

Alternatively, does the use of small geographic licensing areas stimulate competition in the provision of wireless services to rural populations? Does the adoption of smaller service areas enable rural telcos to compete more effectively in spectrum auctions? If rural telcos win licenses covering small geographic service areas, are they more likely to provide services to those areas than are other service providers? Is there evidence that smaller geographic areas will result in more rapid deployment of services? Are rural carriers better positioned to serve the needs of rural America than nationwide carriers? Reliance on nationwide licenses assumes that nationwide carriers and local carriers are equally well positioned to serve rural consumer needs. Is this correct? On the other hand, are rural populations better served by carriers that operate on a nationwide basis as opposed to local carriers? For example, are nationwide carriers better able to offer lower prices, better roaming capability, or more services due to economies of scale? If the adoption of smaller service areas for licenses does enhance the participation and success of rural telcos in competitive bidding and/or the provision of services to rural areas, should the Commission adopt varied-sized or small-sized geographic service areas for all auctionable services? Are there particular services that are more appropriate for licensing by smaller geographic areas? If smaller geographic service areas promote competition, service, and access to spectrum by rural telcos, what size service areas would be most effective to achieve these benefits? In addition, we seek comment on whether certain auction designs, such as combinatorial or "package" bidding, facilitate license configurations that are efficient and likely to foster the provision of wireless services to rural areas.

D. Partitioning and Disaggregation

21. Partitioning and disaggregation policies and regulations are designed to facilitate more efficient and intensive use of the spectrum, including use by rural telcos to serve rural areas. In paragraph eight, we provide statistics regarding partition and disaggregation assignees that have identified themselves as rural telcos, and assignees that claim that they are or will be serving rural areas. However, because we do not require applicants to identify themselves as rural telcos when applying for licenses, we cannot with certainty determine the extent of transactions involving rural telcos based solely on our licensing records.

Therefore, we seek comment on the extent to which rural telcos have received licenses through geographic partitioning and spectrum disaggregation. We are interested in learning whether, and in what ways, partitioning and disaggregation policies have been helpful in providing rural telcos with access to spectrum. We also ask for comment on whether, and to what extent, partitioning and disaggregation rules have enhanced the provision of services to rural areas. In responding to these questions, commenters should provide data or other empirical information to support their positions. We also solicit comment on whether partitioning and disaggregation policies enhance competition in the provision of wireless services to rural areas. If partitioning and disaggregation facilitate the provision of services to rural areas, do sufficient incentives exist for both winning bidders and prospective licensees to participate in the spectrum partitioning and disaggregation process? For instance, to what extent do the potential transaction costs involved in partitioning and disaggregation discourage licensees from pursuing such options? We note that some rural interests maintain that such transaction costs and other factors lead licensees to avoid pursuing partitioning and disaggregation agreements. If sufficient incentives do not exist to encourage partitioning of service areas and disaggregation of spectrum, should the Commission adopt additional incentives to motivate parties to pursue these options? For example, should the Commission require that licensees disaggregate or partition under certain circumstances, such as when there is unused spectrum or unserved portions of geographic service areas?

E. Performance Requirements

22. Performance requirements, such as construction benchmarks, are intended to help ensure that licensees promptly provide service to potential subscribers. The type of construction benchmark the Commission adopts for a license may determine whether services are deployed expeditiously to rural areas. For instance, depending on the level at which it is set, a population-based requirement may be achievable by a licensee providing service only to the urban areas covered by its license. In contrast, a geography-based benchmark targets the delivery of services to a percentage of a geographic area, rather than to a percentage of the population in an area. Because population is only rarely distributed uniformly across a geographic area, the same percentage

requirement under a geography-based standard may result in greater geographic area and population coverage than that percentage under a population-based requirement.

23. We seek comment on whether and how construction benchmarks may be utilized to encourage licensees to deliver wireless services to rural populations. To what extent are our current construction benchmarks effective in ensuring that spectrum-based services are provided to rural areas? In what instances, and under what circumstances, should the Commission adopt a population-based, geography-based, or substantial service construction benchmark? For example, in licensing service areas that are predominantly rural, should the Commission adopt geography-based construction benchmarks? Are there other types of construction benchmarks that would better promote service to rural regions? For instance, should we adopt a separate construction benchmark applicable only to service areas that constitute rural areas? Alternatively, should we revise our current construction benchmarks to permit service providers to serve either smaller portions of the population or service area if they meet a second construction benchmark applicable to the rural portions of a licensee's market? If so, commenters should explain what construction benchmarks we should adopt for the rural portions of the service area? If, as suggested, we were to require licensees to disaggregate or partition unused spectrum or unserved portions of geographic service areas, should the Commission adopt additional construction benchmarks to implement this requirement? If so, what penalties should the Commission impose on licensees for failure to timely meet such additional construction benchmarks? As noted, the Commission has generally accepted certifications of CMRS carriers that they have met their construction benchmarks. To what extent are our self-certification procedures an adequate means of ensuring compliance with our construction benchmark requirements?

24. In addition to employing varying types of construction benchmarks for auctioned licenses, the Commission has also utilized different models with respect to enforcing construction requirements. In the Cellular Radiotelephone Service, initial licensees are given five years to construct facilities and begin providing service to their market. At the end of the initial five-year period the licensee is allowed to "keep what it builds" and the remaining portions of the market