



AMERICAN PETROLEUM INSTITUTE

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Via Electronic Filing

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Comments: AUCTION OF PRIORITY ACCESS LICENSES FOR THE 3550-3650 MHz
BAND

AU Docket No. 19-244

Dear Ms. Dortch:

The American Petroleum Institute ("API"), submits these brief comments in response to the Commission's above-referenced Public Notice, seeking comment on procedures to promote a successful auction of Priority Access Licenses ("PALs") in the Citizens Broadband Radio Service ("CBRS") Auction 105, scheduled for June 25, 2020.

API represents large, medium, and small Oil & Gas ("O&G") corporations. The Oil & Gas industry in 2016 contributed 7.6% of the U.S. GDP. This is nearly triple that of the 2.6% contributed by the cellular industry. API supports the Commission's efforts to make more intensive use of existing spectrum resources.

API member companies operate large telecommunication networks, many of which are wireless in nature. These private wireless solutions are necessary because, as Critical Infrastructure (CII), our members operate in areas where commercial wireless service may be inadequate or non-existent. Consequently, API has provided several comments regarding CBRS spectrum with the hope that CBRS will support, in part, our industries' needs around digitally transforming the O&G industry by enabling remote capabilities and faster data transport. Simply put, API supports CBRS as a "Citizens" band available to a wide array of wireless users.

Specific Comments:

- 1) CMA or larger level bidding. API members do not support PAL bids by entities on any basis other than the smallest license level established for this auction (County basis only). Bidding on multiple-counties under the guise of CMA-level bidding tips the auction in favor of commercial carrier services and is against the fabric of CBRS, which was established as a

“Citizens” band. The Commission is certainly aware that CBRS was established originally to help smaller entities gain prioritized access in granular spectrum blocks to meet a variety of broadband service needs. The Commission is also aware of the many disagreements regarding the correct size of CBRS licenses and that the Commission increased the size from the original census tract licensing to county-based licensing. The Commission believed county-level licensing was an “appropriate balance”. This move to county-level licensing, however, removed from play industrial ownership of smaller census blocks in urban areas, which affected API member plans for private systems in populous counties. CMA-level bidding rules further reduce the ability of any entity other than a large commercial carrier to obtain CBRS PAL licenses and takes the band further from its “Citizens” roots. API notes that the proposed CMA-level bidding is very different than the package bidding the Commission indicated it would consider in the underlying rulemaking. So different, in fact, that the Commission’s Public Notice states it will not refer to CMA-level bidding as package bidding. API believes that CMA-level bidding significantly dilutes the balance the Commission struck between census tract and PEAs in the rulemaking. Eliminating larger level bidding also reduces rule complexity for the auction.

- 2) Simultaneous Stopping Rule. API believes that the winning bid for each county should be set after (2) rounds of inactivity on that county. To lengthen this time would allow entities that fall out of more contested PALs (or reduce their block demands) to “swoop down” and drive up prices already set. API believes that with the large number of licenses available, it is better to end the auction on a county-by-county basis, not simultaneously across the entire auction. Of course, with CBRS, not using these blocks will not eliminate them from General Access (“GA”) usage; however, an entity with a need for priority access would be “locked out” of a PAL opportunity in a future auction for unlicensed PALs.
- 3) Activity Limits. In general, API supports a slightly lower activity limit of 85% to preserve an entity’s bidding limit. We do feel that each bidder should be granted (2) waivers to the bid rules to allow for flexibility. We only support the FCC original over-bid limit suggestion of 120% to account for FCC software anomalies created by unaccepted bids that impact the bidding limit calculations. Again, entities that bid on too many blocks and have their eligibility reduced should approach this auction with some common sense. If a major bidder tries to all obtain (4) PAL blocks in a county from the start, it will only take (2) major bidders to drive the others out. It would be better to bid on single blocks, then as bids stabilize increase the block size. We feel a balanced approach by allowing some level of waivers with some level of over-bid flexibility and a slightly lower activity limit will achieve that.
- 4) Bid Eligibility and Minimum Bid. The Commission proposes a \$0.01 per MHz-POP and a \$0.02 per MHz-POP upfront payments and minimum bid amount respectively, subject to minimums of \$500 and \$1000 respectively. API feels that while the upfront payment amount is adequate, we feel that the minimum bid amounts should be equal to \$0.01 per MHz per POP for counties with less than 150,000 population, subject to the \$1,000 minimum. We feel this will promote investment into these areas and promote activity, without too low of an entry point. It also reflects that CBRS is a new licensing scheme where the Commission is licensing priority access and not a specific frequency; therefore, it is not a given that the minimum bid amounts are commensurate with the valuation from prior set frequency

auctions.

- 5) Clock Price Bid Increment. Since API only supports County level Bidding, we feel that only 5% bid increment should be applied to Counties below a population of 150,000 if the number of bids exceed supply and the price is more than double the minimum bid. For more populous counties or counties where the bid amount is less than double the minimum bid, we feel the Commission could set a level of 5 to 25%, depending upon factors.
- 6) Intra-Round Bids. API does not support intra-round bidding. Simple round-based bidding plus the flexibility in establishing bid increments make a more effective way to move the auction along to generate a final Default Payment.
- 7) Default Payments. API supports a default payment of 20% or the minimum bid amount, whichever is greater. API feels that this should be the total default payment and not an additional amount in addition to any other penalties.

Accordingly, API urges the Commission to consider this input into their auction rules in order to support several of our members' interest in auction 105 participation. We especially hope the Commission will remain true to the spirit of CBRS as a "Citizens" band and only allow county-level bidding.

Respectfully submitted,

American Petroleum Institute

/s/ James Crandall

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