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July 2, 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 July 1, 2019, undersigned counsel to the Wireless Internet Service Providers Association (“WISPA”) met separately with Will Adams and Shelby Morbach of Commissioner Carr’s office and with Erin McGrath and Christopher McGillen of Commissioner O’Rielly’s office 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

At each meeting, I expressed strong support for many of the rule changes proposed by the Commission, especially with respect to the Commission’s proposal to auction unassigned 2.5 GHz spectrum by county and with open eligibility. However, WISPA urged the Commission 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, I 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, I pointed out that the Commission will apply two tiers of small business bidding credits and the rural provider bidding credit for Priority Access License auctions for the Citizens Broadband Radio Service.² In the order adopted last year, 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, at each meeting I 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. I 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 I suggested that the Commission should split the 100-megahertz block into two smaller blocks, roughly equivalent in size, as an acceptable solution that would “right-size” spectrum blocks.⁷

WISPA’s members have a strong interest in acquiring 2.5 GHz spectrum. A large portion of the unassigned spectrum overlaps areas where small providers already offer service in other bands such that the 2.5 GHz band could be used to overlay existing spectrum or enable

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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expansion into nearby areas. 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 that 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: Will Adams
Shelby Morbach
Erin McGrath
Christopher McGillen