



December 4, 2017

**VIA ECFS**

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 Twelfth Street, SW, TW-B204  
Washington, DC 20554

**Subject:** *WC Docket No. 10-90*  
*Notice of Ex Parte Presentation -- Connect America Fund Phase II*

Dear Ms. Dortch:

On December 1, 2017, Hughes Network Systems ("Hughes") met with Jay Schwartz from the Office of Chairman Ajit Pai to discuss the Connect America Fund Phase II competitive bidding rules in the above-referenced docket. Hughes was represented by Jennifer A. Manner, Senior Vice President, Regulatory Affairs, and undersigned counsel. The discussion in the meeting followed the attached talking points, which were distributed during the meeting.

Please direct any questions regarding this filing to the undersigned.

Sincerely,

/s/  
Jennifer A. Manner  
Senior Vice President, Regulatory Affairs

cc: Jay Schwartz (email, w/ attach.)



## CAF Phase II Auction

December 1, 2017

### ENSURING THE COMMISSION'S AUCTION GOALS ARE ACHIEVED

- **The Commission should grant Hughes's petition for reconsideration and modify the bid-weighting matrix to align weights with the values that consumers actually place on speed, capacity and latency.**
  - As Hughes's demonstrated in its petition for reconsideration and as supported in the record, the weighting for each speed and capacity tier, and for latency, should be reasonable and not exceed 10 points each. US Telecom, ITTA and Verizon all advocated a more reasonable approach that reflects consumer values on these attributes.
  - The August 2017 Technology Policy Institute study demonstrates that consumers do not share the high values the FCC has placed on high speed and capacity or low latency.
  - The current bid weights will erect high barriers to participation, leading to a less-competitive auction. Without participation in the auction by non-fiber-based providers, the likely result is fewer rural Americans receiving service.
  - Changing the tier weights will not delay the auction because they are variables in the bid consideration formula.
- **If the Commission modifies the auction framework, it should add time-to-deployment to the bid weighting matrix, consistent with Hughes's July 10, 2017 filing.**
  - Time-to-deployment is just as important to consumers as speed, capacity, or latency, if not more. In addition, recognizing time-to-deployment also comports with the United States Government's own procurement practices that recognize a monetary benefit to obtaining access to goods and services sooner.

### SETTING APPROPRIATE AUCTION PROCEDURES

- **To the extent that they are consistent with past efficient and successful auction design strategies, the Commission's proposed auction procedures are sound. However, the FCC should not use this auction to test new elements.**
  - The FCC has not utilized package bidding previously in auctions. In this first-of-its-kind auction, utilizing package bidding would create additional complications that could negatively impact the outcome of this auction.
  - The FCC should enable broad latitude to switch geographic areas between rounds, as is supported in the record.
  - Consistent with the Commission's practice in prior auctions, the short-form showing should be consistent across bidder types and should be properly circumscribed for the preliminary round.
    - Prior auctions' short form requirements encouraged diverse and open participation of bidders by recognizing that there is no way to know what type of

bidder would value a given area the most. The Commission should not allow the introduction of unwarranted screens on the short form that would promote less diversity among bidders and contribute to an inefficient and less-successful auction.

- Spectrum-based applicants should not be required to submit propagation maps. It is infeasible to design a propagation map until the applicant knows what areas, if any, it has won.
- The FCC should not adopt an arbitrary requirement that requires only satellite or other wireless based service providers to identify the total capacity in their networks. Like other providers, satellite operators can build out or obtain additional capacity as needed.
- There is no legal basis for the Bureau, in the Auctions Procedures PN, to modify the MOS testing standard that the full Commission adopted in its Report and Order, and no public interest benefit for the Commission to do so elsewhere.
- The list of spectrum bands should be broadly inclusive, including V and Q bands for satellite providers, which are bands the FCC has recognized will be used for broadband satellite operators. In fact, Hughes has already begun construction of its next-generation broadband satellite system covering the United States in these bands.