By this Public Notice, the Rural Broadband Auctions Task Force, Wireline Competition Bureau, and the Office of Economics and Analytics announce they are ready to authorize Connect America Fund Phase II auction (Auction 903) support for the Auction 903 winning bids identified in Attachment A of this Public Notice. To be authorized to receive the total 10-year support amounts listed in Attachment A, the long-form applicants identified in that attachment are required to submit acceptable irrevocable standby letter(s) of credit and Bankruptcy Code opinion letter(s) from their legal counsel for each state where they have winning bids that are ready to be authorized in accordance with the instructions provided below by the applicable deadline – prior to 6:00 p.m. ET on Wednesday, April 17, 2019.

On August 28, 2018, we announced that there were 103 winning bidders in the auction and established the deadlines for winning bidders to submit their long-form applications for Connect America Fund Phase II support. On October 30, 2018, after an opportunity for winning bidders to assign some or all of their winning bids to related entities, we announced that there were 134 long-form applicants. We have reviewed the long-form applications associated with each of the winning bids identified in Attachment A. Based on the representations and certifications in each relevant long-form application, we are prepared to authorize support, subject to submission of the required letter(s) of credit and Bankruptcy Code opinion letter(s), for each of the winning bids identified in Attachment A.

Several winning bidders have notified us that they do not intend to pursue some or all of their winning bids. In Attachment B, we list these bidders and their relevant winning bids. Auction 903 support will not be authorized for their relevant winning bids. These bidders are in default and subject to forfeiture. We will refer these defaulting bidders to the Enforcement Bureau. The Commission expects

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1 See 47 CFR § 54.315(b)(6)(v).
2 Pine Cellular Phones, Inc. is included in both Attachments A and B because it has decided to pursue only its Gigabit performance tier bids in Oklahoma.
3 Connect America Fund; et al., Report and Order and Further Notice of Proposed Rulemaking, 31 FCC Rcd 5949,
all bidders to act in good faith and is taking voluntary defaults very seriously.

In the event of an auction default, a base forfeiture per violation of $3,000 may be imposed. So that this base forfeiture amount is not disproportionate to the amount of a winning bidder’s bid, the Commission has limited the total base forfeiture to five percent of the bidder’s total assigned support for the bid for the support term. Notwithstanding this limitation, the total base forfeiture will also be subject to adjustment upward or downward based on the criteria set forth in the Commission’s forfeiture guidelines. A violation is defined as any form of default with respect to the minimum geographic unit eligible for bidding. In other words, there shall be separate apparent violations for each census block group assigned in a bid. In addition, any applicant that failed to submit audited financial statements as required may also be subject to a base forfeiture of $50,000, which will be subject to adjustment upward or downward as appropriate based on criteria set forth in the Commission’s forfeiture guidelines.

Commission staff is reviewing information that is submitted with long-form applications on a rolling basis. Accordingly, a long-form applicant that was not included in this Public Notice but that has submitted all of the required information will be included in a future Public Notice once Commission staff finalizes its review of the long-form application.

Pursuant to section 54.315(b)(6)(v) of the Commission’s rules, no later than 10 business days after we release a public notice identifying long-form applicants that may be authorized to receive Connect America Fund Phase II auction support, such long-form applicants must submit an irrevocable stand-by letter(s) of credit, issued in substantially the same form as set forth in the model letter of credit provided in Appendix B of the Phase II Auction Order by a bank that is acceptable to the Commission. A separate letter(s) of credit must be submitted for each state where the long-form applicant has winning bids that are ready to be authorized in an amount equal to at least the first year of support in the state. Before a support recipient can receive its next year’s support and each year’s support thereafter, it must modify, renew, or obtain a new letter of credit to ensure that it is valued at a minimum at the total amount of support that has already been disbursed plus the amount of support that is going to be provided in the

(Continued from previous page)
next year, subject to certain reductions when the support recipient has substantially met its service milestones.\textsuperscript{14}

An applicant may obtain multiple letters of credit to cover all the bids in the state, but compliance with service milestones will be reviewed on a state-wide basis. Accordingly, if a long-form applicant chooses to obtain a letter of credit for each of its winning bids in a state and defaults, a draw on all of the letters of credit covering all of the bids in the state will be authorized.\textsuperscript{15}

In addition, a long-form applicant is required to provide with the letter of credit an opinion letter from legal counsel clearly stating, subject only to customary assumptions, limitations, and qualifications, that, in a proceeding under the Bankruptcy Code, the bankruptcy court would not treat the letter of credit or proceeds of the letter of credit as property of the long-form applicant’s bankruptcy estate, or the bankruptcy estate of any other bidder-related entity requesting issuance of the letter of credit, under section 541 of the Bankruptcy Code.\textsuperscript{16}

By future public notice, we will authorize support for specific winning bids for which all requirements, including submission of the letter of credit and opinion letter, have been met.

Details concerning the next steps are set forth below.

**Instructions for Submission of Letter of Credit and Opinion Letter**

Long-form applicants identified in Attachment A of this Public Notice must submit a letter(s) of credit and opinion letter(s) for each state where it has winning bids identified in Attachment A. The minimum amount of the first letter of credit for each state is determined by adding up the first year of support listed in Attachment A for each winning bid in the state. The letter(s) of credit and opinion letter(s) submitted to the Universal Service Administrative Company (USAC) must reference the relevant study area code as listed in Attachment A.

The original of the letter of credit and opinion letter must be submitted to USAC by the applicable deadline —prior to \textbf{6:00 p.m. ET on Wednesday, April 17, 2019}, at the following address: Universal Service Administrative Company (USAC), High Cost Program, CAF Phase II Auction LOC, 700 12th Street, NW, Suite 900, Washington, DC 20005. We recommend that each long-form applicant send the originals of both the letter of credit and the opinion letter by means of delivery requiring signature. These documents may be sent to the attention of Joanne Kim.

A copy of the letter of credit and opinion letter must also be submitted in the FCC Auction System by the applicable deadline—prior to \textbf{6:00 p.m. ET on Wednesday, April 17, 2019}. An applicant must provide this required information in two attachments. The letter of credit attachment should be uploaded using the “Letter of Credit” attachment type, and the opinion letter attachment should be uploaded using the “Letter of Credit Opinion Letter” attachment type. Each attachment must be uploaded within the applicant’s long-form application to each relevant winning bid identified in Attachment A of this public notice. Such attachments will be treated as confidential trade secrets and/or commercial information and

\textsuperscript{14} 47 CFR § 54.315(c)(1); \textit{Phase II Auction Order}, 31 FCC Red at 5991, 5997, paras. 122, 135. Once an Auction 903 support recipient has met its 60 percent service milestone, its letter of credit may be valued at 90 percent of the total support amount already disbursed plus the amount that will be disbursed in the coming year. Once an Auction 903 support recipient has met its 80 percent service milestone, its letter of credit may be valued at 60 percent of the total support amount already disbursed plus the amount that will be disbursed in the coming year. \textit{See} 47 CFR § 54.315(c)(1); \textit{Connect America Fund et al.}, Order on Reconsideration, 33 FCC Red 1380, 1405, para. 64; \textit{Phase II Auction Order}, 31 FCC Red at 5997-98, para. 136.

\textsuperscript{15} \textit{Phase II Auction Order}, 31 FCC Red at 5991, para. 122 & n.242.

withheld from routine public inspection.\textsuperscript{17} As such, a long-form applicant need not submit a separate section 0.459 confidentiality request for this information with its FCC Form 683.\textsuperscript{18}

Any long-form applicant identified in Attachment A that fails to file the required documents\textsuperscript{19} for any of the identified winning bids by the applicable deadline – prior to 6:00 p.m. ET on Wednesday, April 17, 2019 – will be in default on such bid(s) and subject to forfeiture.\textsuperscript{20}

Further Information Contact:

Technical Support
Electronic Filing
Auction Application System and CAF II Bidding System (Hardware/Software Issues)

FCC Auctions Technical Support Hotline
(877) 480-3201, option nine; or (202) 414-1250
(202) 414-1255 (TTY)
Hours of service: 8:00 a.m. – 6:00 p.m. ET, Monday through Friday

Press Information
Mark Wigfield, (202) 418-0253

General Universal Service Information
Wireline Competition Bureau, Telecommunications Access Policy Division
Alexander Minard
Lauren Garry
Katie King
Heidi Lankau
(202) 418-7400

Universal Service Administrative Company
Joanne Kim
(202) 263-1600

\textsuperscript{17} If a request for public inspection under section 0.461 is made for the long-form applicant’s letter of credit or attorney opinion letter, the long-form applicant will be notified and then must justify the continued confidential treatment of the information if it objects to the disclosure. 47 CFR §§ 0.459, 0.461.

\textsuperscript{18} 47 CFR § 0.459.

\textsuperscript{19} 47 CFR § 54.313(b)(6)(v).

### Auction 903 Information

- **General Auction Information, Process, and Procedures**
- **Post-Auction Rules, Policies, and Regulations**

### Office of Economics and Analytics, Auctions and Spectrum Access Division
(717) 338-2868

### Rural Broadband Auctions Task Force
Chelsea Fallon, (202) 418-7991
Kirk Burgee, (202) 418-1599
Nathan Eagan, (202) 418-0991

### Office of Economics and Analytics, Auctions and Spectrum Access Division
(202) 418-0660

### Small Businesses
- **Additional information for small and disadvantaged businesses**

### Office of Communications Business Opportunities
(202) 418-0990
http://www.fcc.gov/ocbo/

### Accessible Formats
- **Braille, large print, electronic files, or audio format for people with disabilities**

### Consumer and Governmental Affairs Bureau
(202) 418-0530 or (202) 418-0432 (TTY)
fcc504@fcc.gov

### FCC Internet Sites
- http://www.fcc.gov
- www.fcc.gov/auction/903

This Public Notice contains the following Attachments:

- Attachment A: Ready to Authorize Long-Form Applicants and Bids
- Attachment B: Bids in Default

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