

niche markets or focus on serving populations outside of areas served by other licensees. The Commission has indicated that a "substantial service" construction requirement may help foster service to less densely populated areas. Because this requirement can be met in a variety of ways, the Commission has stated that it will review substantial service showings on a case-by-case basis. The Commission has rarely found that a commercial mobile radio service ("CMRS") carrier has failed to meet its performance requirements.

10. Another step the Commission has taken to encourage the provision of wireless services to rural areas is the retention, in RSAs, of the cellular cross-interest rule, which is designed to protect against the cellular incumbents developing cross interests that may create the incentive and ability to restrict the availability of services in those areas. The cellular cross-interest rule limits the ability of parties to have attributable interests in cellular carriers on different channel blocks in a single geographic area. In its recent reevaluation of this rule, the Commission determined that the cross-interest rule was no longer necessary in MSAs because the cellular duopoly conditions that prompted the rule's adoption no longer existed. However, the Commission found that in RSAs competition to the incumbent cellular licensees was not as developed as in MSAs. Accordingly, the Commission concluded that a combination of interests in cellular licensees serving RSAs would more likely result in a significant reduction in competition in these areas. The Commission therefore decided to retain the cellular cross-interest rule in RSAs, subject to waiver of the rule based on certain conditions. The Commission noted that retention of the cross-interest rule in RSAs does not preclude cellular carriers from obtaining PCS licenses in order to expand capacity or offer advanced services.

### III. Request for Comment

11. Under section 309(j), the Commission has a statutory mandate to promote the development and deployment of wireless technologies to rural areas and economic opportunities for rural telcos and other entities seeking to serve rural areas. Indeed, as discussed, the Commission has implemented a number of initiatives toward achieving those goals. We seek to better understand the nature of spectrum supply and demand and the services currently provided and planned to be offered in rural areas. We are also interested in developing a record on

whether there are any discrepancies between rural and urban America in the availability, use and cost of wireless services. Approximately 80 percent of the U.S. population lives in metropolitan areas. However, our society is increasingly mobile and, therefore, ubiquitous wireless service is essential, not only for those living in rural areas, but also for individuals whose business and leisure activities take them to all parts of the nation. Thus, it is in the larger public interest to promote seamless wireless service throughout the country. By the *Notice of Inquiry*, we seek to broaden our understanding of the effect our current policies have had on the availability of spectrum-based services in rural America and on access to spectrum licenses by rural telcos and other entities seeking to serve rural areas. Further, we are interested in exploring whether it is appropriate to adopt new approaches in these areas. We therefore seek comment on the effectiveness of our current regulatory tools in facilitating the delivery of spectrum-based services to areas that traditionally may have been underserved by telecommunications providers and on our efforts to provide rural telcos with the opportunity to participate in spectrum auctions. We also invite comment on ways in which the Commission could modify its policies to best fulfill these statutory goals.

12. At the outset, we request comment on the types of wireless services that are currently provided, and that are planned to be offered, in rural areas. We seek information on the availability of wireless services in rural areas and the providers of such services. We ask commenters to identify which service providers, in addition to rural telcos, are providing wireless services to rural populations. To the extent possible, we request that commenters provide particularized data on wireless coverage and provision of services to rural areas. The more specific data we receive, the better able we will be to tailor our regulations to meet our rural service goals. We particularly seek comment from consumer groups, community groups, State Commissions, local governments and others about any geographic areas that lack adequate wireless coverage, have inadequate quality of service, or inequitable pricing. We also ask commenters to identify the obstacles to providing wireless service in rural areas. In particular, we ask commenters to address the economic viability of building out in rural areas. In what ways, if any, can the Commission modify its rules to promote

build-out to rural regions? We also seek comment on whether we should maintain a Web site that would include information that would be helpful to entities seeking to provide wireless services to rural areas. Such a Web site, for instance, could have links to other sites that contain information about programs and financial incentives that are available to those seeking to serve rural populations. Should we maintain a database that would provide information to prospective service providers, including rural carriers, on the availability of spectrum for initial licensing or leasing? In addition to the specific issues identified in the *Notice of Inquiry*, we also invite comment on any other issues within the Commission's jurisdiction that may directly relate to the provision of wireless service in rural areas.

13. Apart from the rural service mandate set forth in section 309(j), Congress also directed the Commission to pursue other public interest objectives in designing a system of competitive bidding, including the efficient and intensive use of the spectrum, the development and rapid deployment of new technologies and services, the promotion of competition, and the recovery for the public of a portion of the value of the spectrum. In providing comment on how the Commission may best fulfill the rural objectives, we ask that commenters also address how any proposed suggestions would further, or impede, the Commission's achievement of the other public interest goals set forth in section 309(j)(3).

14. Finally, we recognize that issues involving spectrum leasing opportunities are of significant interest to rural telcos. They have expressed interest in gaining access to spectrum usage rights through secondary markets. We plan to address these matters in our proceeding on secondary markets.

15. In addition, we note that rural interests have raised issues related to the controlling interest standard that the Commission adopted in the *Part 1 Fifth Report and Order*. In essence, they argue that application of this rule will inappropriately disqualify rural telco cooperative applicants from attaining small business bidding status and will frustrate the objectives of the Commission's small business bidding preference program and the mandates of section 309(j). Because we will respond to petitions for reconsideration of the *Part 1 Fifth Report and Order* in a subsequent order, as part of the Part 1 rulemaking proceeding, we do not seek comment on, and will not address these matters in the *Notice of Inquiry*.