



# PUBLIC NOTICE

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DA 98-2337  
November 19, 1998

## ADDITIONAL INFORMATION REGARDING BROADBAND PCS SPECTRUM INCLUDED IN THE AUCTION SCHEDULED FOR MARCH 23, 1999

### COMMENT SOUGHT ON AUCTION PROCEDURAL ISSUES

#### Report No. AUC-98-22-B (Auction No. 22)

This Public Notice provides additional and corrected information about the broadband personal communications services ("PCS") spectrum to be included in Auction No. 22, including the addition of three D, six E, and five F block broadband PCS licenses.<sup>1</sup> In addition, the *Procedural Public Notice* listed as part of the auction certain spectrum blocks associated with the cancelled licenses of DCR PCS, Inc. ("DCR"), a licensee currently in bankruptcy. DCR's licenses were subject to a preliminary injunction preventing the alienation of those licenses through November 16, 1998. That injunction has been removed, and the relevant spectrum blocks are listed in the Attachment to this Public Notice with an update reflecting this change in status. As a general matter, the Attachment contains an updated inventory of all licenses that will be made available in Auction No. 22. Future public notices could include information about other Commission licenses in conjunction with Auction No. 22. Additionally, in this Public Notice, the Bureau seeks comment on procedural issues relating to the auction of the D, E, and F block licenses in Auction No. 22.

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<sup>1</sup> See C Block PCS Spectrum Auction Scheduled for March 23, 1999, Comment Sought on Auction Procedural Issues, *Public Notice*, DA 98-2318 (rel. November 12, 1998) ("*Procedural Public Notice*"). The Commission recently adopted competitive bidding rules for the upcoming C block auction. See Amendment of the Commission's Rules Regarding Installment Payment Financing for Personal Communications Services (PCS) Licenses, *Fourth Report and Order*, FCC 98-176 (rel. August 19, 1998) ("*C Block Fourth Report and Order*"); see also Installment Payment Financing for Personal Communications Services (PCS) Licenses, 63 Fed. Reg. 50,791 (September 23, 1998).

## **I. Reserve Price or Minimum Opening Bid**

Based on the approach taken in the *Procedural Public Notice*, for each D, E, and F block license for which there was a winning bidder in the 1996 D, E, and F block auction, the Bureau proposes to establish as the minimum opening bid an amount equal to ten percent of the corresponding net high bid for the market in the 1996 auction, but in no event lower than the upfront payment for that license in Auction No. 22. For each D, E, and F block license for which there was no winning bidder in the 1996 auction, the Bureau proposes to establish as the minimum opening bid an amount equal to 3.33 percent of the most recent net high bid for the C block license in the same Basic Trading Area ("BTA"),<sup>2</sup> but in no event lower than the upfront payment amount for that license in Auction No. 22.<sup>3</sup> Thus, for licenses with minimum opening bids that otherwise would be lower than upfront payment amounts, the Bureau proposes to establish minimum opening bids that equal the upfront payment amounts. Minimum opening bid amounts are provided in the attachment.

## **II. Upfront Payments and Initial Maximum Eligibility for Each Bidder**

The Bureau proposed in the *Procedural Public Notice* to set the upfront payment amount for each license in Auction No. 22 at  $\$0.06 * \text{MHz} * \text{Population}$  ("Pops") (rounded up to the next dollar). The Bureau seeks comment on its proposal to apply the same upfront payment amount to each of the D, E, and F block licenses to be auctioned.

In accordance with the Commission rule governing C block applicants, the Bureau stated in the *Procedural Public Notice* that the upfront payment amount for "former defaulters" (i.e., applicants that have ever been in default on any Commission licenses or have ever been delinquent on any non-tax debt owed to any Federal agency) will be fifty percent more than the normal amount required to be paid.<sup>4</sup> Consistent with this rule, any former defaulter that applies to bid on "all markets" or designates D, E, or F block licenses in addition to at least one C block license will be subject to the higher upfront payment requirement. Former defaulters that apply to bid only on D, E, or F block licenses will not be subject to the higher upfront payment requirement.

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<sup>2</sup> The term "most recent" means that if the license for a particular band of spectrum was auctioned in Auction No. 10 (which concluded on July 16, 1996), the Bureau will use the net high bid for the license in Auction No. 10, rather than the net high bid for authorization to use that same band in the original C block auction, as the basis for calculating the minimum opening bid.

<sup>3</sup> The 3.33 percentage amount for these 10 MHz D, E, and F block licenses corresponds proportionally with the five percent proposed for 15 MHz C block licenses and the ten percent proposed for 30 MHz C block licenses.

<sup>4</sup> See *C Block Fourth Report and Order* at para. 34; 47 C.F.R. § 24.706(a).

In the *Procedural Public Notice*, the Bureau proposed that the amount of the upfront payment submitted by a bidder will determine the initial maximum eligibility (as measured in bidding units) for each bidder. Upfront payments will not be attributed to specific licenses, but instead will be translated into bidding units to define a bidder's initial maximum eligibility, which cannot be increased during the auction. Thus, in calculating the upfront payment amount, an applicant must determine the maximum number of bidding units it may wish to bid on (or hold high bids on) in any single round, and submit an upfront payment covering that number of bidding units. The Bureau seeks comment on its proposal to use this same approach for the D, E, and F block licenses to be auctioned.

### **III. Attribution Rules**

As stated in the *Procedural Public Notice*, the attribution rules set forth in Section 24.709 of the Commission's rules will apply to Auction No. 22.<sup>5</sup>

### **IV. Other Auction Procedural Issues**

In the *Procedural Public Notice*, the Bureau set forth proposals for Auction No. 22 with respect to the following issues: (1) auction sequence and license groupings; (2) structure of bidding rounds, activity requirements, and criteria for determining reductions in eligibility; (3) minimum accepted bids; (4) activity rule waivers and reducing eligibility; (5) information regarding bid withdrawal and bid removal; (6) stopping rule; and (7) information relating to auction delay, suspension or cancellation. Because the remaining D, E, and F block licenses will be included in Auction No. 22, the Bureau proposes to adopt these same proposals for the auction of these licenses.

### **V. Conclusion**

Comments are due on or before November 30, 1998, and reply comments are due on or before December 7, 1998. To file formally, parties must submit an original and four copies to the Office of the Secretary, Federal Communications Commission, Room TWA-325, 445 Twelfth Street S.W., Washington, D.C. 20554. In addition, parties must submit one copy to Amy Zoslov, Chief, Auctions and Industry Analysis Division, Wireless Telecommunications Bureau, Federal Communications Commission, Room 5202, 2025 M Street N.W., Washington, D.C. 20554. Comments and reply comments will be available for public inspection during regular business hours in the FCC Public Reference Room, Room 239, 1919 M Street N.W., Washington, D.C. 20554.

For further information concerning this proceeding, contact Audrey Bashkin, Bob Reagle, or Jeff Garretson, Auctions and Industry Analysis Division, Wireless Telecommunications Bureau, at (202) 418-0660.

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<sup>5</sup> 47 C.F.R. § 24.709.

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