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June 28, 2019

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: ***Transforming the 2.5 GHz Band***
WT Docket No. 18-120
Notice of Oral Ex Parte Communications

Dear Ms. Dortch:

On June 26, 2019, Claude Aiken, President & CEO of the Wireless Internet Service Providers Association (“WISPA”) and undersigned counsel to WISPA met by telephone with Aaron Goldberger, legal advisor to Chairman Ajit Pai, to discuss the design of the 2.5 GHz auction proposed in the draft Report and Order in the above-referenced proceeding (“*Draft Order*”).¹

We expressed strong support for most aspects of the *Draft Order*, including the proposal to auction unassigned 2.5 GHz spectrum by county and with open eligibility. We urged the Commission, however, to make changes to the proposed auction structure to encourage greater participation by small providers that operate in or near rural areas where a significant amount of 2.5 GHz spectrum would be available for competitive bidding. First, we reiterated WISPA’s recommendation that the Commission adopt the small business and rural provider bidding credits codified in Sections 1.2110(f)(2) and 1.2110(f)(4) of the Commission’s rules. These bidding credits are as follows:

- 15% bidding credit for average gross revenues of \$55 million or less for the three years preceding the auction, or
- 25% bidding credit for average gross revenues of \$20 million or less for the three years preceding the auction, or

¹ *Transforming the 2.5 GHz Band*, Report and Order, WT Docket No. 18-120, FCC-CIRC1907-XX (June 19, 2019).



- 35% bidding credit for average gross revenues of \$4 million or less for the three years preceding the auction, or
- 15% bidding credit for fewer than 250,000 combined wireless, wireline, broadband and cable subscribers.

The Commission has consistently applied these rules to spectrum auctions to encourage participation and spectrum acquisition by small and rural providers. For example, we pointed out that the Commission adopted two tiers of small business bidding credits and the rural provider bidding credit in the rules it adopted last year for the Citizens Broadband Radio Service.² In that order, the Commission based its decision on “the significant changes we adopt for PALs, as well as the Commission’s experience with the use of bidding credits in recent spectrum auctions.”³ The Commission further emphasized that it was “persuaded by commenters that maintain offering bidding credits here should improve the ability of small businesses to attract the capital necessary to meaningfully participate in a PAL auction.”⁴ The *Draft Order* does not offer a reasonable explanation of why the Commission should not apply the same approach for the 2.5 GHz band.

Second, we expressed strong disappointment with the *Draft Order’s* proposal to auction spectrum in two blocks, one of 100 megahertz and the other of 16.5 megahertz. We reiterated WISPA’s proposal to auction spectrum in four blocks – two blocks of 33 megahertz, one block of 30 megahertz and the third block of 16.5 megahertz,⁵ explaining that small fixed wireless providers require at least 45 megahertz of preferably contiguous spectrum to accommodate two 20-megahertz channels and thereby justify the costs of equipment and deployment in the 2.5 GHz band. Consequently, the 100-megahertz band would unnecessarily increase the spectrum costs above what small providers might be willing to pay, and the 16.5 megahertz block would be an insufficient amount of spectrum on a standalone basis. If the Commission is unwilling to adopt WISPA’s preferred plan,⁶ then we recommended that the Commission should split the 100-megahertz block into two smaller blocks as an acceptable solution that would “right-size” spectrum blocks. To accommodate 20-megahertz channels, one block of 60 megahertz and a second block of 40 megahertz would be optimal, and the same bidder could acquire both blocks in a county.⁷

² *Promoting Investment in the 3550-3700 MHz Band*, Report and Order, 34 FCC Rcd 10598 (2018).

³ *Id.* at 10645.

⁴ *Id.* at 10646.

⁵ WISPA Comments, WT Docket No. 18-120 (filed Aug. 8, 2018).

⁶ We indicated that this plan could be implemented without the spectrum limits WISPA has proposed.

⁷ WISPA acknowledges that the overlay auctions proposed for partial counties that are licensed should follow the existing band plan to reduce auction complexity.



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We expressed the strong interest WISPA's members have in acquiring 2.5 GHz spectrum, noting that a large portion of the unassigned spectrum overlaps areas where small providers already offer service in other bands. Further, these areas are largely rural and correspond to areas that are unserved or underserved, highlighting the coverage benefits of mid-band spectrum. However, adopting auction rules that do not make bidding credits available and create a 100-megahertz block would significantly limit auction participation by small providers.

Pursuant to Section 1.1206 of the Commission's Rules, this letter is being filed in ECFS in above-referenced docket. Please contact the undersigned with any questions.

Respectfully submitted,

/s/ Stephen E. Coran

Stephen E. Coran

cc: Aaron Goldberger