

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)	
)	
Notice Of Initial 39 GHz Reconfiguration Procedures)	GN Docket No. 14-177
)	
Preparation For Incentive Auction of Upper Microwave Flexible Use Service Licenses In The 37 GHz, 39 GHz, and 47 GHz Bands (Auction 103))	AU Docket No. 19-59
)	

To: Wireless Telecommunications Bureau
 Office of Economics and Analytics

REPLY COMMENTS OF VERIZON

As Verizon explained in its initial comments, a few targeted modifications will ensure that the FCC’s process for reconfiguring the 39 GHz band in preparation for Auction 103¹ will be fair and reasonable and will maximize opportunities for competitive access to a large amount of spectrum for 5G services.

First, the Bureau should modify its reconfiguration proposal to use only auctions for Partial Economic Areas (“PEAs”) licenses in its price index for Auction 103.² With PEA-based data available, there is no reason to develop a PEA-based price index for incumbent licenses using data from auctions of different license configurations, such as Economic Areas (“EAs”) or

¹ See *Notice of Initial 39 GHz Reconfiguration Procedures; Preparation for Incentive Auction of Upper Microwave Flexible Use Service Licenses in the 37 GHz, 39 GHz, and 47 GHz Bands (Auction 103); Order Of Modification; 39 GHz License Transfer and Assignment Freeze*, Public Notice, GN Docket No. 14-177, AU Docket No. 19-59; DA 19-196 (rel. Mar. 20, 2019).

² Verizon Comments at 3-5.

Cellular Market Areas (“CMAs”). As AT&T stated, if “EA pricing is applied to all included PEAs without adjustment, the impact would be to raise the weighted value of less densely populated PEAs and decrease the weighted value of the higher population density PEAs.”³ Any attempt to adjust the MHz-POP value of an EA or CMA-sized license to correct the under- or over-weighting would require subjective determinations of which part of the geographic area drove the value for that particular EA or CMA. The Bureau should thus exclude Auction 97 from its analysis and only use Auctions 102 and 1002 in its valuations for incumbent PEA-sized 39 GHz licenses.

Second, in calculating these valuations, the Bureau also should weigh the data from Auctions 102 and 1002 equally. The Commission has long used multiple spectrum bands to set initial valuations (through the setting of upfront payments and minimum opening bids) for licenses being auctioned. Despite claims to the contrary,⁴ the critical component of these valuations is license area, not spectrum band. In addition, as AT&T points out, anomalies can occur in all auctions.⁵ Weighting one auction higher than the other would magnify those anomalies going forward. That approach is particularly problematic here where the Bureau is valuing an incumbent’s *existing* spectrum holdings that could be exchanged for either a voucher to participate in Auction 103 or an incentive payment, potentially resulting in lost value to the existing licensee. The Bureau should thus reject T-Mobile’s proposal and instead weight Auctions 102 and 1002 equally in its price index for incumbent 39 GHz licenses.

³ AT&T Comments at 3.

⁴ T-Mobile Comments at 4.

⁵ AT&T Comments at 3.

Finally, as we explained in our initial comments, the Bureau should allow applicants to designate which commonly controlled entities will receive incentive payments and/or modified licenses as well as which licenses and/or payments each entity should receive. This process can be modeled on the one used by the Commission in the Connect America Fund Phase II auction and will avoid unintended tax consequences for incumbent 39 GHz licensees.

With the few changes proposed here and in Verizon's initial comments, the 39 GHz reconfiguration process will help spur deployment of 5G services in the 39 GHz band.

Respectfully submitted,

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