

**Before the
Federal Communications Commission
Washington, DC 20554**

In the Matter of)
)
Auction of Priority Access Licenses for the) AU Docket No. 19-244
3550-3650 MHz Band; Comment Sought on)
Competitive Bidding Procedures for Auction)
105; Bidding in Auction 105 Scheduled to)
Begin June 25, 2020)

REPLY COMMENTS OF CALIFORNIA INTERNET, L.P. DBA GEOLINKS

California Internet, L.P. DBA GeoLinks (“GeoLinks” or the “Company”) submits these Reply Comments in response to certain Comments filed on the Public Notice seeking public input on procedures to be used for the auction of Priority Access Licenses (“PALs”) in the 3550-3650 MHz band.¹

I. INTRODUCTION AND SUMMARY

GeoLinks commends the Commission on its efforts to open the 3550-3650 MHz band and release this valuable spectrum to the market for advanced services. However, as proposed in the Public Notice, some of the auction processes may have the unintended consequence of making the majority of the 3550-3650 MHz band (at least in certain markets) only obtainable by large companies with vast amounts of capital. As such, GeoLinks agrees with commenters that the Commission should reject its Cellular Market Area (“CMA”)-level bidding proposal and urges the Commission to refrain from imposing bidding credit caps on small and rural service providers.

¹ Public Notice, *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 19-244, FCC 19-96 (rel. Sept. 27, 2019) (“Public Notice”).

II. DISCUSSION

A. The Commission Should Refrain from Adopting CMA-Level Bidding

The vast majority of commenters agree with GeoLinks that CMA-level bidding should be rejected for a number of reasons. First, CMA-level bidding will disadvantage smaller bidders, a concept that the Commission has previously acknowledged. As DSA points out “the Commission explicitly acknowledged the harms of increasing the size of PAL areas beyond counties, stating that ‘the incremental benefit for 5G mobile use of going from counties to MSAs or PRAs would be far less than the incremental costs incurred by other potential users of the band.’”² Further, as NCTA points out, “the Commission explained that ‘increasing PAL license area size further...could disproportionately favor mobile use cases and hinder investment in innovative fixed networks and localized deployments.’”³ This is because CMA-level bidding may have the unintended consequence of driving up PAL prices for rural counties that fall within CMAs that encompass more metropolitan counties. As CCA explains, CMA-level bidding “risks distorting prices for less-densely populated counties subject to CMA bidding, and in so doing, could reduce auction participation and undermine investment and deployment by the very companies in the best position to improve wireless service in America.”⁴ This risk is clearly illustrated by RWA, which provides several examples in its comments to illustrate how “numerous rural counties...would be tied to pricier metropolitan package bid areas for which

² Comments of the Dynamic Spectrum Alliance, AU Docket No. 19-244 (filed Oct. 28, 2019) (“DSA Comments”) at 4, citing Report and Order, GN Docket No. 17-258 (Rel. Oct. 24, 2018) at para. 27.

³ Comments of NCTA – The Internet & Television Association, AU Docket No. 19-244 (filed Oct. 28, 2019) (“NCTA Comments”) at 4, citing *Promoting Investment in the 3550-3700 MHz Band*, Report and Order, 33 FCC Rcd. 10,598 (2018) at paras. 20 and 39.

⁴ Comments of the Competitive Carriers Association, AU Docket No. 19-244 (filed Oct. 28, 2019) (“CCA Comments”) at 4.

large and nationwide carriers would be competing, and therefore effectively unavailable to small and rural bidders.”⁵

Moreover, as WISPA and DSA explain, “CMA-level bidding will make it more challenging for companies that may desire to acquire PALs in rural counties that would be less desirable for large carriers looking to establish a larger geographic footprint of licenses,” which could “foreclose, or at least greatly diminish, the ability of competitive and smaller ISPs and other local entities to win PALs in the 172 CMAs.”⁶ Further, as Southern Linc explains, the CMA-level bidding proposal “undoubtedly provides a significant advantage to bidders with larger war chests than have an incentive to bid for larger areas in order to achieve economies of scale.”⁷ The result will be an auction that takes the band “further from its ‘Citizens’ roots,” as API notes.

Second, the Commission’s CMA-level bidding proposal is overly complex. While AT&T praises the Commission for offering bidders “the flexibility to bid utilizing two different market area structures,” the creation of two distinct auction processes and two distinct types of bidders may lead to confusion or a lack of participation in the auction. As Verizon explains, “the proposal for [CMA]-level bidding is not package bidding” and would add “unnecessary complexity to an already-complex auction.”⁸ While the Commission sites as a benefit to CMA-level bidding the ability to obtain “an aggregation of counties, rather than having to bid for the

⁵ Comments of the Rural Wireless Association, Inc., AU Docket No. 19-244 (filed Oct. 28, 2019) (“RWA Comments”) at 3-4; *see also* at 4-9.

⁶ Comments of the Wireless Internet Service Providers Association, AU Docket No. 19-244 (filed Oct. 28, 2019) (“WISPA Comments”) at 4 and DSA Comments at 5.

⁷ Comments of Southern Communications Services, Inc. dba Southern Linc, AU Docket No. 19-244 (filed Oct. 28, 2019) at 4.

⁸ Comments of Verizon Communications, Inc., AU Docket No. 19-244 (filed Oct. 28, 2019) at 2-3.

counties separately,”⁹ it fails to explain how this benefit (which will only really be a benefit for a few auction participants) will help further the goals of the Auction. As NCTA points out, auction complexity caused by the Commission’s CMA-level bidding proposal will have “unintended inefficiencies – including inhibiting price and demand discovery – without providing the correspondence benefit of reducing the overall number of potential biddable items.”¹⁰

Third, CMA-level bidding is simply not needed for bidders to obtain PALs across an aggregation of counties. As WISPA explains, “PALs in multi-county areas can be assembled through county-level bids that afford bidders greater flexibility to design bids in a way that does not include undesirable counties in the CMA-level bid.”¹¹ And as DSA explains, “large bidders have access to sophisticated auction resources to track auction progress and generate bids that they upload each round into the Commission’s bidding system.”¹² GeoLinks agrees with DSA that “the Commission’s CMA-level bidding proposal is a solution in search of a problem,” because “the Commission itself provides no justification for the proposal in the *Public Notice*.”¹³ As OTI explains, the proposal yields “no substantial benefits in reducing burdens for the Commission or even for the largest mobile carriers that set out to acquire PALs in every county in a CMA.”¹⁴ The fact is that CMA-level bidding is just not needed and could cause more harm than good.

⁹ Public Notice at para 29.

¹⁰ NCTA Comments at 3-4

¹¹ WISPA Comment at 3.

¹² DSA Comments at 11.

¹³ *Id.* at 10

¹⁴ Comments of the Open Technology Institute at New America, AU Docket No. 19-244 (filed Oct. 28, 2019) at 8.

For these reasons the Commission should refrain from adopting its CMA-level bidding proposal.

B. The Commission Should Not Establish Bidding Credit Caps

GeoLinks maintains its position that if the Commission truly wants to release “flexible-use mid-band spectrum to the market” in order to further “deployment of fifth-generation wireless, the Internet of Things, and other advanced spectrum-based services,” it must allow the playing field to remain level throughout the entire auction process and eliminate the bidding credit caps it proposes in the Public Notice.¹⁵ Specifically, GeoLinks urges the Commission to refrain from imposing bidding caps on could-be auction winners that may otherwise not be able to match the bidding power of large companies.

RWA asserts that caps are necessary because “in prior auctions, deep-pocketed applicants that nevertheless qualified as small businesses were able to freeze out the small and rural providers that actually serve the areas.”¹⁶ However, this argument does not actually explain why caps are needed or why they are the appropriate solution. It seems that instead of encouraging the Commission to adopt caps to ensure there is no gaming of the bidding credits in Auction 105, RWA should be asking the Commission to take steps necessary to ensure that small and rural providers are the ones receiving those credits. GeoLinks would agree with such an ask and urges the Commission to adopt safeguards to ensure that bidding credits only go to small and rural service providers that fall within the Commission’s intended definition. This will ensure that RWA’s concerns are addressed without hamstringing small and rural carriers in the Auction 105 process.

¹⁵ Public Notice at para. 1.

¹⁶ RWA Comments at 3.

For these reasons, GeoLinks urges the Commission to refrain from imposing caps of the amount of bidding credit a small business or rural service provider may receive. If the Commission does determine that bidding credit caps must be implemented, at a minimum, GeoLinks urges the Commission to increase them significantly.

III. CONCLUSION

For the foregoing reasons, GeoLinks urges the Commission to reject its CMA-level bidding proposal and refrain from imposing bidding credit caps on small and rural service providers.

Respectfully submitted,

California Internet, L.P. DBA GeoLinks

/s/ Skyler Ditchfield, Chief Executive Officer

/s/ Melissa Slawson, General Counsel/ V.P of Government
Affairs and Education

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