

**STATEMENT OF
COMMISSIONER MICHAEL O'RIELLY**

Re: *Auctions of Upper Microwave Flexible Use Licenses for Next-Generation Wireless Services; Notice and Filing Requirements, Minimum Opening Bids, Upfront Payments, and Other Procedures for Auctions 101 (28 GHz) and 102 (24 GHz); Bidding in Auction 101 Scheduled to Begin November 14, 2018, AU Docket No. 18-85*

Today's public notice outlines the auction procedures for the 24 and 28 GHz auctions. It puts the final few pieces of the puzzle in place, and potential auction participants should now have the necessary information to make business plans and finalize auction strategy before the first of these auctions begins in November. I applaud the Chairman's efforts to move these spectrum proceedings and auctions expeditiously, with additional details on other bands to come.

Auctions 101 and 102 present unique issues that we have not dealt with in prior auctions. To state the obvious, these are the first auctions for flexible-use licenses in millimeter wave bands. Therefore, it is challenging to determine the appropriate upfront payments and minimum opening bid prices, as there is no comparable auction upon which we can base these decisions. In response to our initial proposal, several parties asserted that the upfront payments and minimum reserve prices were too high for smaller markets, based on recent secondary market transactions and the projected high cost of millimeter wave buildouts in rural areas. Accordingly, we are adopting the three-tiered approach suggested by these commenters. However, I do have some concerns that this approach could result in issues arising from reduced bidding eligibility and licenses being sold too cheaply. I hope that we have hit the right balance, but, if we find that there are significant problems, we will need to review our approach prior to the 24 GHz auction.

This is also the first time that we will be holding consecutive auctions with the Commission's confidentiality and anti-collusion rules applying across both. I know that this is not popular with some and recognize that this poses some legitimate problems. Not only will this seriously curtail certain conversations between industry participants for a prolonged period during the auctions, but also the Commission will have to withhold some information for a longer period than usual. However, I am hopeful sufficient information will be available for applicants to formulate auction strategies based on the short-form applications; the detailed round results, with the bidder names masked; and data on the specific licenses sold, along with the winning gross bid for each, soon after the close of the auction. In the future, we must have greater capability to run multiple auctions at the same time or conduct auctions for more markets and licenses, ending such problems.

Moreover, our anti-collusion rules and major modification prohibitions make it uniquely challenging for those with pending merger applications before the Commission to participate in these auctions. I expect that the Commission will expedite consideration of any petitions regarding such issues and will provide parties with answers prior to opening the short-form application window in September.

Finally, I find it necessary to note, although I won't object here, that the item unnecessarily retains spectrum aggregation limits for the millimeter wave bands.

I vote to approve.