

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

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

**REPLY COMMENTS OF CENTURYLINK<sup>1</sup>**

CenturyLink, Inc. (CenturyLink) submits these reply comments in response to the Federal Communications Commission’s (Commission) request for comment regarding proposed bidding procedures for Auction 105, the auction of Priority Access Licenses (PALs) for the 3550-3650 MHz band that is scheduled to begin June 25, 2020.<sup>2</sup> CenturyLink is actively exploring using spectrum in the Citizens Broadband Radio Service (CBRS) band to provide high-speed broadband service in rural areas and thus appreciates this opportunity to comment on the planned auction of spectrum in this band.

CenturyLink adds its voice to the many commenters urging the Commission not to adopt any Cellular Market Area (CMA)-level bidding for Auction 105. Ultimately, permitting CMA-level bidding harms those living and working in more rural CMA counties without any substantial countervailing benefit. CenturyLink also recommends that the Commission implement Verizon’s proposed all-or-nothing bidding approach in lieu of the Commission’s

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<sup>1</sup> This filing is made on behalf of the subsidiary entities of CenturyLink, Inc. that provide or will provide communication services using fixed wireless facilities including CenturyTel Broadband Services, LLC.

<sup>2</sup> *Auction of Priority Access Licenses for the 3550-3650 MHz Band, Comment Sought on Competitive Bidding Procedures for Auction 105, Bidding in Auction 105 Scheduled to Begin June 25, 2020*, AU Docket No. 19-244, Public Notice, FCC 19-96 (Sept. 27, 2019) (Public Notice).

proposed activity upper limit approach, use percentage price clock bidding but without a dollar cap on the clock price increments, take steps to speed the auction pace, and adopt an additional default payment of 20% of a defaulted winning bid.

**I. The Commission Should Not Permit CMA-level Bidding in Auction 105.**

In the Public Notice, the Commission seeks comment on a proposal to allow any bidder to elect to bid at a CMA level for 172 CMAs that are classified as Metropolitan Statistical Areas (MSAs) and are comprised of multiple counties.<sup>3</sup> CenturyLink joins the wave of commenters who have urged the Commission not to include any CMA-level bidding in Auction 105.<sup>4</sup> As the Commission has recognized, county-based PALs are already a compromise between the vigorous prior advocacy for smaller, census tract-based PALs on the one hand and larger Partial Economic Area (PEA)-based PALs on the other.<sup>5</sup> It is not necessary for the Commission to stray from that middle ground to provide “greater bidding flexibility” to those seeking to serve larger areas than counties, with those larger areas most likely to be large metropolitan areas.<sup>6</sup> As others have commented, this purported flexibility ultimately is to the detriment of those who live in the more

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<sup>3</sup> Public Notice, ¶¶ 29-33.

<sup>4</sup> See, e.g., Comments of Verizon, pp. 2-5 (filed Oct. 28, 2019) (Comments of Verizon); The American Petroleum Institute (filed Oct. 28, 2019); Comments of the Competitive Carriers Association (filed Oct. 28, 2019); Comments of Dynamic Spectrum Alliance, pp. 8-9 (filed Oct. 28, 2019); Comments of California Internet, L.P. DBA GeoLinks, pp. 2-3 (filed Oct. 28, 2019); Comments of The National Rural Electric Cooperative Association (filed Oct. 28, 2019); Comments of NCTA – The Internet & Television Association, pp. 5-6 (filed Oct. 28, 2019); Comments of NTCA–The Rural Broadband Association (filed Oct. 28, 2019); Comments of New America’s Open Technology Institute, pp. 6-8 (filed Oct. 28, 2019); Comments of Rural Wireless Association, Inc. (filed Oct. 28, 2019); Comments of Southern California Edison (filed Oct. 28, 2019); Comments of Southern Communications Services, Inc. d/b/a SouthernLinc (filed Oct. 28, 2019); Comments of Wireless Internet Service Providers Association (filed Oct 28, 2019).

<sup>5</sup> *Promoting Investment in the 3550-3700 MHz Band*, GN Docket No. 17-258, Report and Order, 33 FCC Rcd 10598, ¶¶ 35-39 (2018).

<sup>6</sup> Public Notice, ¶ 29.

rural counties within a CMA.<sup>7</sup> Even county-level PALs will be challenging for those who wish to serve rural areas that cross county boundaries. Those potential bidders already may have to evaluate bidding on multiple county-based PALs to serve a select rural area. Add to that having to bid against a CMA-level bidder for one or more of those counties and the reality of a successful bid seems quite slim. CenturyLink agrees that “[p]roviding flexibility for a handful of auction participants that already have great resources is not worth the distortion and other harmful impacts that the CMA bidding idea could introduce into the auction.”<sup>8</sup> The Commission should recognize the potential benefit of county-based PALs to provide fixed wireless broadband service in rural areas and not implement CMA-level bidding in the auction.

## **II. The Commission Should Implement Verizon’s Suggested All-Or-Nothing Approach to Bidding in Lieu of the Proposed Activity Upper Limit Approach.**

With respect to bidding rounds, the Commission has proposed an activity upper limit such that after the first round of the auction, a bidder may submit bids with bidding units totaling up to an activity upper limit equal to the bidder’s current bidding eligibility for the round times a percentage equal to or greater than 100%.<sup>9</sup> The Commission proposes an initial activity upper limit of 120% and a range between 100% to 140% for subsequent rounds.<sup>10</sup> CenturyLink agrees with those commenters who have expressed concern with the Commission’s proposed activity

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<sup>7</sup> See, e.g., Comments of New America’s Open Technology Institute, p. 6 (opposing the Commission’s proposal for CMA-level bidding because the “proposal would distort the market – and effectively rig the auction in a manner, whether intended or not, that harms rural and small town consumers and firms”).

<sup>8</sup> Comments of the Competitive Carriers Association, p. 9.

<sup>9</sup> Public Notice, ¶ 45.

<sup>10</sup> *Id.*

upper limit of up to 140% of a bidder's current bidding eligibility.<sup>11</sup> As AT&T notes, the bidders most likely to take advantage of an activity upper limit above 100% are speculators, and this may result in a longer auction with higher prices that undermines efficient deployment of services using the licensed spectrum.<sup>12</sup>

CenturyLink agrees with Verizon's proposal to implement the "all-or-nothing" bidding option in lieu of the activity upper limit.<sup>13</sup> Verizon has explained that under this approach a reduction in demand is only applied if there is enough excess demand at that price point to apply the full reduction.<sup>14</sup> This would prevent an unintended loss of eligibility if a reduction in demand request cannot be fully processed.<sup>15</sup> If, however, the Commission is intent on the activity upper limit approach, CenturyLink agrees with Verizon that it should not be more than 110%.<sup>16</sup>

### **III. The Commission Should Use Percentage Price Clock Bidding but without a Dollar Cap on the Clock Price Increments.**

The Commission proposes to set the clock price for a round by adding a percentage increment to the start-of-round price.<sup>17</sup> The Commission also proposes to adopt a dollar cap on

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<sup>11</sup> Comments of AT&T Services, Inc., pp. 6-7 (filed Oct. 28, 2019); Comments of Verizon, p. 6 (filed Oct. 28, 2019).

<sup>12</sup> Comments of AT&T, p. 7.

<sup>13</sup> Comments of Verizon, p. 7.

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> *See, id.*

<sup>17</sup> Public Notice, ¶ 56.

the increment.<sup>18</sup> CenturyLink agrees with Verizon’s recommendation to forego the dollar cap because it is unnecessary and likely to slow down the auction.<sup>19</sup>

**IV. The Commission Should Take Steps to Speed the Auction Pace.**

CenturyLink also supports Verizon’s recommendation that the Commission speed the pace of the auction by increasing the number of bidding rounds that occur each day.<sup>20</sup> The Commission should ensure that bidders have sufficient time between rounds to review the results of the prior round and place their bids for the next round. The Commission’s experience with prior clock round auctions should inform how to best increase the pace of Auction 105.

**V. The Commission Should Adopt Its Proposed Additional Default Payment of 20% of the Defaulted Winning Bid.**

The Commission proposes an additional default payment of 20% of any defaulted bids for winning county-level bids.<sup>21</sup> CenturyLink supports this proposal for the reasons noted by the Commission and other commenters supporting the proposal.<sup>22</sup> CenturyLink agrees that “defaults

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<sup>18</sup> *Id.*

<sup>19</sup> Comments of Verizon, pp. 7-8.

<sup>20</sup> Comments of Verizon, pp. 8-9.

<sup>21</sup> Public Notice, ¶ 85.

<sup>22</sup> *Id.*; Comments of Verizon, p. 10.

weaken the integrity of the auction process and may impede the deployment of services to the public,” and that a higher percentage default payment may better ensure that bidders intend to use the licenses they are seeking.<sup>23</sup>

Respectfully submitted,

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<sup>23</sup> Public Notice, ¶ 85; *see also* Comments of Verizon, p. 10 (supporting a 20% default payment in order to discourage “[i]nsincere bidding and abuse of the auction process [which] distort[s] the competitive dynamics of the auction and harm[s] other bidders and the public interest”).