

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)	
)	
Application of USCOC of Central Illinois, LLC,)	WT Docket No. 15-266
and Adams Telcom, Inc.)	
)	
For Consent To Assign Licenses)	

MEMORANDUM OPINION AND ORDER

Adopted: April 6, 2016

Released: April 6, 2016

By the Chief, Wireless Telecommunications Bureau:

I. INTRODUCTION

1. In this Memorandum Opinion and Order, we consider the application of USCC and Adams Telcom for Commission consent to the assignment from Adams Telcom to USCC of two Lower 700 MHz C Block licenses covering two local market areas in Illinois. The Commission determined in the *Mobile Spectrum Holdings Report and Order* that increased aggregation of below-1-GHz spectrum would be treated as an “enhanced factor” under its case-by-case review of license transfers if, post-transaction, the acquiring entity would hold approximately one-third or more of the suitable and available spectrum below 1 GHz.¹ In the proposed transaction, USCC would increase its spectrum holdings and, in particular, would hold post-transaction more than one-third of the currently suitable and available below-1-GHz spectrum in these two local market areas. After carefully evaluating the likely competitive effects of USCC’s increased aggregation of below-1-GHz spectrum in the relevant local market areas, as well as the other factors ordinarily considered in a case-by-case review, we find that the likelihood of competitive harm is low. Further, we find some public interest benefits are likely to be realized, such as the deployment of a competitive LTE network and a better consumer experience. Based on the record before us and our competitive review, we find that the proposed assignment of licenses would serve the public interest, convenience, and necessity, and therefore we consent to the proposed assignment.

II. BACKGROUND AND PUBLIC INTEREST FRAMEWORK

2. *Description of the Applicants.* United States Cellular Corporation (together with its indirect and wholly-owned subsidiary, USCOC of Central Illinois, LLC, USCC), headquartered in Chicago, Illinois, provides wireless telecommunications services to approximately 4.9 million customers in 23 states.² Adams Telcom, Inc. (Adams, and together with USCC, the Applicants), is a subsidiary of

¹ *Policies Regarding Mobile Spectrum Holdings; Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*, WT Docket No. 12-269, GN Docket No. 12-268, Report and Order, 29 FCC Rcd 6133, 6240, paras. 286-88 (2014) (*Mobile Spectrum Holdings Report and Order*), *recon. denied*, Order on Reconsideration, 30 FCC Rcd 8635 (2015).

² United States Cellular Corp., SEC Form 10-K, at 1 (filed Feb. 24, 2016), <http://www.sec.gov/Archives/edgar/data/821130/000082113016000050/usmform10k.htm>. USCC is a majority-owned (84%) subsidiary of Telephone and Data Systems, Inc. *Id.*; Application of USCOC of Central Illinois, LLC (continued....)

Adams Telephone Co-Operative, headquartered in Golden, Illinois, which provides a number of services, including television, telephone, wireless, and Internet, to its customers across western Illinois.³

3. *Description of the Transaction.* On September 11, 2015, USCC and Adams filed the Application pursuant to Section 310(d) of the Communications Act of 1934, as amended (the Act),⁴ seeking Commission consent to the assignment of two Lower 700 MHz C Block licenses from Adams to USCC. The subject licenses cover two Cellular Market Areas (CMAs) in parts of Illinois.⁵ In the proposed transaction, USCC would be assigned 12 megahertz of low-band spectrum in 17 counties covering CMA 396 (Illinois 3 – Mercer) and CMA 397 (Illinois 4 – Adams). Post-transaction, USCC would hold 59 megahertz to 99 megahertz of spectrum in total, and, in particular, it would increase its below-1-GHz spectrum holdings from 37 megahertz to 49 megahertz in these two CMAs.⁶

4. *Standard of Review.* Pursuant to Section 310(d) of the Act,⁷ we must determine whether the Applicants have demonstrated that the proposed assignment of licenses would serve the public interest, convenience, and necessity.⁸ In making this determination, we first assess whether the proposed transaction complies with the specific provisions of the Act,⁹ other applicable statutes, and the Commission's rules.¹⁰ If the proposed transaction does not violate a statute or rule, we next consider whether the proposed transaction could result in public interest harms by substantially frustrating or

and Adams Telcom, Inc. for Consent To Assign Licenses, ULS File No. 0006929562 (filed Sept. 11, 2015) (Application), Exhibit 1 – Description of Transaction and Public Interest Statement at 1 (Public Interest Statement).

³ Response of Adams Telcom, Inc. to the General Information Request Dated November 9, 2015, WT Docket No. 15-266, at 2 (Nov. 23, 2015) (Adams Information Request Response); Adams Website, <http://www.adams.net/history/> (last visited Mar. 16, 2016).

⁴ 47 U.S.C. § 310(d).

⁵ Application, Attachment A – Spectrum Aggregation; *United States Cellular Corporation and Adams Telcom, Inc. Seek FCC Consent to the Assignment of Two Lower 700 MHz C Block Licenses*, Public Notice, 30 FCC Rcd 12471 (WTB 2015) (*Accepted for Filing Public Notice*).

⁶ Application, Attachment A – Spectrum Aggregation; *Accepted for Filing Public Notice*, 30 FCC Rcd at 12471-72. As set out in the docket, the Bureau accepted the Application for filing and established a pleading cycle, released a public notice announcing that Numbering Resource Utilization and Forecast (NRUF) reports and local number portability (LNP) data would be placed into the record and adopted the associated protective order, adopted a protective order covering the submission of confidential and highly confidential information, and sent the Applicants information requests seeking further specific information relating to the proposed transaction.

⁷ 47 U.S.C. § 310(d).

⁸ See, e.g., *Application of AT&T Mobility Spectrum LLC and Consolidated Telephone Company for Consent To Assign Licenses*, Memorandum Opinion and Order, 30 FCC Rcd 9797, 9799-9800, para. 6 (WTB 2015) (*AT&T-Consolidated Order*); *Applications of AT&T Inc., E.N.M.R. Telephone Cooperative, Plateau Telecommunications, Inc., New Mexico RSA 4 East Limited Partnership, and Texas RSA 3 Limited Partnership for Consent To Assign Licenses and Authorizations*, Memorandum Opinion and Order, 30 FCC Rcd 5107, 5111, para. 8 (2015) (*AT&T-Plateau Wireless Order*); *Applications of AT&T Inc., Leap Wireless International, Inc., Cricket License Co., LLC and Leap Licenseco, Inc. for Consent To Transfer Control and Assign Licenses and Authorizations*, Memorandum Opinion and Order, 29 FCC Rcd 2735, 2741-42, para. 13 (WTB, IB 2014) (*AT&T-Leap Order*).

⁹ Section 310(d) requires that we consider the Application as if the proposed assignee were applying for the licenses directly under Section 308 of the Act. 47 U.S.C. §§ 308, 310(d). See, e.g., *AT&T-Consolidated Order*, 30 FCC Rcd at 9799-9800, para. 6 & n.18; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5111, para. 8 & n.27; *AT&T-Leap Order*, 29 FCC Rcd at 2741-42, para. 13 & n.45.

¹⁰ See, e.g., *AT&T-Consolidated Order*, 30 FCC Rcd at 9799-9800, para. 6; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5111, para. 8; *AT&T-Leap Order*, 29 FCC Rcd at 2741-42, para. 13.

impairing the objectives or implementation of the Act or related statutes.¹¹ We then employ a balancing test weighing any potential public interest harms of the proposed transaction against any potential public interest benefits.¹² The Applicants bear the burden of proving, by a preponderance of the evidence, that the proposed transaction, on balance, would serve the public interest.¹³

5. Our competitive analysis, which forms an important part of the public interest evaluation, is informed by, but not limited to, traditional antitrust principles.¹⁴ The Commission and the Department of Justice each have independent authority to examine the competitive impacts of proposed mergers and transactions involving transfers of Commission licenses, but the Commission's competitive analysis under the public interest standard is somewhat broader.¹⁵ The Commission's public interest authority enables us, where appropriate, to impose and enforce narrowly tailored, transaction-specific conditions that ensure that the public interest is served by the transaction.¹⁶ If we are unable to find that the proposed transaction serves the public interest for any reason or if the record presents a substantial and material question of fact, we must designate the application(s) for hearing.¹⁷

6. *Qualifications of the Applicants.* As a threshold matter, the Commission must determine whether the applicants to a proposed transaction meet the requisite qualifications requirements to hold and transfer licenses under Section 310(d) and the Commission's rules.¹⁸ We note that no issues were raised with respect to the basic qualifications of Adams or USCC, and, in addition, USCC previously and repeatedly has been found qualified to hold Commission licenses.¹⁹ We therefore find there is no reason to reevaluate the requisite citizenship, character, financial, technical, or other basic qualifications under the Act and our rules, regulations, and policies, of Adams or USCC.²⁰

¹¹ See, e.g., *AT&T-Consolidated Order*, 30 FCC Rcd at 9799-9800, para. 6; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5111, para. 8; *AT&T-Leap Order*, 29 FCC Rcd at 2741-42, para. 13.

¹² See, e.g., *AT&T-Consolidated Order*, 30 FCC Rcd at 9799-9800, para. 6; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5111, para. 8; *AT&T-Leap Order*, 29 FCC Rcd at 2741-42, para. 13.

¹³ See, e.g., *AT&T-Consolidated Order*, 30 FCC Rcd at 9799-9800, para. 6; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5111, para. 8; *AT&T-Leap Order*, 29 FCC Rcd at 2741-42, para. 13.

¹⁴ See, e.g., *AT&T-Consolidated Order*, 30 FCC Rcd at 9800, para. 7; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5111-12, para. 9; *AT&T-Leap Order*, 29 FCC Rcd at 2742-43, para. 15.

¹⁵ See, e.g., *AT&T-Consolidated Order*, 30 FCC Rcd at 9800, para. 7; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5111-12, para. 9; *AT&T-Leap Order*, 29 FCC Rcd at 2742-43, para. 15.

¹⁶ See, e.g., *AT&T-Consolidated Order*, 30 FCC Rcd at 9800, para. 7; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5111-12, para. 9; *AT&T-Leap Order*, 29 FCC Rcd at 2743-44, para. 16.

¹⁷ 47 U.S.C. § 309(e); see also, e.g., *AT&T-Consolidated Order*, 30 FCC Rcd at 9800, para. 7; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5111-12, para. 9; *AT&T-Leap Order*, 29 FCC Rcd at 2742-43, para. 15; *Application of EchoStar Communications Corp., General Motors Corp. and Hughes Electronics Corp., and EchoStar Communications Corp.*, Hearing Designation Order, 17 FCC Rcd 20559, 20574, para. 25 (2002).

¹⁸ 47 U.S.C. § 310(d); 47 C.F.R. § 1.948; see also, e.g., *Application of Hardy Cellular Telephone Company and McBride Spectrum Partners, LLC for Consent To Assign License*, Memorandum Opinion and Order, 30 FCC Rcd 9899, 9902, para. 8 (WTB 2015) (*USCC-McBride Order*); *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5112, para. 10; *AT&T-Leap Order*, 29 FCC Rcd at 2744, para. 17.

¹⁹ See, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9902, para. 8; *Application for Assignment of License from Comporium Wireless, LLC to United States Cellular Corporation*, ULS File No. 0005669429 (filed Mar. 4, 2013); *Application for Assignment of License from Cellco Partnership to United States Cellular Corporation*, ULS File No. 0005576355 (filed Jan. 4, 2013).

²⁰ 47 U.S.C. § 310(d); 47 C.F.R. § 1.948.

III. POTENTIAL PUBLIC INTEREST HARMS

7. *Competitive Overview.* In its examination of a proposed transaction, the Commission evaluates the potential public interest harms and undertakes a case-by-case review of the competitive effects of any increase in market concentration or in spectrum holdings in the relevant markets.²¹ In the past, the Commission has used a two-part screen to help identify those markets that provide particular reason for further competitive analysis, but has not limited its consideration of potential competitive harms solely to markets identified by its screen if it encounters other factors that may bear on the public interest inquiry.²² In the *Mobile Spectrum Holdings Report and Order*, the Commission found that it is in the public interest to continue to use its spectrum screen and case-by-case review,²³ and, in addition, to require that any increase in spectrum holdings of below 1 GHz be treated as an “enhanced factor” in its review if post-transaction the acquiring entity would hold approximately one-third or more of such spectrum.²⁴ The Commission stated that it anticipated “that any entity that would end up with more than one third of below-1-GHz spectrum as a result of a proposed transaction would facilitate our case-by-case review with a detailed demonstration regarding why the public interest benefits outweigh harms.”²⁵ The Commission further stated, however, that when the other factors ordinarily considered indicate a low potential for competitive or other public interest harm, the acquisition of below-1-GHz spectrum resulting in holdings of approximately one-third or more would not preclude a conclusion that a proposed transaction, on balance, furthers the public interest.²⁶

8. The Commission stated in the *Mobile Spectrum Holdings Report and Order* that low-band spectrum is less costly to deploy and provides higher quality coverage than higher-band spectrum,²⁷ and that the two leading nationwide service providers hold most of the low-band spectrum available today.²⁸ The Commission found that if they were to acquire all, or substantially all, of the remaining low-band spectrum, they would benefit, independently of any deployment, to the extent that rival service

²¹ See, e.g., *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5113, para. 12; see also *USCC-McBride Order*, 30 FCC Rcd at 9902-03, para. 9; *AT&T-Consolidated Order*, 30 FCC Rcd at 9800-01, para. 9; *AT&T-Leap Order*, 29 FCC Rcd at 2745, para. 20.

²² See, e.g., *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5113, para. 12; see also *USCC-McBride Order*, 30 FCC Rcd at 9902-03, para. 9; *AT&T-Consolidated Order*, 30 FCC Rcd at 9800-01, para. 9; *AT&T-Leap Order*, 29 FCC Rcd at 2752, 2753, 2755-56, paras. 39, 41, 47.

²³ *Mobile Spectrum Holdings Report and Order*, 29 FCC Rcd at 6223-24, para. 231.

²⁴ *Id.* at 6240, paras. 286-88; see also, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9902-03, para. 9; *AT&T-Consolidated Order*, 30 FCC Rcd at 9800-01, para. 9; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5108, para. 2.

²⁵ *Mobile Spectrum Holdings Report and Order*, 29 FCC Rcd at 6240, para. 286. The Commission also set out a heightened standard of review for cases in which the proposed transaction would result in an entity that already holds approximately one-third or more of below-1-GHz spectrum in a market acquiring additional below-1-GHz spectrum in that market, especially with regard to paired low-band spectrum. In these cases, the Commission stated that the required demonstration of the potential public interest benefits of the proposed transaction would need to clearly outweigh the potential public interest harms associated with such additional concentration of below-1-GHz spectrum, irrespective of other factors. *Id.*, 29 FCC Rcd at 6240, para. 287; see also *Application of AT&T Mobility Spectrum LLC and Club 42CM Limited Partnership for Consent To Assign Licenses*, Memorandum Opinion and Order, 30 FCC Rcd 13055, 13057, 13062, 13072-73, 13077-78, 13078-79, paras. 7, 15, 37, 48, 51 (2015) (*AT&T-Club 42 Order*); *USCC-McBride Order*, 30 FCC Rcd at 9903, para. 9 & n.31; *AT&T-Consolidated Order*, 30 FCC Rcd at 9801, para. 9 & n.34; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5111, 5113, 5114, 5123, 5130, paras. 8 & n.31, 13, 15, 36 & n.114, 56.

²⁶ *Mobile Spectrum Holdings Report and Order*, 29 FCC Rcd at 6240, para. 286.

²⁷ *Id.* at 6164, para. 60.

²⁸ *Id.* at 6156-57, 6162, 6164, paras. 46, 58, 60.

providers are denied its use.²⁹ As the Commission found, without access to this low-band spectrum, rival service providers that may lack a mix of low-band and higher-band spectrum would be less able to provide a robust competitive alternative, and may not be able to quickly expand coverage or provide new services.³⁰ We consider below whether there would be an increased likelihood as a result of the proposed transaction that rival service providers or potential entrants would be foreclosed from expanding capacity, deploying mobile broadband technologies, or entering the market, and whether rivals' costs would be increased to the extent that they would be less likely to be able to compete robustly.³¹

A. Market Definitions

9. We begin our competitive analysis by determining the appropriate market definitions for the proposed transaction,³² including a determination of the product market, the geographic market, the input market for spectrum suitable and available for the provision of mobile wireless services, and the market participants.

10. *Product and Geographic Markets.* Consistent with recent transaction orders, we find that the relevant product market is a combined "mobile telephony/broadband services" product market that comprises mobile voice and data services, including mobile voice and data services provided over advanced broadband wireless networks (mobile broadband services).³³ In addition, we find that the relevant geographic market is local.³⁴ Specifically, the Applicants are seeking Commission approval of the proposed assignment of 12 megahertz of low-band spectrum that covers 17 counties in two local markets, accounting for well under one percent of the population of the United States.

11. *Input Market for Spectrum and Market Participants.* For our analysis, we include the spectrum bands, or portions thereof, found in recent Commission orders as the input market.³⁵ Similarly, we apply recent Commission precedent and consider facilities-based entities providing mobile telephony/broadband services using cellular, PCS, SMR, 700 MHz, AWS-1, BRS, WCS, AWS-4, H Block, EBS, and AWS-3 and 600 MHz spectrum (as both the latter become available) to be market participants.³⁶

²⁹ *Id.* at 6164, para. 60.

³⁰ *Id.* at 6164-65, paras. 60-61; *see also, e.g., AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5113-14, para. 14; *USCC-McBride Order*, 30 FCC Rcd at 9903, para. 10; *AT&T-Consolidated Order*, 30 FCC Rcd at 9801-02, para. 10.

³¹ *See, e.g., USCC-McBride Order*, 30 FCC Rcd at 9903, para. 10; *AT&T-Consolidated Order*, 30 FCC Rcd at 9801-02, para. 10; *Applications of AT&T Mobility Spectrum LLC and KanOkla Telephone Association*, Memorandum Opinion and Order, 30 FCC Rcd 8555, 8559-60, para. 10 (WTB 2015) (*AT&T-KanOkla Order*).

³² *See, e.g., USCC-McBride Order*, 30 FCC Rcd at 9904, para. 11; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5115, para. 17; *AT&T-Leap Order*, 29 FCC Rcd at 2746, para. 22.

³³ *See, e.g., USCC-McBride Order*, 30 FCC Rcd at 9904, para. 12; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5115-16, para. 18; *AT&T-Leap Order*, 29 FCC Rcd at 2746, para. 23.

³⁴ The Commission has found that the relevant geographic markets for certain wireless transactions generally are local, but has held that a transaction's competitive effects should also be evaluated at the national level where a transaction exhibits certain national characteristics that provide cause for concern. *See, e.g., AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5116, para. 19; *see also USCC-McBride Order*, 30 FCC Rcd at 9904, para. 12 & n.40; *AT&T-Consolidated Order*, 30 FCC Rcd at 9801-02, para. 12 & n.43; *AT&T-Leap Order*, 29 FCC Rcd at 2748, para. 27.

³⁵ *See, e.g., AT&T-Plateau Wireless*, 30 FCC Rcd at 5117, para. 22; *see also USCC-McBride Order*, 30 FCC Rcd at 9904, para. 13; *AT&T-Consolidated Order*, 30 FCC Rcd at 9801-02, para. 13; *AT&T-Leap Order*, 29 FCC Rcd at 2749-50, para. 32.

³⁶ *See, e.g., USCC-McBride Order*, 30 FCC Rcd at 9904, para. 13; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5117, para. 23; *AT&T-Leap Order*, 29 FCC Rcd at 2751, para. 35.

B. Competitive Effects of the Proposed Transaction

12. *Initial Review.* As discussed above, to help identify those local markets in which competitive concerns are more likely, initially we apply a two-part screen, and if the acquiring entity would increase its below-1-GHz spectrum holdings to hold approximately one-third or more of such spectrum post-transaction, we apply enhanced factor review.³⁷ The first part of the screen is based on the size of the post-transaction Herfindahl-Hirschman Index (HHI) and the change in the HHI.³⁸ The second part of the screen, which is applied on a county-by-county basis, identifies local markets where an entity would hold approximately one-third or more of the total spectrum suitable and available for the provision of mobile telephony/broadband services, post-transaction.³⁹ In instances where an applicant is acquiring spectrum below 1 GHz, we also carefully examine the possible competitive effects resulting from an increase in below-1-GHz spectrum holdings that would be above the threshold identified in the *Mobile Spectrum Holdings Report and Order*.⁴⁰

13. As the instant transaction does not result in the acquisition of wireless business units and customers, we do not apply the initial HHI screen. Neither market triggers the total spectrum screen but, in our review of the below-1-GHz spectrum holdings, we find that USCC would hold more than one-third, or more than 45 megahertz, of the currently suitable and available below-1-GHz spectrum in the 17 counties in CMA 396 (Illinois 3 – Mercer) and CMA 397 (Illinois 4 – Adams). We therefore look more closely at the potential competitive effects that these proposed holdings may have.

14. *Record.* USCC contends that it is one of the few remaining “mid-sized” service providers,⁴¹ and the Applicants maintain that the proposed transaction is “pro-competitive” as it would allow USCC to compete with its larger rivals.⁴² No petitions to deny or comments were received.

15. *Market-Specific Review.* Generally, in undertaking our analysis, we consider various competitive variables that help to predict the likelihood of competitive harm post-transaction. These competitive variables include, but are not limited to: the total number of rival service providers; the number of rival firms that can offer competitive service plans; the coverage by technology of the firms’ respective networks; the rival firms’ market shares; the combined entity’s post-transaction market share and how that share changes as a result of the transaction; the amount of spectrum suitable for the

³⁷ See, e.g., *AT&T-Club 42 Order*, 30 FCC Rcd at 13065-66, para. 23; *USCC-McBride Order*, 30 FCC Rcd at 9904-05, para. 15; *AT&T-KanOkla Order*, 30 FCC Rcd at 8561, para. 15; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5118, para. 24; *Mobile Spectrum Holdings Report and Order*, 29 FCC Rcd at 6240, paras. 286-88. The current total amount of below-1-GHz spectrum that is suitable and available is 134 megahertz, approximately one-third of which is 45 megahertz. *Mobile Spectrum Holdings Report and Order*, 29 FCC Rcd at 6156-57, 6240, paras. 46, 286-88. As with our application of the initial total spectrum screen, we evaluate increases in below-1-GHz spectrum concentration on a county-by-county basis. See, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9904-05, para. 15 & n.45; *AT&T-KanOkla Order*, 30 FCC Rcd at 8561, para. 15 & n.48; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5121, 5123, paras. 31, 35.

³⁸ See, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9904-05, para. 15; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5118, para. 24; *AT&T-Leap Order*, 29 FCC Rcd at 2753, para. 41 & n.140.

³⁹ See, e.g., *AT&T-Club 42 Order*, 30 FCC Rcd at 13065-66, para. 23; *USCC-McBride Order*, 30 FCC Rcd at 9904-05, para. 15; *AT&T-Consolidated Order*, 30 FCC Rcd at 9803, para. 15; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5118, para. 24.

⁴⁰ *Mobile Spectrum Holdings Report and Order*, 29 FCC Rcd at 6233, 6240, paras. 267, 286-88; see also, e.g., *AT&T-Club 42 Order*, 30 FCC Rcd at 13065-66, para. 23; *USCC-McBride Order*, 30 FCC Rcd at 9904-05, para. 15; *AT&T-KanOkla Order*, 30 FCC Rcd at 8561, para. 15; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5118, para. 24.

⁴¹ Response of USCC to the General Information Request Dated Nov. 9, 2015, WT Docket No. 15-266, at 7 (Nov. 23, 2015) (USCC Information Request Response).

⁴² Public Interest Statement at 3.

provision of mobile telephony/broadband services controlled by the combined entity; and the spectrum holdings of each of the rival service providers.⁴³

16. We begin our analysis with our review of Illinois 3 – Mercer, which is a rural market of approximately 191,000 people, with a population density of 39 people per square mile.⁴⁴ In this market, two service providers have a significant market share: USCC and Verizon Wireless each hold approximately [REDACTED] percent, respectively. Further, AT&T and Sprint have some market presence with market shares of approximately [REDACTED] percent, respectively. Post-transaction, USCC would hold 69 megahertz to 99 megahertz of spectrum in total, including 49 megahertz of below-1-GHz spectrum across the CMA. Total spectrum holdings for AT&T, Sprint, and Verizon Wireless range from 77 megahertz to 175 megahertz of spectrum, while their respective below-1-GHz spectrum holdings are 18 megahertz, 14 megahertz, and 47 megahertz.⁴⁵ In terms of population and land area coverage, four service providers – USCC, AT&T, Sprint, and Verizon Wireless – each have significant 3G coverage.⁴⁶ USCC covers approximately 100 percent of both the population and the land area with its 3G network, while the comparable 3G population and land area percentages are approximately 99 percent and 96 percent for AT&T, approximately 75 percent and 62 percent for Sprint, and approximately 97 percent and 93 percent for Verizon Wireless. USCC also has significant LTE presence: It has built out to cover approximately 97 percent of the population and 88 percent of the land area. Further, AT&T and Verizon Wireless also have significant LTE population and land area coverage, with coverage of approximately 80 percent and 69 percent for AT&T, and approximately 97 percent and 93 percent for Verizon Wireless. Finally, while Sprint does not have significant LTE population and land area coverage, it has built out to cover approximately 61 percent of the population and 36 percent of the land area with LTE.⁴⁷

17. We find, notwithstanding the fact that USCC would hold post-transaction more than one-third of the below-1-GHz spectrum in Illinois 3 – Mercer, that the likelihood of competitive harm is low, after evaluating the particular factors ordinarily considered.⁴⁸ Illinois 3 – Mercer is a rural market. In

⁴³ We derive market shares and HHIs from our analysis of data compiled in our June 2015 NRUF and LNP database, network coverage from July 2015 Mosaik data and 2010 U.S. Census data, and spectrum holdings from our licensing databases and the Application. We also utilized and analyzed additional data as provided by the Applicants through our information requests. *See, e.g., USCC-McBride Order*, 30 FCC Rcd at 9905, para. 17 & n.51; *AT&T-KanOkla Order*, 30 FCC Rcd at 8562, para. 13 & n.54; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5120, para. 29 & n.98.

⁴⁴ The population density is measured by the number of people per square mile using Census 2010 data. Rural markets generally are characterized by fewer than 100 people per square mile. *Facilitating the Provision of Spectrum-Based Services to Rural Areas and Promoting Opportunities for Rural Telephone Companies To Provide Spectrum-Based Services*, Report and Order and Further Notice of Proposed Rulemaking, 19 FCC Rcd 19078, 19086-88, paras. 10-12 (2004).

⁴⁵ T-Mobile holds 25 megahertz to 50 megahertz of spectrum in Illinois 3 – Mercer, while DISH holds 6 megahertz of unpaired below-1-GHz spectrum, and 50 megahertz of above-1-GHz spectrum. In addition, Mediapolis Telephone holds 20 megahertz of above-1-GHz spectrum, while Danville Mutual Telephone Company, Iowa Network Services, and Iowa Wireless each hold 10 megahertz of above-1-GHz spectrum covering part of the market.

⁴⁶ It previously has been found that coverage of 70% or more of the population and 50% or more of the land area presumptively is sufficient for a service provider to have a competitive presence in the market. *See, e.g., USCC-McBride Order*, 30 FCC Rcd at 9906, para. 18 & n.54; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5121, para. 31 & n.102; *AT&T-Leap Order*, 29 FCC Rcd at 2770, para. 81 & n.279.

⁴⁷ According to Mosaik, T-Mobile covers approximately 19% of the population and 5% of the land area with its 3G network, and approximately 19% of the population and 2% of the land area with LTE.

⁴⁸ *See supra* para. 15. *See also, e.g., USCC-McBride Order*, 30 FCC Rcd at 9906-07, paras. 19, 21; *AT&T-KanOkla Order*, 30 FCC Rcd at 8563, para. 19; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5123, para. 36.

addition to USCC, Verizon Wireless (the leading service provider) has a significant market share in this market, and two additional nationwide service providers have some market presence. Further, three other service providers, AT&T, Sprint, and Verizon Wireless, each have significant 3G population and land area coverage. And in addition to USCC, two other service providers, AT&T and Verizon Wireless, have significant LTE population and land area coverage. Further, aside from USCC, three of the four nationwide service providers have access to low-band spectrum that would allow at least a 5×5 LTE deployment, as well as access to above-1-GHz spectrum to combine with their low-band spectrum holdings. Moreover, as the Commission noted in the *Mobile Spectrum Holdings Report and Order*, non-nationwide service providers present a significantly lower risk of effectively denying access to low-band spectrum to competitors because of their relative lack of resources.⁴⁹ We find that USCC's acquisition of this low-band spectrum would be unlikely to foreclose rival service providers from entering or expanding, or raise rivals' costs. The proposed transaction, therefore, is unlikely to materially lessen the ability of rival service providers to respond effectively to any anticompetitive behavior on the part of USCC in Illinois 3 – Mercer.

18. We next turn to our review of Illinois 4 – Adams, which is a rural market of approximately 212,000 people, with a population density of 44 people per square mile. Three service providers have significant market shares: AT&T, Sprint, and USCC each hold approximately [REDACTED] percent of the market, respectively. In addition, Verizon Wireless has some market presence, holding approximately [REDACTED] percent of the market. Post-transaction, USCC would hold 59 megahertz to 84 megahertz of spectrum in total, including 49 megahertz of below-1-GHz spectrum across the CMA. Total spectrum holdings for AT&T, Sprint, and Verizon Wireless range from 62 megahertz to 210.5 megahertz of spectrum, while their respective below-1-GHz spectrum holdings are 43 megahertz, 14 megahertz, and 22 megahertz to 47 megahertz.⁵⁰ In terms of population and land area coverage, two service providers – USCC and AT&T – have significant 3G coverage: USCC covers approximately 99 percent of the population and 98 percent of the land area, while the comparable 3G population and land area percentages for AT&T are 100 percent. In addition, Sprint covers approximately 67 percent of the population and 50 percent of the land area with its 3G network. USCC and AT&T also both have significant LTE coverage: USCC covers approximately 93 percent of the population and 78 percent of the land area with its LTE network, while the comparable LTE population and land area percentages for AT&T are approximately 99 and 97 percent.⁵¹

19. We find, notwithstanding the fact that USCC would hold post-transaction more than one-third of the below-1-GHz spectrum in Illinois 4 – Adams, that the likelihood of competitive harm is low, after evaluating the particular factors ordinarily considered.⁵² Illinois 4 – Adams is a rural market. In addition to USCC, two nationwide service providers, AT&T (the leading service provider) and Sprint, have significant market shares, and Verizon Wireless has some market presence. Further, in addition to USCC's significant 3G and LTE network, AT&T has significant 3G (and LTE) population and land area coverage in this rural market. Also, Sprint has close to significant 3G population coverage, and significant 3G land area coverage, while Verizon Wireless has deployed LTE to over 50 percent of the market's population. Further, aside from USCC, three of the four nationwide service providers have access to low-band spectrum that would allow at least a 5×5 LTE deployment, as well as access to above-

⁴⁹ *Mobile Spectrum Holdings Report and Order*, 29 FCC Rcd at 6207, para. 180.

⁵⁰ T-Mobile holds 30 megahertz to 60 megahertz of spectrum in Illinois 4 – Adams, while DISH holds 6 megahertz of unpaired below-1-GHz spectrum, and 50 megahertz of above-1-GHz spectrum.

⁵¹ In terms of 3G coverage, according to Mosaik, T-Mobile covers approximately 46% of the population and 25% of the land area while Verizon Wireless covers approximately 20% and 14%, respectively. In addition, Sprint covers approximately 29% of the population and 23% of the land area with its LTE network, while Verizon Wireless covers approximately 52% and 31%, respectively.

⁵² See *supra* para. 15; see also, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9906-07, paras. 19, 21; *AT&T-KanOkla Order*, 30 FCC Rcd at 8563, para. 19; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5123, para. 36.

1-GHz spectrum to combine with their low-band spectrum holdings. Moreover, as the Commission noted in the *Mobile Spectrum Holdings Report and Order*, non-nationwide service providers present a significantly lower risk of effectively denying access to low-band spectrum to competitors because of their relative lack of resources.⁵³ We find that USCC's acquisition of this spectrum would be unlikely to foreclose rival service providers from entering or expanding, or raise rivals' costs. The proposed transaction, therefore, is unlikely to materially lessen the ability of rival service providers to respond effectively to any anticompetitive behavior on the part of USCC in Illinois 4 – Adams.

IV. POTENTIAL PUBLIC INTEREST BENEFITS

20. We next consider whether the proposed transaction is likely to generate verifiable, transaction-specific public interest benefits.⁵⁴ The Commission applies several criteria in deciding whether a claimed benefit should be considered and weighed against potential harms,⁵⁵ and applies a “sliding scale approach” to evaluating benefit claims.⁵⁶ Under this sliding scale approach, where potential harms appear “both substantial and likely, a demonstration of claimed benefits also must reveal a higher degree of magnitude and likelihood than we would otherwise demand.”⁵⁷ Conversely, where potential harms appear less likely and less substantial, as is the case here, we will accept a lesser showing to approve the proposed transaction.⁵⁸

21. *Potential Benefits.* The Applicants in their detailed demonstration of the claimed public interest benefits assert that the proposed transaction would provide USCC with additional below-1-GHz spectrum that would enable it to offer innovative wireless services in the subject markets and allow USCC to improve and enhance its voice and data service offerings to the public.⁵⁹ The Applicants maintain that USCC currently deploys LTE on a 5×5 megahertz channel, while the larger wireless providers generally have deployed 10×10 megahertz LTE channels,⁶⁰ which, USCC asserts, permit approximately twice the throughput speeds and capacity of a 5×5 megahertz LTE deployment.⁶¹ The Applicants contend that the assigned spectrum would permit USCC to deploy a 10×10 channel with throughput speeds comparable to those of the larger providers, which would allow USCC to provide competitive LTE service.⁶² USCC maintains that additional spectrum is “essential” to improving its system throughput speeds, such that it can provide an LTE experience comparable to its competitors and thus bolster its long-term competitive

⁵³ *Mobile Spectrum Holdings Report and Order*, 29 FCC Rcd at 6207, para. 180.

⁵⁴ See, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9907-08, para. 22; *AT&T-Consolidated Order*, 30 FCC Rcd at 9805, para. 20; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5126, para. 43; *AT&T-Leap Order*, 29 FCC Rcd at 2792-93, para. 130.

⁵⁵ See *supra* para.7; see, e.g., *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5126-27, para. 44; see also *USCC-McBride Order*, 30 FCC Rcd at 9907-08, para. 22; *AT&T-Consolidated Order*, 30 FCC Rcd at 9805, para. 20; *AT&T-Leap Order*, 29 FCC Rcd at 2793-94, para. 132.

⁵⁶ See, e.g., *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5126-27, para. 44; see also, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9907-08, para. 22; *AT&T-Consolidated Order*, 30 FCC Rcd at 9805, para. 20; *AT&T-Leap Order*, 29 FCC Rcd at 2793-94, para. 132.

⁵⁷ See, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9907-08, para. 22; *AT&T-Consolidated Order*, 30 FCC Rcd at 9805, para. 20; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5126-27, para. 44.

⁵⁸ See, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9907-08, para. 22; *AT&T-Consolidated Order*, 30 FCC Rcd at 9805, para. 20; *AT&T-KanOkla Order*, 30 FCC Rcd at 8563, para. 20.

⁵⁹ Public Interest Statement at 1-3.

⁶⁰ *Id.* at 2.

⁶¹ USCC Information Request Response at 4; see also USCC Information Request Response, Attach. D.

⁶² Public Interest Statement at 2-3; see also USCC Information Request Response at 2-4; USCC Information Request Response, Attach. C.

position.⁶³ Although USCC holds PCS spectrum in several counties in the subject markets, it contends that PCS spectrum characteristics are less ideal for LTE.⁶⁴

22. *Evaluation.* We have reviewed the Applicants' asserted public interest benefits, as well as their detailed responses to our requests for additional information and documents regarding the potential benefits of USCC acquiring, in particular, the below-1-GHz spectrum at issue. The record provides general support for the Applicants' contentions that the proposed transaction likely would result in some public interest benefits post-transaction in these rural markets. Specifically, we anticipate that USCC, through the acquisition of this Lower 700 MHz spectrum, would be able to deploy a more competitive LTE network. We further find that by adding this low-band spectrum, USCC potentially would be able to serve these markets with greater efficiency and consistently greater throughput.⁶⁵ Moreover, we believe that non-nationwide providers are important sources of competition in rural areas, where multiple nationwide service providers may have less incentive to offer high quality services.⁶⁶ We believe that non-nationwide service providers enhance competitive choices for consumers in the mobile wireless marketplace and help promote deployment in rural areas.⁶⁷ Thus, as a result of the proposed transaction, customers likely are to benefit from access to improved throughput performance and a more robust network, resulting in a better customer experience.⁶⁸

V. BALANCING THE POTENTIAL BENEFITS AND THE POTENTIAL HARMS

23. After carefully evaluating the likely competitive effects of USCC's increased aggregation of below-1-GHz spectrum, we find that the ability of rival service providers to offer a competitive response to any anticompetitive behavior on the part of USCC is unlikely to be materially lessened in Illinois 3 – Mercer and Illinois 4 – Adams. Further, we find that the record provides general support for the Applicants' claims of potential public interest benefits. Therefore, under our sliding scale approach, we find that the likelihood of harm is low and the potential public interest benefits outweigh any potential public interest harms. As a result, based on the record before us and our competitive review, we find that the proposed assignment would serve the public interest, convenience, and necessity.

VI. ORDERING CLAUSES

24. ACCORDINGLY, having reviewed the Application and the record in this proceeding, IT IS ORDERED that, pursuant to Sections 4(i) and (j), 303(r), 309, and 310(d) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i), 154(j), 303(r), 309, 310(d), the application for assignment of licenses held by Adams Telcom, Inc., to USCOC of Central Illinois, LLC, is GRANTED.

25. IT IS FURTHER ORDERED that this Order SHALL BE EFFECTIVE upon release. Petitions for reconsideration under Section 1.106 of the Commission's rules, 47 C.F.R. § 1.106, or

⁶³ USCC Information Request Response at 2-4. USCC noted the Commission's repeated statements about the importance of improving broadband speed, citing by example *Modernizing the E-Rate Program for Schools and Libraries, Connect America Fund*, Second Report and Order on Reconsideration, 29 FCC Rcd 15538, 15565-66, para. 68 (2014).

⁶⁴ USCC Information Request Response at 3.

⁶⁵ See, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9908-09, para. 24; *Application of Cellular South Licenses, LLC d/b/a C Spire Wireless and Waller Wireless, Inc.*, WT Docket No. 15-111, Memorandum Opinion and Order, DA 16-208 (WTB Feb. 26, 2016) at 10, para. 22 (*C Spire-Waller Order*).

⁶⁶ Cf. *Mobile Spectrum Holdings Report and Order*, 29 FCC Rcd at 6206, para. 179.

⁶⁷ Cf. *id.* at 6207, para. 180.

⁶⁸ See, e.g., *AT&T-Chub 42 Order*, 30 FCC Rcd at 13076-77, paras. 46-47; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5129, para. 53; see also, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9908-09, para. 24; *C Spire-Waller Order* at 10, para. 22.

applications for review under Section 1.115 of the Commission's rules, 47 C.F.R. § 1.115, may be filed within thirty days of the date of release of this Memorandum Opinion and Order.

26. This action is taken under delegated authority pursuant to Sections 0.131 and 0.331 of the Commission's Rules, 47 C.F.R. §§ 0.131, 0.331.

FEDERAL COMMUNICATIONS COMMISSION

Jon Wilkins
Chief
Wireless Telecommunications Bureau