

on the ability of carriers to lower costs and increase their coverage area, especially to rural markets. Can we assume similar benefits for rural areas in the U.S.? We recognize that the Commission has stressed the value of facilities-based competition, and that infrastructure sharing by definition limits competition between two potential competitors. We seek comment on the factors we should consider in evaluating infrastructure sharing arrangements that require section 310 approval so as to effectively balance promoting competition among providers and promoting expanded coverage in rural areas.

93. In addition, we recognize that, as in the case of secondary market spectrum leasing, infrastructure sharing may require reconsideration of our regulatory definitions of spectrum use. As described above, we propose that licensees that make their spectrum in rural areas available to other parties via secondary markets are, in a sense, using that spectrum. Should we similarly consider spectrum involved in infrastructure sharing arrangements to be "used" and thus not subject to re-licensing or any other mechanism to make the spectrum available to third parties?

H. Rural Radiotelephone Service and Basic Exchange Telecommunications Radio Service

1. Background

94. The Rural Radiotelephone Service (RRS) was established to permit the use of certain VHF and UHF spectrum to provide radio telecommunications services, in particular, basic telephone service, to subscribers in locations generally deemed so remote that traditional wireline service or service by other means is not feasible. The RRS operates in the paired 152/158 MHz and 454/459 MHz bands, which are also used by paging services. In 1987, the Commission adopted rules that authorized the establishment of the Basic Exchange Telecommunications Radio Service (BETRS) within the RRS. BETRS is authorized in the same paired spectrum bands as RRS and in addition, on fifty channel pairs in the 816–820/861–865 MHz band. BETRS, which is essentially a type of technology used to provide RRS, utilizes a digital system that is more spectrally efficient than traditional analog RRS, provides private calling, and has a much lower call blocking rate than RRS. Only local exchange carriers that have been state certified to provide basic exchange telephone service (or others having state approval to provide such service) in the

pertinent area are eligible to hold authorizations for BETRS.

95. The *BETRS R&O* provided that traditional RRS and BETRS would be co-primary with other services that were authorized to use the same spectrum. See Basic Exchange Telecommunications Radio Service, CC Docket No. 86–495, *Report and Order*, 53 FR 3210 (February 4, 1988) (*BETRS R&O*). Prior to the establishment of BETRS, RRS was licensed on a secondary, non-interfering basis. In 1997, the Commission established rules to auction the 152/158 MHz and 454/459 MHz bands and issue paging licenses on a geographic basis. As a result, existing RRS and BETRS licensees authorized for these spectrum bands were afforded protection as incumbent licensees and could continue operating on a primary basis. However, we indicated that subsequent RRS and BETRS licenses in these bands would be issued on a secondary basis to the geographic area licensee. Similarly, in 1997, the Commission established rules to auction the 816–820/861–865 MHz bands and issue SMR licenses on a geographic basis. As a result, existing BETRS licensees authorized in the 800 MHz band were afforded protection as incumbent licensees and could continue operating on a primary basis. Again, we indicated subsequent BETRS licenses in these bands would be issued on a secondary basis to the geographic area licensee. Today new RRS and BETRS licenses are issued on a secondary, non-interfering basis.

2. Discussion

96. We seek to establish a more complete record regarding these services in order to allow us to determine if certain rules and policy changes are needed to facilitate the use of RRS and BETRS. As discussed below, we seek comment on whether: (1) There is a current demand for RRS and BETRS; (2) other wireless services have supplanted RRS and BETRS as alternatives to wireline service; (3) access to spectrum is a limiting factor for RRS and BETRS and (4) current Commission rules and policies are prohibiting/limiting the effectiveness of RRS and BETRS to provide service in rural areas.

97. As an initial matter, we would like to determine the level of demand for RRS and BETRS. We reviewed licensing data, locations where basic exchange service does not appear to be available, and the availability of equipment for RRS and BETRS. It appears, on the surface, certain areas that do not have basic telephone service might benefit from RRS or BETRS. For example, we note that no RUS or BETRS facilities are

licensed in Mississippi, which according to 2000 Census data, has the lowest household telephone penetration rate in the U.S. In addition, we cannot find evidence that 800 MHz BETRS equipment has ever been manufactured and made available in the U.S. Furthermore, we only found one company that claimed it provided new RRS and BETRS equipment. We seek comment on whether there is still a demand for RRS and BETRS, beyond what is currently offered, and whether RRS and BETRS are viable options in the provision of basic telecommunications services. If there is a demand for these services, are there ways that RRS and BETRS could be used more efficiently and/or effectively?

98. If there is a demand for basic communications services, other than wireline, and it is not being met using traditional RRS and BETRS spectrum, we are interested in exploring how the demand is being met. The Commission has embraced policies that provide many wireless licensees with added flexibility in providing various types of services (*i.e.*, fixed or mobile/voice or data). It is now possible that services (*i.e.*, basic exchange service) previously offered only by RRS and BETRS licensees could be offered by licensees in other wireless services, using other spectrum bands. Furthermore, it is possible with the proliferation of mobile telephony throughout the country, individuals that in the past would have been a prime candidate to receive RRS or BETRS may now have access to a mobile telephone that is the sole telephone used within a household. We are not able to determine how many licensees are providing basic exchange service to rural areas using alternative spectrum or how many licensees are providing services (*i.e.*, mobile telephony) and therefore could negate the need for RRS or BETRS in particular areas. We therefore seek comment on the effectiveness of non-RRS and BETRS licensees in providing the same services or alternative services in lieu of RRS and BETRS. Furthermore, we seek comment on whether additional flexibility is necessary in order to fully exploit capabilities of licensees in this context? In addition, we seek comment regarding to what, if any, extent unlicensed spectrum is being used to provide services that have traditionally been provided by RRS and BETRS licensees.

99. In some instances, there may be a demand for a service; however, access to the spectrum needed to provide such services may not be readily available. We noted in the *Secondary Markets* proceeding that facilitating spectrum