules and policies promoting the development and deployment of wireless technologies in rural areas and notes the broad support of the commenters filing in this proceeding for both the policies advanced by U.S. Cellular in its initial comments and the proceeding generally.

**Discussion**

1. **Rural Service Areas Appropriately Define “Rural Areas” for the Purposes of Determining Whether the Commission is Meeting Its Section 309(j) Mandate.**

In its initial comments, U.S. Cellular proposed that the Commission adopt Rural Service Areas (“RSAs”) to define “rural areas” in its service rules for spectrum-based services for purposes of determining the extent to which the Commission is meeting its Section 309(j) mandate. The majority of commenters

addressing the issue agree that the Commission should adopt a single definition of “rural areas” that cuts across all services and that definition should correspond with the Commission’s definition of Rural Service Areas (RSAs). *See for example* Comments of the National Telecommunications Cooperative Association at p. 9; *see also* Comments of the South Dakota Telecommunications Association at p. 4.

2. The Commission Should Adopt Geographic Service Area Sizes for New Licensed Wireless Services Which Provide Viable Initial Licensing Opportunities For the Regional and Rural Carriers Directly Benefitting the Development of Rural Service.

In its initial comments, U.S. Cellular stressed the need of rural/regional carriers for small geographic service areas that preserve opportunities for regional/rural carriers to provide an important source of competition, variety and diversity in rural and less densely populated areas.

Many carriers and associations commenting in this proceeding also observed that large geographic service areas DO NOT meet the needs of customers served by regional and rural carriers and that small geographic service areas are appropriate, if not necessary, for serving the needs of rural customers for wireless services. *See* comments of the Organization for the Promotion and Advancement of Small Telecommunications Companies ("OPASTCO") and the Rural Telecommunications Group at p. 8; Comments of Corr Wireless Communications, LLC at p. 3; Comments of the South Dakota Telecommunications Association at pp. 11-12; Comments of TCA, Inc. at p. 6; Comments of the National Telecommunications Cooperative Association at p. 9-10; and Comments of the Rural Cellular Association at p. 3. We also agree with many of these commenters that use of MSA/RSAs as the geographic license size for initial licensing will help promote service in rural areas.

3. The Commission's Policies on Partitioning and Disaggregation Are Not Adequately Effective in Promoting Expansion and Diversity in Spectrum-based Services for Rural Areas.

The Commission's partitioning and disaggregation rules have not been effective tools to promote expanded rural services and to provide the spectrum resources needed by regional/rural carriers . We agree with the comments of OPASTCO and the Rural Telephone Group which state that "far less than a quarter of one percent of all the licenses sold at auction have been partitioned and/or disaggregated." Comments of OPASTCO and Rural Telephone Group at p. 11. This is because, as OPASTCO explains, the Commission's partitioning and disaggregation policies do not serve as an "incentive for license holders to 'carve out' portions of their license areas for rural carriers. *Id.* See also Comments of the National Telecommunications Cooperative Association at p. 11.

4. The RSA Cellular Cross Interest Rule Should Be Retained, But Modified To Permit a Higher Attribution Threshold.

In its comments (pp. 12-16), U.S. Cellular proposed that the FCC retain the cellular cross interest rule [Section 22.942(a)] but modify it to permit entities controlling one RSA cellular licensee to hold minority, non-controlling interests of up to 20% in their RSA competitor without prior FCC consent and minority, non-controlling interests of up to 49% where there is a single majority shareholder in their RSA competitor.

U.S. Cellular disagrees with Dobson Communications Corporation ("Dobson"), which urges repeal of the rule (Comments, pp. 8-9). In 2001 when the Commission decided to retain the cross interest rule for RSAs, it found that there were still significant competitive differences between MSAs and RSAs which justified the rule's continuing application to RSAs. *Spectrum Cap Order*, 16 FCC

Rcd 22668, 22708 (2001). Dobson does not refer to any changes in the marketplace since 2001 which would justify a change in the basic requirement that there be two competing cellular licensees in RSA markets. We support liberalizing the rule with respect to minority ownership interests as discussed in our comments, but the fundamental point remains: there are no conceivable circumstances where the public interest would be better served by having one cellular licensee in a rural market rather than two.

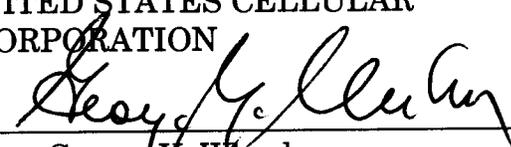
Conclusion

In conclusion, there is broad support among the industry participants for many of the policies promoted by U.S. Cellular.

Respectfully submitted,

UNITED STATES CELLULAR  
CORPORATION

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