

**JOINT SEPARATE STATEMENT OF
CHAIRMAN MICHAEL K. POWELL AND
COMMISSIONER JONATHAN S. ADELSTEIN**

Re: Amendment of Part 1 of the Commission's Rules – Competitive Bidding Procedures; Second Order on Reconsideration of the Third Report and Order and Order on Reconsideration of the Fifth Report and Order; WT Docket No. 97-82

Rural Telephone Cooperatives are a vital and distinct link in achieving our telecommunications policy goals in rural America. Unfortunately our rules have not always appreciated their unique structures and roles. While our auction rules were designed to prevent large companies from manipulating the rules to qualify as small entities entitled to special benefits, they did not carve out rural cooperatives from these attribution rules. Today, we cure that mistake.

The Commission's previous rules required that the gross revenues of entities controlled by an applicant's officers and directors be attributed to the applicant. The requirement is an important one. It strives to prevent applicants from securing a level of bidding credits more favorable than really justified. The rule as crafted, however, had the unintended consequence of attributing to rural telephone cooperatives the gross revenues of the outside business interests of its officers and directors even though these officers and directors do not control the cooperatives. Moreover, the cooperatives themselves typically are democratic organizations controlled by their member-subscribers, and are usually formed as non-profit or not-for-profit corporations.

Today, the Commission adopts a narrow exemption for rural telephone cooperatives from the requirement that the gross revenues of entities controlled by an applicant's officers and directors are attributed to the applicant. We recognize the frustration caused by this overbroad rule, and are hopeful that the new exemption will further promote the participation of cooperatives in the allocation of licenses through competitive bidding, pursuant to our Section 309(j) mandate. Indeed, we note that concurrent with our adoption of the exemption, we also take the appropriate step in granting three pending waiver requests of the gross revenue attribution rule filed by three winning rural telephone cooperative bidders in a recent auction.

We thank the Wireless Telecommunications Bureau staff for helping us craft an equitable resolution, and look forward to continuing to work together to bring more ubiquitous and higher quality telecommunications services to rural America.