

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

In the Matter of	)	
	)	
Auction of Flexible-Use Service Licenses in the 3.45-3.55 GHz Band For Next-Generation Wireless Services	)	AU Docket No. 21-62
	)	
Comment Sought on Competitive Bidding Procedures for Auction 110	)	
	)	

**REPLY COMMENTS OF T-MOBILE USA, INC.**

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**REPLY COMMENTS OF T-MOBILE USA, INC.**

T-Mobile USA, Inc. (“T-Mobile”)<sup>1/</sup> submits these reply comments in response to the comments filed on the *Public Notice* in the above-referenced proceeding that proposes procedures to be used for the auction of new flexible-use licenses in the 3.45-3.55 GHz (“3.45 GHz”) band (“Auction 110”).<sup>2/</sup> In addition to highlighting the urgent need for additional information, the record reflects agreement on a limited number of modest adjustments to the procedures proposed, enabling the Commission to proceed to auction the 3.45 GHz band.

**I. INTRODUCTION AND SUMMARY**

Commenting parties generally support the Commission’s proposed procedures for Auction 110, with a few limited changes to ensure its success. *First*, commenters resoundingly agree that the Commission should collaborate with the National Telecommunications and Information Administration (“NTIA”) and the Department of Defense (“DoD”) to make available additional information about federal encumbrances and transition plans and to conduct

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<sup>1/</sup> T-Mobile USA, Inc. is a wholly-owned subsidiary of T-Mobile US, Inc., a publicly traded company.

<sup>2/</sup> See *Auction of Flexible-Use Service Licenses in the 3.45-3.55 GHz Band For Next-Generation Wireless Services, Comment Sought on Competitive Bidding Procedures for Auction 110*, Public Notice, FCC 21-33 (rel. Mar. 18, 2021) (“*Public Notice*”).

workshops as soon as possible. Potential bidders require as much information as possible, as soon as possible, to ensure they can properly value the spectrum being auctioned and satisfy the required performance requirements. *Second*, commenters support the adoption of graduated minimum opening bids, upfront payments, and bidding units to more accurately reflect the spectrum and geographic landscape. *Third*, parties support bidding procedures that will minimize exposure risks and stranded investments, including the adoption of all-or-nothing bids. The Commission, however, should not relax the “no excess supply” rule or adopt a contingent bidding limit, which will unnecessarily prolong the auction and increase the chance of insincere bids. *Fourth*, the Commission should confirm the process by which contiguous spectrum will be assigned across categories in the assignment phase. And *finally*, the Commission should establish that post-auction payments will not be due until 2022.

## **II. DISCLOSURE OF LICENSE INFORMATION AND FEDERAL ENCUMBRANCES MUST BE PROVIDED PROMPTLY**

Commenters widely agree that the Commission, NTIA, and DoD must make available as much information as possible, as soon as possible, about the spectrum being auctioned.<sup>3/</sup> AT&T, for example, observes that bidders “must be provided with as much information as possible about [their] investment.”<sup>4/</sup> Verizon adds that “[c]ommercial operators need to understand the nature, scope and location of remaining DoD operations, as well as the protection criteria DoD believes are necessary in each [Cooperative Planning Area (“CPA”)] and [Periodic Use Area (“PUA”)].”<sup>5/</sup>

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<sup>3/</sup> See, e.g., Comments of AT&T Services, Inc., AU Docket No. 21-62, at 10-11 (filed Apr. 14, 2021) (“AT&T Comments”); Comments from Verizon, AU Docket No. 21-62, at 2-5 (filed Apr. 14, 2021) (“Verizon Comments”); Comments of CTIA, AU Docket No. 21-62, at 3-6 (filed Apr. 14, 2021) (“CTIA Comments”).

<sup>4/</sup> AT&T Comments at 10.

<sup>5/</sup> Verizon Comments at 3.

T-Mobile agrees. As T-Mobile previously explained, the information currently provided by NTIA and incorporated into the rules only specifies points to establish polygons or center points and geographic radii.<sup>6/</sup> And while bidders may map those areas based on the information provided, to eliminate uncertainty, the Commission should confirm the affected Partial Economic Areas (“PEAs”) and the impact of federal operations in those PEAs. As Verizon notes, approximately 120 PEAs will be impacted by PUAs and CPAs.<sup>7/</sup> But without more detailed data on the frequency and magnitude of the impairments in those PEAs, bidders cannot ascertain the value of, and bid on, these licenses accordingly. Moreover, as AT&T suggests, providing clarity on exactly where spectrum will be made available will create the certainty necessary to foster auction participation which, among other things, will help ensure that the aggregate reserve price is met.<sup>8/</sup> It is particularly important that the Commission release information regarding the 72 PEAs where there will be two product categories because of the bidding and assignment issues described in further detail below.<sup>9/</sup>

In addition to identifying the PEAs in which encumbrances will exist (and the precise scope of those encumbrances), the Commission, working with NTIA and DoD, should provide additional clarity and information on the nature of those encumbrances. In particular, *both* the transition plans and workbooks must be released promptly. As CTIA notes, “prospective bidders need to understand . . . when the spectrum in each PEA will be available, and what the coordination requirements will be for the different product categories[]” in order to

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<sup>6/</sup> Comments of T-Mobile USA, Inc., AU Docket No. 21-62, at 2 (filed Apr. 14, 2021) (“T-Mobile Comments”).

<sup>7/</sup> See Verizon Comments at 3-4.

<sup>8/</sup> See AT&T Comments at 10; see also T-Mobile Comments at 2-4.

<sup>9/</sup> See also Verizon Comments at 4 (explaining that bidders require information regarding “the level of variance in interference between categories in each of the 72 PEAs”).

properly value the spectrum.<sup>10/</sup> Verizon also observes that there are still “many unknowns regarding the nature and extent of government operations that will remain in the band.”<sup>11/</sup> Accordingly, it argues that “workbooks should be released as soon as possible as they will be critical for prospective bidders to better understand the value of licenses at auction in Auction 110.”<sup>12/</sup> And, for similar reasons, workshops should be conducted as soon as possible. As CTIA notes, “[m]aking this information available well in advance of when the quiet period takes effect is key to reducing uncertainty regarding the spectrum rights available, generating greater participation, and encouraging more robust bidding for a successful auction.”<sup>13/</sup> Information regarding the nature and extent of government operations is particularly critical if the Commission expects licensees to satisfy performance requirements, which are generally based on the population of the licensed area.<sup>14/</sup> Indeed, because there is an interim four-year performance requirement, in addition to a final eight-year requirement, the timing of any DoD plans to modify operations, including discontinuing use of the spectrum, is also important.<sup>15/</sup>

NTIA and DoD have already indicated that they would release this additional information.<sup>16/</sup> And, as CTIA observes, NTIA already has the transition plans available.<sup>17/</sup>

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<sup>10/</sup> CTIA Comments at 5.

<sup>11/</sup> Verizon Comments at 2-3.

<sup>12/</sup> *Id.* at 3; *see also* AT&T Comments at 11 (“The Commission should also help to ensure that NTIA meets its June 2021 deadline to release transition plans, and the industry workbooks should be issued concurrently.”).

<sup>13/</sup> CTIA Comments at 2.

<sup>14/</sup> *See* 47 C.F.R. § 27.14.

<sup>15/</sup> CTIA Comments at 2.

<sup>16/</sup> *See* Letter from Charles Cooper, Associate Administrator, NTIA, to Ronald T. Repasi, Acting Chief, Office of Engineering Technology, FCC, *et al.*, WT Docket No 19-348, at 4 (filed Feb. 19, 2021).

<sup>17/</sup> *See* CTIA Comments at 4 (citing Letter from Carolyn Roddy, NTIA, to Ajit Pai, FCC (filed Jan. 4, 2021) and stating that the Technical Panel found the transition plans to be sufficient on Jan. 13 2021).

There is no reason that NTIA should wait until its statutory deadline of 120 days prior to the auction – or June 2021 – to release that information. Past experience in the AWS-3 auction demonstrates that this information can, and should, be made available promptly.<sup>18/</sup> In that proceeding, workbooks and were released months before the start of the auction. And because processes for sharing proprietary and classified information – *e.g.*, use of trusted agents – have already been developed in that proceeding, they can be quickly and efficiently implemented here as well.

Finally, making more information available will help alleviate concerns raised by the Rural Wireless Association (“RWA”) regarding the Commission’s proposed certification requirement, which would require short-form applicants to certify under penalty of perjury that they have reviewed the participation procedures and evaluated the “technical and marketplace factors” relevant to the potential use of any licenses won at auction.<sup>19/</sup> RWA claims that the proposed certification would be too onerous and risky for potential bidders – particularly small bidders – because they do not have all of the market information they need before the short-form application filing deadline.<sup>20/</sup> Retaining the certification is important and consistent with the

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<sup>18/</sup> See *Facilitating Shared Use in the 3100-3550 MHz Band*, Second Report and Order, Order on Reconsideration, and Order of Proposed Modification, FCC 21-32, ¶¶ 24, 47, 56-57 (rel. Mar. 18, 2021) (“3.45 GHz Order”); see also *Wireless Telecommunications Bureau Informs Potential Auction 97 Applicants of Updated Department of Defense Workbook Posted to NTIA’s Website*, Public Notice, 29 FCC Rcd 10602 (2014); *Wireless Telecommunications Bureau Informs Potential Auction 97 Bidders of Department of Defense Data on Experimental Operations Posted to NTIA’s Website*, Public Notice, 29 FCC Rcd 11656 (2014); *The Federal Communications Commission and the National Telecommunications and Information Administration: Coordination Procedures in the 1695-1710 MHz and 1755-1780 MHz Bands*, Public Notice, 29 FCC Rcd 8527 (2014).

<sup>19/</sup> Public Notice ¶ 12.

<sup>20/</sup> See Comments of the Rural Wireless Association, AU Docket No. 21-62, at 4 (filed Apr. 14, 2021) (“RWA Comments”) (“Given that the Commission does not release all auction information and materials until after the short-form stage, it is premature to expect applicants to certify to nuances before short-form filing.”).

Commission’s usual direction that bidders must be aware of the nature of the authorizations they seek to acquire and the obligations associated with the licenses the Commission may ultimately issue. Nevertheless, by ensuring that all relevant materials from NTIA and DoD are released well prior *to* the short-form application filing deadline, the Commission will help enable applicants, including smaller providers, certify that they have conducted the necessary due diligence.

### **III. MINIMUM OPENING BIDS AND UPFRONT PAYMENTS SHOULD BE STEPPED-DOWN**

There is broad support in the record for adopting lower minimum opening bids in some markets, and therefore upfront payments and bidding units, to better reflect market population coverage. AT&T, for example, proposes a more graduated step-down for minimum opening bids outside the top 50 PEAs to make the population-to-bidding unit ratio in all markets more consistent.<sup>21/</sup> Verizon similarly suggests that the Commission adopt the same MHz-pop calculations that it recently used for the C-band auction.<sup>22/</sup> That would mean setting the minimum opening bids based on \$0.03 per MHz-pop for PEAs 1 through 50; \$0.006 per MHz-pop for PEAs 51 through 100; and \$0.003 per MHz-pop for all other PEAs, subject to a minimum of \$1,000, with upfront payments approximately one-half of those amounts and bidding units adjusted accordingly.

T-Mobile supports these proposals. As Verizon explains, minimum opening bids “serve a revenue-enhancing function like a reserve price,” but “there is no need for that here because the

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<sup>21/</sup> AT&T Comments at 10.

<sup>22/</sup> *See* Verizon Comments at 6.



Commission has already proposed an explicit reserve price.”<sup>23/</sup> While it may appear that the Commission needs to establish higher minimum opening bids in order to satisfy the aggregate reserve price, the exact opposite may be true. Lower minimum opening bids – and corresponding upfront payments and bidding units – may lower barriers to entry in the auction. That, in turn, may encourage broader participation and raise the funds necessary to help satisfy the reserve price.

And, as the C-band auction demonstrated, using more aggressive minimum opening bids is unnecessary to ensure a quick auction.<sup>24/</sup> Lower minimum opening bids are also consistent with RWA’s assertion that the minimum opening bids should take into consideration the difference between urban and rural areas.<sup>25/</sup> In contrast, as Verizon highlights, if auction prices escalate too quickly, new entrants and rural bidders may be less likely to participate meaningfully in the action.<sup>26/</sup> The Commission should seek to avoid that result.

#### **IV. BIDDING PROCEDURES SHOULD MINIMIZE EXPOSURE RISKS**

In addition to the bid types proposed in the *Public Notice*, the Commission should adopt the use of all-or-nothing bids as proposed by AT&T and used in the Broadcast Incentive Auction (“Auction 1002”).<sup>27/</sup> The Commission recognized in Auction 1002 that all-or-nothing bids can

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<sup>23/</sup> Verizon Comments at 6-7 (quoting *Amendment of Part 1 of the Commission’s Rules – Competitive Bidding Procedures, et al.*, Third Report and Order and Second Further Notice of Proposed Rule Making, 13 FCC Rcd 374, 455 ¶ 140 (1997)).

<sup>24/</sup> See *Auction of Flexible-Use Service Licenses in the 3.7-3.98 GHz Band For Next-Generation Wireless Services, et al.*, Public Notice, 35 FCC Rcd 8404, ¶ 9 (2020) (“*Auction 107 Bidding Procedures Public Notice*”) (stating that the C-band auction began on December 8, 2020); see also *Auction of Flexible-Use Service Licenses in the 3.7-3.98 GHz Band Closes, et al.*, Public Notice, DA 21-207 (rel. Feb. 24, 2021) (stating that the C-band auction closed on February 17, 2021).

<sup>25/</sup> See RWA Comments at 5-7.

<sup>26/</sup> See Verizon Comments at 7.

<sup>27/</sup> See AT&T Comments at 5; see also *Broadcast Incentive Auction Scheduled to Begin On March 29, 2016, et al.*, Public Notice, 30 FCC Rcd 8975, ¶¶ 204-06 (2015).

“help bidders manage their bidding given the requirement that a request to reduce demand may not be accepted.”<sup>28/</sup> It would be particularly useful to make all-or-nothing bids available for this auction so that bidders are not left with a stranded investment. As AT&T explains, without all-or-nothing bids, a bidder could, for example, be left with a single 10-megahertz block because the “no excess supply” rule did not permit it to reduce its demand to zero.<sup>29/</sup> Similarly, a bidder could be left with single blocks in multiple categories without any guarantee that those blocks will be assigned contiguous channels, as noted below. If the Commission allows bidders to use all-or-nothing bids, it need not relax the “no excess supply” rule, as suggested by AT&T.<sup>30/</sup>

T-Mobile agrees with Verizon that the Commission should *not* adopt its proposed contingent bidding limit (formerly known as the activity upper limit). As Verizon explains, allowing bidders to bid above their eligibility could promote insincere bidding and prolong the auction.<sup>31/</sup> In addition, previous auctions, such the C-band and 3.5 GHz auctions, demonstrate that bidders rarely used contingent bidding limits.<sup>32/</sup> And those that did only exceeded their eligibility by a minimal amount.

The Commission should also reject requests to consider proposals unrelated to bidding procedures.<sup>33/</sup> For example, the Commission should dismiss the Blooston Rural Carriers

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<sup>28/</sup> *Comment Sought on Competitive Bidding Procedures for Broadcast Incentive Auction 1000, Including Auctions 10001 and 1002*, Public Notice, 29 FCC Rcd 15750, ¶ 179 (2014).

<sup>29/</sup> *See* AT&T Comments at 5.

<sup>30/</sup> *See id.* (suggesting that a relaxation of the “no excess supply” rule would be an “alternative” to allowing all-or-nothing bids).

<sup>31/</sup> *See* Verizon Comments at 8-9.

<sup>32/</sup> *See, e.g., Auction 107 Bidding Procedures Public Notice* ¶ 173; *Auction of Priority Access Licenses for the 3550-3650 MHz Band*, Public Notice, 35 FCC Rcd 2140, ¶¶ 182-86 (2020).

<sup>33/</sup> While T-Mobile does not oppose the adoption of the “small rural service provider credit” proposed by Blooston, the Commission’s current rules, unlike its rules for small business bidding credits, only contemplate *one* type of rural service provider credits – for those providers with 250 or fewer subscribers. *See* Comments of Blooston Rural Carriers, AU Docket No. 21-62, at 4 (filed Apr. 14, 2021)

(“Blooston”) and RWA proposals to adopt county-based licenses.<sup>34/</sup> As Blooston recognizes, the licensed geographic area for the 3.45 GHz band was already adopted by the Commission,<sup>35/</sup> and concerns about the geographic size may not be addressed here. Moreover, licensing some areas by counties and others by PEAs would be contrary to the Commission’s decision to allow higher-power operations in the band and would create complicated geographic contiguity issues. In any case, county-based licenses are not necessary to increase meaningful opportunity by smaller bidders to participate. As the Commission points out, the adoption of bidding credits and the 40-megahertz cap provide other means for small and rural bidders to face a more level playing field in this auction.<sup>36/</sup>

**V. THE COMMISSION SHOULD PROVIDE CLARITY AND ALLOW BIDDERS TO MAXIMIZE CONTIGUITY ACROSS CATEGORIES IN THE ASSIGNMENT PHASE**

Commenters agree that the Commission should confirm how contiguous spectrum will be prioritized in the 72 PEAs where there are two categories of spectrum.<sup>37/</sup> As AT&T observes, it will be impossible for all winning bidders to receive contiguous assignments in these 72 PEAs if two bidders win blocks in both categories.<sup>38/</sup> But as T-Mobile previously explained, contiguous spectrum blocks improve spectrum efficiency, lower deployment costs and other operating expenses, and limit costs incurred for secondary market transactions.<sup>39/</sup> CTIA concurs, adding

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(“Blooston Comments”). Therefore, Blooston’s request is not properly made in the context of bidding procedures.

<sup>34/</sup> See *id.* at 2-3; RWA Comments at 8.

<sup>35/</sup> See Blooston Comments at 2-3.

<sup>36/</sup> See *Public Notice* ¶¶ 13, 51; see also *3.45 GHz Order* ¶ 113.

<sup>37/</sup> See CTIA Comments at 7-9; see also AT&T Comments at 5-7.

<sup>38/</sup> See AT&T Comments at 5.

<sup>39/</sup> See T-Mobile Comments at 5.

that “[a]uction procedures that prioritize the assignment of contiguous frequencies are . . . likely to encourage participation and result in more efficient network deployments.”<sup>40/</sup>

Accordingly, the Commission should provide a mechanism for bidders in the assignment phase to express in a single bid preferences for contiguity across categories over all other bids, similar to other all-or-nothing bids. At a minimum, the Commission should present bidders with *all* feasible assignments before the assignment phase. As T-Mobile and others explained in Auction 1002, assignment phase bidding “requires the bidders to form specific valuations for the different assignments within each PEA, which is difficult and time-consuming.”<sup>41/</sup> Allowing bidders to view that information upfront will assist with that valuation, which will be particularly important if they are not guaranteed – or provided an opportunity to express a preference for – contiguity across categories.

For similar reasons, T-Mobile supports AT&T’s proposal that the Commission group PEAs with the same restrictions to the greatest extent possible.<sup>42/</sup> As AT&T observes, Auction 110 contains more variation due to the different restrictions applied to spectrum blocks across markets, and these variations could force a bidder “to bid for a single assignment across PEAs with different restrictions.”<sup>43/</sup> However, if the Commission groups PEAs with the same

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<sup>40/</sup> CTIA Comments at 7.

<sup>41/</sup> Letter from Trey Hanbury, Hogan Lovells US LLP, Counsel to T-Mobile USA, Inc., to Ms. Marlene H. Dortch, Secretary, FCC, GN Docket No. 12-268 and AU Docket No. 14-252, at 3 (filed June 16, 2015); *see also* Comments of T-Mobile USA, Inc., AU Docket No. 14-253 and GN Docket No. 12-268, at 23-32 (filed Feb. 20, 2015); Reply Comments of United States Cellular Corporation, AU Docket No. 14-253 and GN Docket No. 12-268, at 41-45 (filed Mar. 13, 2015); Reply Comments of CTIA, AU Docket No. 14-253 and GN Docket No. 12-268, at 15 (filed Mar. 13, 2015).

<sup>42/</sup> *See* AT&T Comments at 7-8.

<sup>43/</sup> *Id.*

restrictions, it will better enable bidders to make more informed and rational decisions during the auction.<sup>44/</sup>

## **VI. THE DEADLINE FOR POST-AUCTION PAYMENTS SHOULD BE SET IN 2022**

Finally, commenters agree that the Commission should set post-auction payment deadlines in 2022.<sup>45/</sup> As CTIA notes, the 3.45 GHz auction is scheduled to commence in October 2021 and therefore may cause uncertainty for bidders “over whether down payments and final payments will be due in late 2021 or early 2022.”<sup>46/</sup> If the Commission establishes that down and final payments would not occur until 2022, regardless of the duration of the auction, applicants would have time to make the necessary arrangements and plan for not only their 2021 budgets, but also their 2022 budgets. It would also help address concerns by RWA that smaller and rural bidders need additional time to raise sufficient capital to participate.<sup>47/</sup> Delaying the post-auction payments strikes the right balance between allowing the auction to proceed as scheduled, which is consistent with the Congressional directive<sup>48/</sup> and will facilitate the prompt deployment of 5G services, and encouraging participation and providing bidders with predictability regarding the financial outlays they will be expected to make.

## **VII. CONCLUSION**

T-Mobile appreciates the Commission’s swift action to make the 3.45 GHz band available for 5G wireless services. The record is clear that, in order to ensure a successful auction, the Commission should provide bidders with as much information about the spectrum as

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<sup>44/</sup> *See id.*

<sup>45/</sup> *See RWA Comments at 3-4; see also CTIA Comments at 6-7.*

<sup>46/</sup> CTIA Comments at 6.

<sup>47/</sup> *See RWA Comments at 2-3.*

<sup>48/</sup> *See Consolidated Appropriations Act, 2021, H.R. 133, 116th Cong., Div. FF, Title IX § 905(d)(1) (2020).*

possible, adopt more graduated minimum opening bids (and associated upfront payments and bidding units), employ the use of bidding tools like all-or-nothing bids, clarify how contiguity will be achieved across the band, and set the post-auction payment deadlines to 2022.

Respectfully submitted,

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