



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

July 24, 2015

The Honorable Frank Pallone
Ranking Member
Committee on Energy and Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Pallone:

Thank you for your letter regarding the Commission's efforts to update our competitive bidding rules to provide small businesses and rural service providers with greater flexibility to compete in today's wireless marketplace. I appreciate your leadership and support for our efforts to ensure that *bona fide* small businesses and eligible rural service providers have the opportunity to participate in our spectrum auctions and in the provision of spectrum-based services.

To that end, the Commission recently adopted a Report & Order updating our competitive bidding rules to reflect the dramatic changes in the wireless marketplace since they were last updated in 2006. In 2006, the top four national carriers served 82 percent of the market; today the top four national carriers serve 98 percent of all subscribers. Given these changes, the Commission acted in order to provide *bona fide* small businesses and eligible rural service providers a better on-ramp into the wireless industry, and provide small and eligible rural providers with flexibility to make business decisions with the goal creating more wireless choices for consumers.

More specifically, by eliminating the Attributable Material Relationship (AMR) rule and the requirement that small businesses provide facilities-based services, we provide small businesses with the flexibility they need to gain experience in operations and investment. *Bona fide* small business must have the opportunity to make business decisions on how best to utilize their spectrum capacity and should not be unreasonably penalized in future spectrum auctions because of those decisions. The Report & Order also creates a bidding credit for rural service providers that will incentivize participation in future auctions and facilitate competition in rural areas.

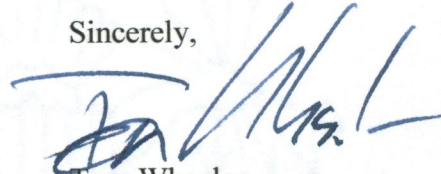
While improving the designated entity program to better serve small businesses and eligible rural providers, the Report & Order will also enhance the integrity of the FCC auction process and ensure that only *bona fide* small businesses and eligible rural service providers benefit from bidding credits. Simply put, we will not allow small businesses to serve as a stalking horse for another party. Therefore, the Report & Order establishes the first-ever cap on the total amount of bidding credits, minimizing an incentive for major corporations to try to take advantage of the program. It also limits the amount of spectrum that a small business or rural

service provider may lease to its disclosable, non-controlling investors during the five-year unjust enrichment period. Further, the revised rules clarify that joint bidding agreements involving a shared strategy for bidding at auction between designated entities (including small businesses and rural service providers) and nationwide service providers will not be permitted.

Ultimately, the reforms adopted in the Report & Order will increase the economic opportunity for small and rural businesses, as well as ensure that the beneficiaries of our competitive bidding rules are those intended by Congress.

Thank you for your ongoing support of our efforts to promote competition and choice in mobile broadband.

Sincerely,



Tom Wheeler



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WASHINGTON

OFFICE OF
THE CHAIRMAN

July 24, 2015

The Honorable G. K. Butterfield
U.S. House of Representatives
2305 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Butterfield:

Thank you for your letter regarding the Commission's efforts to update our competitive bidding rules to provide small businesses and rural service providers with greater flexibility to compete in today's wireless marketplace. I appreciate your leadership and support for our efforts to ensure that *bona fide* small businesses and eligible rural service providers have the opportunity to participate in our spectrum auctions and in the provision of spectrum-based services.

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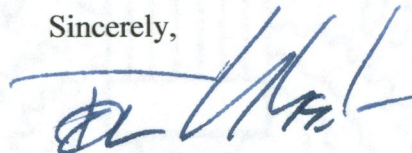
Page 2—The Honorable G. K. Butterfield

involving a shared strategy for bidding at auction between designated entities (including small businesses and rural service providers) and nationwide service providers will not be permitted.

Ultimately, the reforms adopted in the Report & Order will increase the economic opportunity for small and rural businesses, as well as ensure that the beneficiaries of our competitive bidding rules are those intended by Congress.

Thank you for your ongoing support of our efforts to promote competition and choice in mobile broadband.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Wheeler", with a horizontal line above it.

Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

July 24, 2015

The Honorable Yvette D. Clarke
U.S. House of Representatives
2351 Rayburn House Office Building
Washington, D.C. 20515

Dear Congresswoman Clarke:

Thank you for your letter regarding the Commission's efforts to update our competitive bidding rules to provide small businesses and rural service providers with greater flexibility to compete in today's wireless marketplace. I appreciate your leadership and support for our efforts to ensure that *bona fide* small businesses and eligible rural service providers have the opportunity to participate in our spectrum auctions and in the provision of spectrum-based services.

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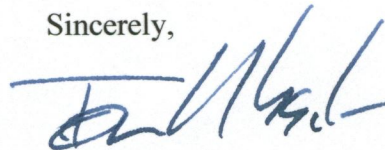
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Thank you for your ongoing support of our efforts to promote competition and choice in mobile broadband.

Sincerely,

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Tom Wheeler





FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

July 24, 2015

The Honorable Ben Ray Luján
U.S. House of Representatives
2446 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Luján:

Thank you for your letter regarding the Commission's efforts to update our competitive bidding rules to provide small businesses and rural service providers with greater flexibility to compete in today's wireless marketplace. I appreciate your leadership and support for our efforts to ensure that *bona fide* small businesses and eligible rural service providers have the opportunity to participate in our spectrum auctions and in the provision of spectrum-based services.

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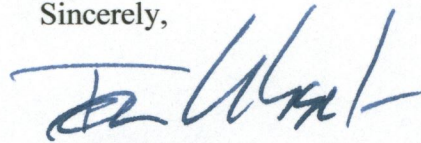
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Thank you for your ongoing support of our efforts to promote competition and choice in mobile broadband.

Sincerely,

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Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

July 24, 2015

The Honorable Doris O. Matsui
U.S. House of Representatives
2434 Rayburn House Office Building
Washington, D.C. 20515

Dear Congresswoman Matsui:

Thank you for your letter regarding the Commission's efforts to update our competitive bidding rules to provide small businesses and rural service providers with greater flexibility to compete in today's wireless marketplace. I appreciate your leadership and support for our efforts to ensure that *bona fide* small businesses and eligible rural service providers have the opportunity to participate in our spectrum auctions and in the provision of spectrum-based services.

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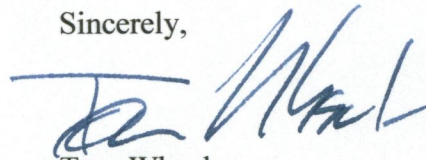
Page 2—The Honorable Doris O. Matsui

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Thank you for your ongoing support of our efforts to promote competition and choice in mobile broadband.

Sincerely,



Tom Wheeler



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July 24, 2015

The Honorable Bobby L. Rush
U.S. House of Representatives
2268 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Rush:

Thank you for your letter regarding the Commission's efforts to update our competitive bidding rules to provide small businesses and rural service providers with greater flexibility to compete in today's wireless marketplace. I appreciate your leadership and support for our efforts to ensure that *bona fide* small businesses and eligible rural service providers have the opportunity to participate in our spectrum auctions and in the provision of spectrum-based services.

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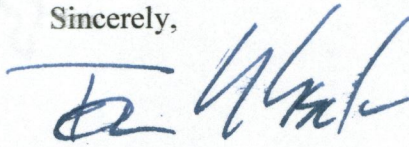
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Tom Wheeler