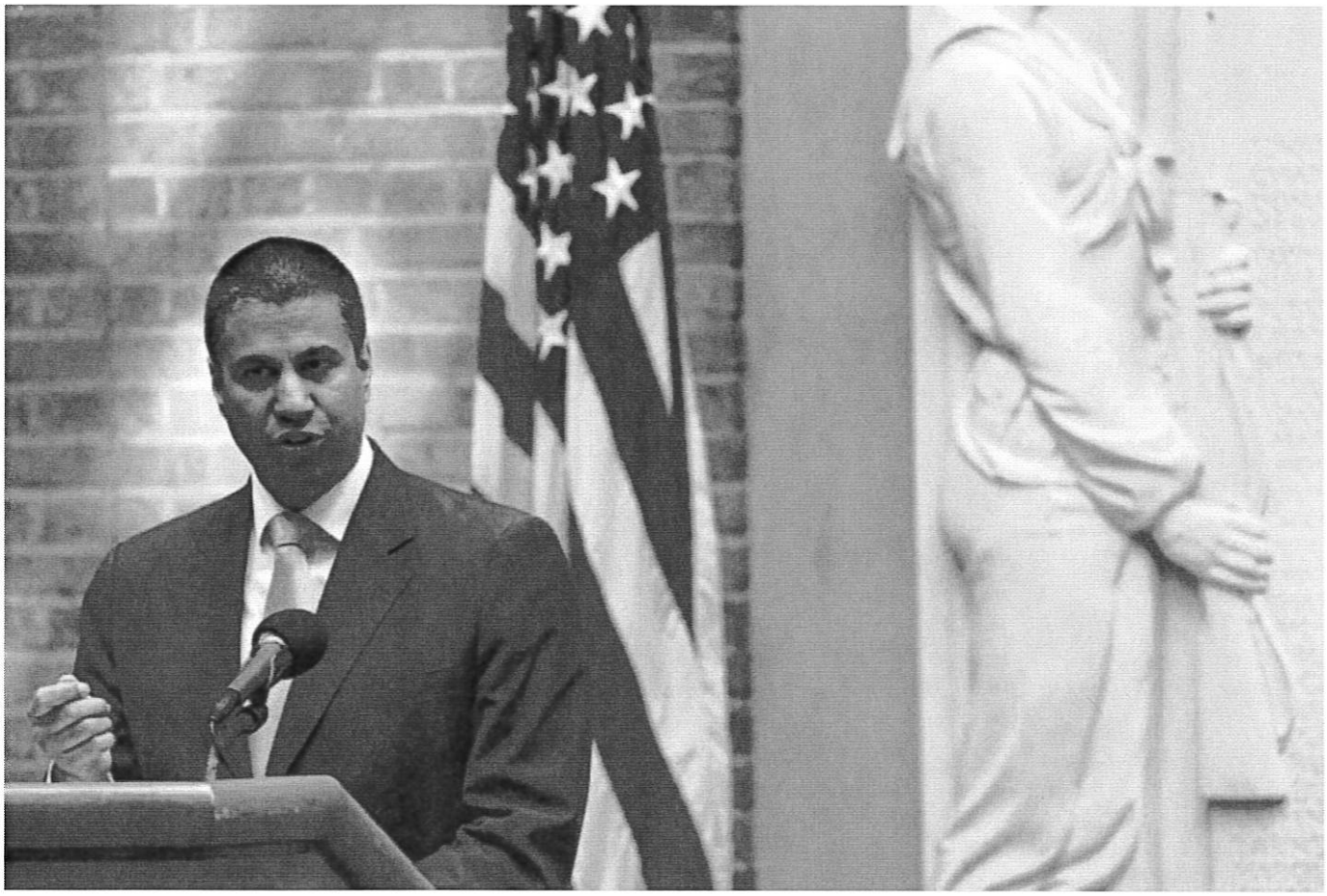
*A PLEA FROM HOME —*

# Ajit Pai gets message from his hometown ISP: Don't hurt us small ISPs

Pai's spectrum auction plan could make it hard for small ISPs to buy licenses.

JON BRODKIN - 7/24/2018, 2:06 PM

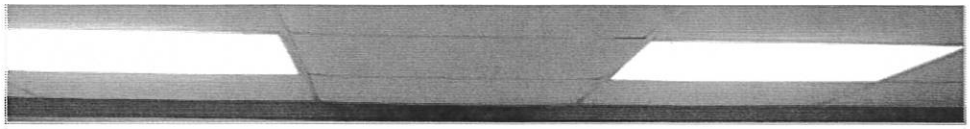


Getty Images | Alex Wong

Enlarge / **FCC Chairman Ajit Pai speaks about improving rural connectivity during an Agriculture Department forum on April 18, 2018 in Washington, DC.**

A broadband provider from FCC Chairman Ajit Pai's hometown says one of his latest plans could prevent it from purchasing spectrum needed to bolster its network.

Wave Wireless is a locally owned and operated home Internet provider in Parsons, Kansas, where Pai grew up. Last year, Pai met with Wave's owner and wrote in a tweet that Wave is "connecting Parsons (including my parents) & smaller towns nearby."



**Ajit Pai**
@AjitPaiFCC

Terrific meeting Galen Manners of fixed wireless ISP Wave Wireless! Wave's connecting Parsons (including my parents) & smaller towns nearby.

6:10 PM - Sep 21, 2017

31 See Ajit Pai's other Tweets

Pai heard from his hometown ISP again yesterday when Wave and 181 other fixed wireless broadband providers wrote a letter opposing an FCC plan that could limit the small ISPs' access to wireless spectrum.



"Our economy depends on small businesses like ours, and we are poised to invest—if the FCC gets the rules right," Wave Wireless owner Galen Manners and the other providers wrote.

Pai's primary focus as FCC chairman has been removing or changing regulations in order to encourage ISPs to invest in their networks. But the small providers say that his proposal for a spectrum auction

could make it harder for them to invest, while helping much larger carriers.

The rule changes in question relate to spectrum in the 3.5GHz band that will be auctioned off by the FCC. The Obama-era FCC in 2015 established "a new Citizens Broadband Radio Service (CBRS) for shared wireless broadband" in this band. Crucially, the FCC under then-Chairman Tom Wheeler decided to let operators buy three-year Priority Access Licenses (PALs) in individual census tracts, small areas with between 1,200 and 8,000 people each. Each PAL authorizes a provider to use a 10MHz channel in a single license area.

Allowing ISPs to buy spectrum in small areas would help the smallest broadband providers compete for spectrum against big companies. But the auction hasn't happened yet, giving Pai's FCC time to change the rules.

T-Mobile and other companies asked the FCC to change the licensing areas from census tracts to Partial Economic Areas (PEAs), which are much larger. Pai's proposal from October 2017, which the FCC sought public comment on, could grant T-Mobile's request or change the size of the license areas in some other way.

## New license areas could be gigantic

While there are 74,000 census tracts in the US, there are just 416 PEAs. The largest PEA includes more than 25 million people in the New York area; nationwide, there are 62 PEAs with at least 1 million people each and more than 300 with at least 100,000 people each.

Small providers likely wouldn't be able to obtain 3.5GHz spectrum if they have to bid for licenses covering such large areas. Wave Wireless, for example, was created "in 2000 as a response to a need for faster than dial-up Internet for rural citizens of Labette County," the ISP says on its website. "From our first transmitter site, to now 22 and counting, we continue to expand and improve in response to customer needs." (We contacted Wave today and will update this story if we hear back from the company.)

In their letter to the FCC yesterday, Wave Wireless and the other small providers wrote:

> Continued access to Citizens Broadband Radio Service ("CBRS") spectrum is vital to our ability to continue serving rural America. And we write to urge the FCC to ensure that census tracts remain available as bidding units for Priority Access Licenses ("PALs") in the CBRS band. We ask you to reject options that take census tracts off the table and propel rural broadband access backwards instead of forwards. Without census tract-sized licenses, we will have
>
> virtually no ability to acquire protected spectrum in this band. That would be an intolerable outcome that would harm our rural broadband businesses and inhibit our ability to grow, but worse it would harm the millions of consumers for whom mid-band spectrum is the key to high-speed fixed broadband access.

The providers have been pushing the FCC to maintain availability of census tract licenses for the past

The providers have been pushing the FCC to maintain availability of census tract licenses for the past year, and the group gave the commission evidence that increasing the size of license areas would shut them out of the auction. Their new letter to the FCC continued:

> Over the last year, many of us have spoken and written to the FCC to explain why census tract licenses in the CBRS band are critical to rural economic development and our ability to provide broadband to more rural consumers. We've provided maps showing that auctioning larger areas will effectively shut us out of the auction. We've explained that we've already invested in the CBRS band under the current rules by deploying software-defined radios in the 3650-3700 MHz band that can be easily upgraded to operate in the entire 3550-3700 MHz band, reaching more rural consumers within months. And we've explained how we've curtailed our investments based on the threat that we may not be able to bid for census tract PALs. While our businesses and networks are diverse and independent, we are united that census tracts are the only way that we can participate in the CBRS band auction.

The FCC's 2015 decision made up to seven PALs (the priority licenses) available in each census tract, and it let one provider obtain up to four in each tract. The 182 small providers seem resigned to the likelihood that Pai's FCC won't allow seven licenses in each tract, but they urged the FCC to let them bid on at least a couple of licenses in each tract.

"We reluctantly acknowledge that the rules are likely to be changed, that we will no longer have access to seven census tract PALs," the 182 providers wrote. "But there is no reason why, out of those seven PALs, that the FCC cannot retain at least two census tract PALs in rural areas to facilitate broadband deployment in the areas where we live and work. We urge the FCC, in the strongest possible terms, to preserve our ability, and the ability of other stakeholders, to bid on census tract PALs in rural areas."

## "The rules are working"

Pai's Notice of Proposed Rulemaking (NPRM) doesn't endorse any specific license area size, instead asking the public for input on a variety of possibilities. But it's clear that Pai's Republican majority wants to change the Obama-era rules that were designed to help small ISPs obtain spectrum.

Mignon Clyburn, a Democrat who was on the commission when Pai's NPRM was approved in October, tried to stop the NPRM from being issued at all. Pai's original version of the NPRM included a more definitive proposal to increase the size of the license areas, but Clyburn said at the time that she negotiated with FCC Republicans to change the NPRM so that it would merely seek comment on the idea and seek comment on other possibilities.

FCC Republican Michael O'Rielly said he supports "increasing the market sizes from census tracts, which will reduce auction complexity, administrative burdens, and interference concerns. But I recognize that there are many different views, so I look forward to hearing from all interested parties on this issue."

Clyburn said the characteristics of census tract-sized license areas make them "affordable for small

Clyburn said the characteristics of census tract-sized license areas make them "affordable for small school systems and rural hospitals, located in underserved areas that are desperate for cost-effective broadband services." Besides the small size, the FCC's 2015 decision set the license terms at three years instead of the usual ten years. Clyburn said the shorter license terms would help encourage small entities to bid, but Pai is proposing to raise the term to ten years.

Small providers have already started investing with the expectation that the FCC's 2015 decision wouldn't be changed, Clyburn also said in October:

> The overwhelming evidence demonstrates that those rules are working. Wireless Internet service providers (or "WISPs") that tend to serve rural areas, equipment manufacturers, tech companies, and heavy industries, have raced to invest millions of dollars to unlock the potential of mid-band spectrum in the Citizens Broadband Radio Service band. To-date, fifty-five entities—including chipmakers, mobile carriers, cable companies, equipment manufacturers and more—have joined the Citizens Broadband Radio Service or CBRS Alliance. Forty-seven companies participating in the Wireless Innovation Forum, have spent tens of thousands of hours developing technical standards to implement CBRS. At least a dozen firms have obtained experimental authorizations to trial equipment and technology in the band. They are developing private networks to support an open architecture operating system for the Industrial Internet as well as smart grid, rural broadband, small cell back haul, and other point-to-multipoint networks.

It's not clear when the FCC will issue a final decision, but large carriers are still pushing for an increase in the size of license areas."[C]ensus tract licensing will hinder the development of the 3.5GHz band and impede US companies as they compete in the global race to 5G," wireless industry lobby group CTIA wrote. CTIA represents T-Mobile, Verizon Wireless, AT&T, and Sprint.

NTCA, a lobby group for rural broadband providers, said it backs a potential compromise that would auction licenses in "a combination of counties and census tracts."

Rural ISPs should have "a reasonable opportunity to obtain spectrum and to promote more effective use of spectrum for actual service delivery in rural areas," the group told the FCC.

## Promoted Comments

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Well. If you can't afford to purchase regulation, you can't afford to invest in your business.

:|

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