

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Comment Sought on Competitive Bidding	)	AU Docket No. 19-244
Procedures for Auction 105 – Auction of	)	
Priority Access Licenses for the 3550-3650	)	
MHz Band		

**COMMENTS OF THE BLOOSTON RURAL CARRIERS**

The law firm of Blooston, Mordkofsky, Dickens, Duffy & Prendergast, LLP, on behalf of its rural and independent telephone carrier and wireless service provider clients that have interests in developing and deploying rural 4G and 5G networks and providing IoT and other advanced spectrum-based services (the “Blooston Rural Carriers”), hereby submits comments on procedures to be used for its upcoming auction of Priority Access Licenses (PALs) in the 3550-3650 MHz Band.<sup>1</sup>

The Blooston Rural Carriers applaud the Commission for its work in developing and refining an innovative licensing and shared-use framework for this valuable flexible-use mid-band spectrum and support the Commission’s proposed auction procedures generally. However, with respect to the CMA-bidding mechanism, the Blooston Rural Carriers urge the Commission to exclude from its proposal any CMAs that include counties that have population densities equal to or less than 100 persons per square mile and that would qualify as “rural areas” under the Commission’s policies and rules. The FCC should adopt its proposal to modify the bidding activity rules that were used in prior clock auctions, by adopting an activity upper limit, since this would provide a safeguard against bidders losing bidding eligibility under circumstances

---

<sup>1</sup> See Auction of Priority Access Licenses for the 3550-3650 MHz Band, Comment Sought on Procedures for Auction 105, *Public Notice*, FCC 19-96 (*rel.* September 27, 2019) (*CBRS PAL Auction Procedures Notice*).

where an acceptable bid cannot be fully applied during round processing.

### **Information Procedures During the Auction**

Consistent with most recent spectrum auctions, the FCC is proposing to use limited information procedures (a.k.a. “anonymous bidding”) in Auction 105 to prevent the identification of bidders placing particular bids until after the bidding has closed. In addition, the FCC will not make public until after bidding has ended: (1) the licenses/areas that an applicant has chosen for bidding in its short-form application; (2) the amount of an applicant’s upfront payment and bidding eligibility; and (3) other bidding-related information that might reveal the identity of a bidder. The Blooston Rural Carriers support the use of anonymous bidding procedures in Auction 105 because this will discourage insincere bidding and reduce the risk of coordinated bidding by multiple applicants.

### **Bid Credit Levels and Caps**

The Commission decided to offer bidding credits in competitive bidding for PALs to facilitate the ability of small businesses and rural service providers to attract the capital needed to acquire PALs. In particular, the Commission determined that an entity with average annual gross revenues for the preceding three years not exceeding \$55 million will be eligible to qualify for a “small business” bidding credit of 15%, while an entity with average annual gross revenues for the preceding three years not exceeding \$20 million will be eligible to qualify for a “very small business” bidding credit of 25%. The Blooston Rural Carriers support these small business thresholds and bid credit levels, which are consistent with the standardized schedule in the FCC’s Part 1 rules. The Commission also determined that it would make available a 15% rural service provider bidding credit for entities providing commercial communication services to a customer base of fewer than 250,000 combined wireless, wireline, broadband, and cable

subscribers serving primarily rural areas. The Blooston Rural Carriers support these Rural Service Provider thresholds and bid credit levels, which are consistent the most recent auctions; and the Blooston Rural Carriers would support a “Small Rural Service Provider” bid credit of 25%, for qualified rural carriers providing commercial communication services to a customer base of fewer than 125,000 combined wireless, wireline, broadband, and cable subscribers serving primarily rural areas. County-based PALs provide a unique opportunity for these smaller businesses, but the ability for bidders to aggregate up to four PALs mean that two large incumbents could easily grab up all the PALs, leaving smaller entities shut out of this valuable spectrum opportunity. A Small Rural Service Provider bidding credit will encourage robust bidding for PALs in rural areas.

For Auction 105, the FCC is proposing that the maximum dollar amount of bid credits available for an eligible small business be capped at \$25 million, and the dollar cap for rural service provider bidding credits be set at \$10 million. In addition, the FCC is proposing a \$10 million cap on the overall amount of bid credits any winning small business bidder may apply to PALs won in counties within any PEA with a population of 500,000 or less. The Blooston Rural Carriers support the use of bid credit caps and the specific dollar amounts proposed, as this will help ensure that system of bid credits is not abused by entities that are not legitimate small businesses or rural service providers.

### **Clock Auction Design / CMA-Level Bidding**

The Commission is proposing to conduct Auction 105 using an ascending clock auction design, as it used in the forward auction portion of the Broadcast Incentive Auction (Auction 1002) and the 24 GHz Auction (Auction 102). Under these procedures, bidders indicate their demands for generic license blocks in specific geographic areas (*i.e.*, counties) with bidding

being conducted simultaneously for all spectrum blocks in all counties available in the auction. In each county, the clock price for a generic license block would increase from round to round if bidders indicate total demand in that county that exceeds the number of blocks available. The bidding rounds would continue until, for all counties, the total number of blocks that bidders demand does not exceed the supply of available blocks. Those bidders indicating demand for a block (or multiple blocks) at the final price would be deemed winning bidders. A proposed modification to uniform county-based bidding procedures would allow applicants to elect to bid at a Cellular Market Area (CMA) level for certain large CMAs (former MSAs) rather than bidding separately for the counties within the CMA.

The Blooston Rural Carriers believe the use of ascending clock auction procedures is appropriate for the generic license blocks made available for bid in Auction 105. No assignment phase is needed to assign frequency-specific licenses because frequencies will be dynamically-assigned by the SAS. However, the Blooston Rural Carriers are concerned that the proposed availability of CMA-level bidding would be unduly harmful for small service providers and entrepreneurs, as well as other entities that wish to bid for PALs in rural counties that are part of multi-county CMAs classified as MSAs. The Commission says that CMA-level bidding would be available to “any bidder,”<sup>2</sup> but the fact of the matter is that it provides a unique and unnecessary advantage to large incumbent carriers that already possess overwhelming spectrum resources and market presence. These entities have teams of economists and analysts to facilitate their auction participation and do not need an extra “leg up” to facilitate their bidding flexibility. CMA-level bidding should be precluded for CMAs that include counties that qualify as rural areas (*i.e.*, counties that have a population density of 100 persons per square mile or less)

---

<sup>2</sup> CBRS PAL Auction Procedures Notice at para. 25.

to maximize initial licensing opportunities for all sizes and types of service providers as well as for private users. Accordingly, the Blooston Rural Carriers urge the FCC to preclude CMA-level bidding for PALs in counties that qualify as rural areas.

### **Upfront Payments and Bidding Eligibility**

As in previous FCC auctions, applicants for Auction 105 will be required to submit upfront payments in order to purchase bidding eligibility and to protect against frivolous or insincere bidding. The Commission has proposed to set upfront payments based on \$0.01 per MHz-pop, with a minimum of \$500 per county, and the proposed upfront payments equal approximately half of the proposed minimum opening bid level. The upfront payment is not attributed to blocks in a specific county or counties, but is instead used to determine the maximum number of bidding units on which an applicant may bid in any single round. The Blooston Rural Carriers support the upfront payment mechanism and policies as proposed, and specific upfront payment amounts proposed in the Attachment A files.

### **Activity Rule and Activity Upper Limit**

The Blooston Rural Carriers support the Commission's proposals requiring bidders to be active on between 90% and 100% of their bidding eligibility in during each round of the auction. If this minimum level of activity has been met, then the bidder's eligibility does not change for the next round. If the activity rule is not met in a round, the bidder's total eligibility would be reduced incrementally.

In a modification from previous auctions, and to help a bidder avoid having its eligibility reduced as a result of submitted bids that could not be accepted during bid processing, the FCC is proposing to allow a bidder to submit bids with associated bidding activity greater than its current bidding eligibility – specifically, an initial activity limit percentage of 120% and a range

of potential percentages between 100% and 140% to apply to Round 2 and subsequent rounds. Since this mechanism will prevent bidders from inadvertently losing eligibility in circumstances where an accepted bid is only partially applied, and since a bidder's processed activity will never exceed its eligibility, it would seem to be an appropriate safeguard.

## **CONCLUSION**

The Blooston Rural Carriers largely support the Commission's proposed competitive bidding procedures for 3.5 GHz CBRS PALs. However, the Commission has an obligation under Section 309(j) of the Act to ensure that its design and use of competitive bidding promote economic opportunity and competition by disseminating licenses among a wide variety of applicants, including small businesses and rural telephone companies. It should therefore adopt and make available a "Small Rural Service Provider" bid credit of 25%, for qualified rural carriers providing commercial communication services to a customer base of fewer than 125,000 combined wireless, wireline, broadband, and cable subscribers serving primarily rural areas, and it should modify its CMA-level bidding proposal to preclude CMA-level bidding for PALs in counties that qualify as rural areas.

Respectfully submitted,

**BLOOSTON, MORDKOFKY, DICKENS,  
DUFFY & PRENDERGAST**



By: D. Cary Mitchell  
John A. Prendergast  
Their Attorneys

Blooston, Mordkofsky, Dickens,  
Duffy & Prendergast, LLP  
2120 L Street, NW, Suite 300  
Washington, DC 20037  
Tel. (202) 659-0830

Dated: October 28, 2018

## Blooston Rural Carriers

Cal-Ore Communications, Inc. ....	Dorris, CA
Choctaw Telephone Co.....	Halltown, MO
Electra Telephone Co.....	Electra, TX
Haxtun Telephone Co. ....	Haxtun, CO
Lincoln County Telephone System.....	Pioche, NV
MoKan Dial, Inc. ....	Louisburg, KS
Northeast Florida Telephone.....	Macclenny, FL
Northern Telephone and Data Corp. ....	Oshkosh, WI
Nucla-Naturita Telephone Company .....	Nucla, CO
PVT Networks, Inc. ....	Artesia, NM
Pymatuning Independent Telephone Company .....	Greenville, PA
Range Telephone Cooperative / Advanced Communications Technology, Inc. ....	Forsyth, MT
South Dakota Telecommunications Association .....	Pierre, SD
Alliance Communications Cooperative .....	Garretson, SD
Beresford Municipal Telephone Company .....	Beresford, SD
Cheyenne River Sioux Tribe Telephone Authority .....	Eagle Butte, SD
Faith Municipal Telephone Company .....	Faith, SD
Fort Randall Telephone Company .....	Wagner, SD
Golden West Telecommunications .....	Wall, SD
Interstate Telecommunications Cooperative.....	Clear Lake, SD
James Valley Telecommunications.....	Groton, SD
Kennebec Telephone Company .....	Kennebec, SD
Midstate Communications .....	Kimball, SD
RC Technologies.....	New Effington, SD
Santel Communications Cooperative.....	Woonsocket, SD
Swiftel Communications.....	Brookings, SD
TrioTel Communications .....	Salem, SD
Valley Telecommunications Cooperative .....	Herreid, SD
Venture Communications Cooperative.....	Highmore, SD
West River Cooperative Telephone Company .....	Bison, SD
West River Telecommunications Cooperative .....	Hazen, SD
Table Top Telephone Company, Inc.. ....	Ajo, AZ

Tatum Telephone Co.....	Tatum, TX
The Ponderosa Telephone Co. ....	O’Neils, CA
Triangle Communications.....	Havre, MT
Walnut Hill Telephone Co. ....	Lewisville, AR
United Telephone Association, Inc.....	Dodge City, KS