

Application Processing Requirements:

- Agrees that a short form application, accompanied by the applicable filing fee, should be submitted with an auction bid but believes the long form application should only be required after a party submits the highest bid. (p. 15)
- Petition to deny procedures should be applied similar to those used in cellular lotteries. (p. 16)
- If a bidder becomes ineligible, the license should be issued to the next highest bidder. (p. 16)

CELLULAR SETTLEMENT GROUPS

Interest: Formed in September 1993 as a result of full-market settlements between applicants for the Houston, Dallas, Oxnard-Simi Valley-Ventura, and Huntington-Ashland cellular unserved areas. (1)

Specific Services:

- Commission has a well-established policy favoring full-market settlement of contested cellular applications. (6)
- Budget Act indicates that Congress intended the Commission to carry forward its existing cellular settlement policies. (7)
- Once the Cellular Settlement Groups filed their respective full-market settlements, their settled markets became ineligible for either a lottery or competitive bidding; because only a single application remains for each settled market, the Commission must designate the application as the tentative selectee for the area in accordance with its existing procedures. (9)
- Opposes reopening of filing window for pending Phase I unserved-area cellular applications. (11)
- Commission should process the Cellular Settlement Groups' pending full-market settlements during the pendency of this rulemaking. (12)

CELLULAR TELECOMMUNICATIONS INDUSTRY ASSOCIATION

Interest: Trade association of the cellular industry

Applicability of Competitive Bidding:

- Agrees that intermediate microwave links should be subject to competitive bidding. (31)

Bidding Methods:

- Endorses a spectrum auction design that uses "English" style oral ascending bid auctions to award individual licenses and uses sealed combinatorial bids to license larger geographic areas. Includes as an attachment an economic analysis from Dr. Marc Isaac regarding English and combinatorial auctions. (2, 7-12)
- Oral auctions are simple to administer. (7)

Sequence of Bidding:

- Bidding should proceed sequentially, not simultaneously. (3)
- In the PCS context, the FCC should begin with a combinatorial bid for the nationwide group in the A spectrum block. After posting of the winning combinatorial bid, all MTAs within this block would orally auctioned. The licensed would be awarded to the higher of the two sets of bids. The FCC should proceed in order through each spectrum block. Within each spectrum block, geographic regions should be licensed in descending order of population. (3-4, 23-24)

Combinatorial Bidding:

- Supports combinatorial bidding process, which FCC has full authority to adopt. (2, 9 n.19)
- The FCC should abandon the "best and final" offer refinement, and should instead conduct the sealed bid combinatorial auction for the larger geographic area within a spectrum block and post the winning combinatorial bid before conducting the individual English auctions for the constituent licenses in the block. Prior posting of the winning combinatorial bid will have the following effects:
 - foster greater participation in spectrum auctions, especially by small and medium-sized applicants, by serving as an implicit reservation bid;
 - expedite the auction process in many instances, for example by indicating to bidders early on that the posted combinatorial bid will prevail, thereby shortening

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the auction life cycle substantially;

- improve the likelihood that licenses will be assigned to the highest bidder and that bidders will reveal their maximum willingness to pay;
- avoid the "free rider" problem created by the "best and final" mechanism; and
- promote more aggressive bidding for individual licenses, thereby increasing government revenues. (3, 15-23)
- Combinatorial bidding should be used to combine only geography and not spectrum. Combinatorics would be used in PCS auctions only to offer nationwide licenses for MTA blocks A and B and MTA licenses for BTA blocks C through G. (4, 14-15)

Payment Methods:

- FCC should allow all bidders to purchase spectrum using installment payments with interest set at the prime rate plus one percent. (26 n.62)
- The FCC should retain the deposit of an auction winner that is unqualified, ineligible, or unable to pay its bid. (29-30)
- CTIA supports the proposed formula for calculating the upfront payment as well as the FCC's proposal to have the winning bidder tender promptly the difference, if any, between the upfront payment and 20% of the winning bid. The FCC should adopt a minimum upfront payment of \$5,000. (30)

Treatment of Designated Entities:

- The FCC has proposed appropriate measures to ensure that small businesses, rural telcos, and businesses owned by women and minorities are given the opportunity to participate in the provision of spectrum-based services, and concern that the overall proposals will favor those with deep pockets to the exclusion of these designated entities is unwarranted. (6)
- Supports the use of SBA's small business definition. Thus, a PCS applicant would qualify as a small business by showing that together with affiliates, and excluding affiliates, it has 1500 or fewer employees. (6 n.12)

Safeguards:

- The FCC does not need to adopt rules specifically prohibiting collusive conduct. Under the auction design advocated by CTIA, the potential for bidder collusion is minimized. Also, there are existing penalties under the Sherman Act that serve as adequate restraints on collusive behavior. (8-9)

Application Processing Requirements:

- FCC should abandon its proposed complex pre-auction application procedures, since these are not necessary in the auction context. Applicants should be required to file only a short form application (for the purpose of identifying mutual exclusivity) prior to the auction. Qualification assessments, verification of compliance with substantive rules, and any petitions to deny should be undertaken only with respect to auction winners. (4-5, 25-29)

Specific Services:

- Cellular unserved area applications filed prior to July 26, 1993, should be licensed via auctions. (31 n.78)
- In the case of point-to-point microwave, the number of mutually exclusive situations should be small but greenmail extortion may be a problem. The FCC thus should allow applicants to continue to use special temporary authorizations and temporary fixed authorizations to construct and operate intermediate microwave links at their own risk prior to grant of a permanent authorization, and adopt an extremely expedited schedule for auctioning intermediate links. (31-34)

CENTURY COMMUNICATIONS CORPORATION

Interest: Century operates cable television systems serving over 900,000 subscribers in 55 cable systems in 24 states and Puerto Rico. Century holds numerous licenses in the Cable Television Relay Service. It is also a majority shareholder of Centennial Cellular, the holder of several cellular telephone licenses.

Specific Services:

- FCC should require competitive bidding to award mutually exclusive licenses for DBS. (2)
- As either a common carrier or non-common carrier offering, DBS satisfies the FCC's requirements for allocation through competitive bidding. (8)
- Based on its similarities with MMDS and cellular service, the FCC should rule that DBS service is also subject to competitive bidding. (10-11)
- It would not be appropriate to award CARS licenses though competitive bidding. (12-18)

**CFW COMMUNICATIONS COMPANY, DENVER AND EPHRATA
TELEPHONE AND TELEGRAPH COMPANY, AND LEXINGTON
TELEPHONE COMPANY**

Interest: Small and rural telephone companies, with some cellular interests.

Payment Methods:

- Supports use of tax certificates. (3)
- Supports use of installment payments, with interest at prime plus 1% and with a payment period equal to the license term (10 years), for designated entities. Consortia with designated entity participants should receive benefit of installment payment plans to the extent of the level of equity participation by designated entities. (3)

Treatment of Designated Entities:

- A rural telephone company should be classified as a designated entity if it has less than 50,000 access lines. This definition is consistent with the applicable definition of a small telephone company under Section 61.39 of the Commission's Rules regarding tariff filing. (1)
- The 10,000 inhabitant standard could result in restrictions that are counter-intuitive and counter-productive. If the Commission prefers using a similar definition based on inhabitants in a community, the threshold should be increased to at least 25,000. (1-2)
- For small businesses, supports the SBA maximum size standard for the industry as the most logical determinant for this category. Under this standard, number of employees for the company and its affiliates relative to other entities in the industry is the determining factor. The alternative SBA standard based on \$6 million net worth (maximum) and average net income of \$2 million (maximum) is too low for a capital intensive venture like PCS. (2)
- If the FCC decides to have separate preferences for women and minorities, it should require such applicants to prove their status by submitting current certification issued by the state where the business is legally based. (2)
- Under current FCC rules, entities that might otherwise qualify as rural telcos or small businesses may be barred from bidding on the C block PCS spectrum because of their cellular holdings. This ban would be harmful to rural America, which does not necessarily need the same rules as urbanized areas. The FCC should allow all cellular carriers with less than 5% of nationwide POPs to bid for any BTA,

without restriction. At minimum, however, companies that otherwise qualify as designated entities should not be barred from bidding on a BTA if their percentage of nationwide POPs is below 5%. (2-3)

THE CHASE MCNULTY GROUP

Interest: Potential IVDS and/or PCS licensee.

Bidding Methods:

- Sealed bidding and sealed second-bid methods should be implemented by random method for each individual market area as well as group areas (i.e., IVDS licensing of market numbers 20-25 may be granted through oral bidding while 26-28 through sealed bid, 29-30 through sealed second-bid, etc.) (p. 1)
- In the case of sealed second bids where the highest bidder exceeds the highest losing bid by a large amount, the winning bidder should have to pay an adjusted amount equal to x percent of the highest losing bid. (p. 2)

Payment Methods:

- The FCC should require an upfront payment equal to 1 cent per MHz per pop in an individually licensed market, and for group licensing, an upfront payment equal to the sum of the upfront payments if each market was licensed individually and adjusted favorably for entities receiving preferential treatment. (p. 2)
- All upfront payments should be returned upon outcome of market bidding if the entity was not successful. (p. 2)

Treatment of Designated Entities:

- Believes small businesses that have the ability to prepare a bid package and perform to the FCC parameters set forth to promote economic opportunity and competition should be given preferential treatment and included in the field of applicants designated as small businesses and businesses owned by women, minorities, and rural telcos, with 50.1 percent of licensure awarded to these entities in a random fashion where the service area is designated a preferential treatment area via a random selection process. (p. 2)

Application Processing Requirements:

- Auction methodology for a particular service and service area should be executed by way of public notice 90 days in advance of the auction date; a 60 day notice of intention to bid should be required by an entity; and a 30 day notice of acceptable bidders should be issued by the FCC. (p. 1)

Specific Services:

- As IVDS, PCS, SMR and other services will offer public benefits, auction methodologies should take into consideration the small and large business entities competing as well as the best bidding methodology for the general public of a specific market area. (p. 2)

CHICKASAW TELEPHONE COMPANY

Interest: Small telephone company serving rural exchanges

Payment Methods:

- Urges the FCC to adopt an installment payment plan for eligible rural telephone companies proposing to serve a BTA that includes their certificated telephone service areas. (p. 6)
- Supports the FCC's proposal to: (1) issue tax certificates to those investing in the protected groups; (2) allow royalty payments for part of the bid; (3) allow protected entities to take advantage of "distress sale" situations; and (4) allow bid credits for protected groups. (p. 6)

Treatment of Designated Entities:

- Rural telephone company should be defined to include any telephone company predominantly serving "rural areas" (i.e., an exchange containing 10,000 inhabitants or less and no portion of an urbanized area) even if its certificated area incidentally includes a part of a community greater than 10,00 or an urbanized area. (pp. 3-4)
- The FCC should clarify that cellular ownership restrictions do not apply to spectrum blocks set aside for rural telephone companies and other protected groups identified by Congress. (pp. 4-5)
- Rural telephone companies should be allowed to form consortia with either wireline or nonwireline entities without losing the benefit of these protections. (pp. 6-7)
- Does not oppose SBAC's 51 percent equity and voting control test for minority and female-controlled entities but believes it should be modified for rural telephone companies to allow less than 50 percent equity if positive voting power is retained. (p.7)

CITIZENS UTILITY COMPANY

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Interest: Local exchange carrier

Treatment of Designated Entities:

- To be considered a "rural telephone company" for purposes of bidding on the two spectrum blocks set aside for designated entities, a LEC must (1) provide local exchange service to at least one community of 2500 or less that is completely within the BTA, and (2) provide local exchange service to no more than some specified percentage of the total population within the BTA (2-6).
- Installment payment, tax certificates and other special procedures should be available to LECs that qualify as a rural telephone company in a particular service area. These benefits should apply regardless of whether the block bid for is one set aside for designated entities (6-7).

Specific Services:

- BETRS licenses should not be subject to competitive bidding because (7-11):
 - BETRS does not involve mutually exclusive applications. The fact that BETRS shares spectrum with paging licensees is irrelevant for this assessment.
 - BETRS licensees generally do not receive compensation from subscribers for transmitting and receiving signals. Rather, BETRS customers are treated just like any other LEC ratepayer.

THE COALITION FOR EQUITY IN LICENSING

Interest: Unincorporated association of applicants with pending RSA or unserved area cellular applications before the Commission.

Specific Services:

- Cellular licenses should be allocated by lottery rather than auction as auctioning would constitute an impermissible retroactive application of administrative rules and law. (pp. 5-11)
- A reasoned application of the statutory auction criteria set forth in the Budget Act also leads to the conclusion that both RSA and unserved area applications should be licensed by lottery -- the technologies at issue are not new; auctions will result in a greater concentration of licenses and inhibit efficient and intensive use of the electromagnetic spectrum. (pp. 11-17)
- Sufficient notice to permit licensing of cellular applications by auction has not been provided. (pp. 17-18)

Interest: Law firm that represents a number of cellular unserved area applicants that filed applications in filing windows between March 10, 1993 and April 14, 1993 in reliance upon FCC rules in effect at that time.

Specific Services:

- The FCC should not auction pre-July 26, 1993 applications for cellular unserved area licenses. (3)
- If the FCC does decide to auction cellular unserved area licenses, participation should be limited to those who filed prior to July 26, 1993. (4)

WENDY C. COLEMAN D/B/A WCC CELLULAR

Interest: Cellular applicant for multiple unlicensed RSA markets

Specific Services:

- Cellular licenses should be allocated by lottery rather than auction as auctioning would constitute an impermissible retroactive application of administrative rules and law. (pp. 5-11)
- A reasoned application of the statutory auction criteria set forth in the Budget Act also leads to the conclusion that both RSA and unserved area applications should be licensed by lottery -- the technologies at issue are not new; auctions will result in a greater concentration of licenses and inhibit efficient and intensive use of the electromagnetic spectrum. (pp. 11-17).
- While all RSA markets should be licensed by lottery, the strongest case against licensing by auction is present in those RSA markets where lotteries have already been held as greater prejudice exists not only because selectees have a greater chance of becoming licensed in the absence of auctions, but also because they have invested more in prosecuting their applications to date. (pp. 17-18)

COMCAST CORPORATION

Interest: Telecommunications company active in development of new technologies, including PCS.

Applicability of Competitive Bidding:

- Principal use test could result in disparate treatment of functionally similar services; suggests basing "private service" determination on amount of traffic utilized for non-commercial use rather than on the use of average users; also suggests that licensees making commercial or "excess" capacity available to third parties be charged the value of spectrum for its use. (11-12)

Bidding Methods:

- Electronic bidding is the most efficient method for auctioning spectrum. (3)
- Due to short time available to implement auctions, oral bidding is most efficient method to auction PCS licenses; suggests establishing auction-site computerized system through which to conduct initial auctions. (3)

Sequence of Bidding:

- Supports sequential ascending bid auctions, beginning with most populous MTAs and ending with least populous MTAs. (10)

Combinatorial Bidding:

- Opposes use of combinatorial process for PCS auctions at the MTA level; combinatorial bidding at this level will lead to market inefficiencies and will prevent the party who most values a license from receiving it. (4-7)
- If Commission does adopt combinatorial bidding, it must adopt strict safeguards to protect the public interest. (8)
- If Commission wishes to test a dual method auction utilizing combinatorial bidding, it should test such bidding for all PCS BTAs in a particular MTA; this method avoids many of the shortcomings of nationwide competitive bidding. (9)

Application Processing Requirements:

- Supports proposed application, bidding and licensing requirements. (16)
- Suggests clarification that engineering and site specific information need not be submitted prior to auction. (16)
- Recommends requiring auction applicants to confirm that appropriate wireless engineering expertise will be available if licenses are won. (16)
- Suggests that participants who submit bids on Block A spectrum be considered as bidding on Block B if their initial bid is unsuccessful. (17)
- Suggests adoption of substantial upfront payments to qualify for participation; if winning bidder is unqualified, Commission should retain the upfront payment; unsuccessful bidders should receive refunds within 90 days after auction is concluded. (18)

Specific Services:

- Opposes use of competitive bidding for SMR services within the 800 MHz frequency band; SMR spectrum is not suited to auctions, and does not fall within Commission's competitive bidding authority. (13)
- Opposes use of competitive bidding in context of particular intermediate links used to deliver services to the public, such as point-to-point microwave services. (14-15)

COMSAT CORPORATION

Interest: COMSAT World Systems and COMSAT Mobile Systems are the U.S. signatories to the International Telecommunications Satellite Organization ("INTELSAT") and the International Maritime Satellite Organization ("INMARSAT"). (1)

Specific Services:

- The extension of competitive bidding to international fixed satellite services ("FSS") and mobile satellite services ("MSS") systems would have severe negative repercussions. (3)
- COMSAT serves pursuant to statute as the sole U.S. participant in INTELSAT and INMARSAT, so it is not a "licensee" or an entity subject to "mutually exclusive" application procedures under the meaning of the NPRM. (4)
- Any attempt to apply auctions to the U.S. portion of an international satellite communications system would create an uneven playing field for U.S. competitors. The U.S. auction winner would be forced to invest more up front capital than its foreign competitors. (5)
- Moreover, other countries could follow the U.S. lead in auctioning MSS/FSS applications, driving up the cost of operating a satellite facility beyond the point of economic feasibility. International auctions could negatively impact the international allocation process administered by the ITU. (5)
- Because of the nature of satellite communications, the FCC has historically avoided the use of a lottery system to allocate satellite licenses because of the small number of competitors and the large amount of capital investment needed. Therefore, the FCC has tried to discourage mutual exclusivity and encourage negotiation and spectrum sharing to expedite new satellite services. There is language in the Budget Act and the House Report (Big Leo Proceeding) to encourage coordination and negotiation. The Commission should follow this precedent and reject the auction process for licensing international satellite systems.

COMTECH ASSOCIATES, INC.

Interest: Concerned that competitive bidding will result in the concentration of licenses in a small number of companies.

Bidding Methods:

- Oral auctions may lead to concentration of desirable licenses in a few firms; Commission should experiment with sealed-bid, sealed second-bid and Dutch auctions to determine which method will best promote diversity of ownership. (2)

Combinatorial Bidding:

- Commission should determine most efficient market area for award of license, and auction licenses only for individual market areas; combinatorial bidding should be used only for services such as PCS where nationwide licenses are more efficient than individual licenses. (2)

Payment Methods:

- Supports deferred payment mechanism together with a distress sale provision for small businesses. (3)

Safeguards:

- Certain large service providers should be required to divest competing delivery services in order to acquire a license for a new service in a territory already serviced by that company. (3)
- Placing restrictions on competing delivery services is a more efficient means of insuring system development than imposing performance requirements. (3)

Specific Services:

- Diversity considerations are appropriate for local multipoint distribution services ("LMDS") because they will carry programming similar to existing broadcast and cable operations. (3)

CONVERGING INDUSTRIES

Interest: Not indicated

Treatment of Designated Entities:

- Supports effort to create opportunity for small businesses, rural telephone companies, and businesses owned by women and minorities to participate in the competitive bidding process. However, rather than setting aside spectrum for these groups, recommends that the FCC request that bidders establish and maintain market-driven programs to encourage small, minority, women-owned businesses, and rural telephone companies to provide products and value-added services to the new licensees (1-3).

Other:

- Supports release of spectrum for emerging technologies that will support our nation's ability to communicate efficiently and effectively, enhancing our global competitiveness (1).

COOK INLET REGION, INC.

Interest: A regional corporation established by Congress under the Alaska Native Claims Settlement Act

Payment Methods:

- The FCC should ensure that only serious and qualified bidders participate in spectrum auctions by employing strict financial qualification standards similar to those imposed in cellular RSAs and applying them to all applicants (including designated entities) (44-46).
- Supports proposals for a substantial up-front payment to enter an auction and prompt payment of a deposit on any licenses awarded in the auction, retention of these payments if winner is later found unqualified, and disqualification of such an applicant from future FCC licensing proceedings (46-47).
- Supports the use of installment payment plans with low fixed rate interest for designated entities. Opposes the use of a royalty plan because it would be too costly and intrusive to administer (47-48).

Treatment of Designated Entities:

- The proposed minority preferences are constitutional under Metro Broadcasting as (1) the Congressional goal of providing economic opportunity for minorities is supported by adequate congressional findings and has been found before to be an important governmental purpose; and (2) the proposed preferential measures are substantially related to the achievement of the Congressional goal since ensuring minority participation in the provision of telecommunications services will provide them with economic opportunity (7-19).
- The FCC should open set-aside spectrum to general bidding where no qualified designated entity applies (18).
- To ensure the benefits of these preferences flow only to designated entities, the FCC must adopt strict eligibility requirements and anti-sham provisions (19-25).
- Supports FCC proposal that "minority" include only "those of Black, Hispanic Surnamed, American Eskimo, Aleut, American Indian and Asiatic American extraction" (19).

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- In order to qualify for a minority preference, applicants should meet the following criteria (19-25):
 - minorities must have clear structural control (51% voting control or bona fide general partner status);
 - minorities must have a minimum equity stake of 20%;
 - the minority's equity stake must not be subject to provisions that bring the minority's involvement into question;
 - the applicant must disclose how it meets each of these tests; and
 - the applicant must certify that it meets the eligibility test and be subject to civil, criminal and administrative sanctions if the certification is found to be false.
- The FCC should adopt a wide array of minority preference measures to satisfy the Congressional mandate (25-34).
 - Supports concept of set-asides. However, to avoid creating a "spectrum ghetto" in the proposed 20 MHz and 10 MHz PCS set-aside blocks (as such blocks may not be technically or economically viable), the FCC must permit combinatorial bidding on the set-aside blocks, authorize designated entities to aggregate a 20 MHz block with a 30 MHz block or with blocks held by in-region cellular operators, and consider reclassifying the 20 MHz block for MTA service (25-30).
 - Supports bidding preferences for designated entities in non-set-aside blocks and suggests discounting the price payable by a designated entity by a predetermined factor based upon the degree of minority participation in the entity (30-32).
 - Supports FCC proposal to offer installment payment plans to designated entities. However, the FCC should require a short repayment term (e.g., 5 years) to discourage speculation, and should employ a low interest rate so as not to make money off loans to minorities (32-34).

- Supports proposal to employ tax certificates in the context of spectrum auctions (34).
- The FCC should not limit designated entity preferences to small businesses to avoid potential challenges to race or gender-based preferences as this would contravene the Congressional mandate to offer preferences to all the enumerated groups (34-37).
 - However, if the FCC decides not to offer preferences to minorities and women because of constitutional concerns, it can satisfy legislative intent by establishing preferences for disadvantaged entities (37-40).
- The application of installment plan preferences and tax certificate policies should apply to both set-aside and non-set-aside spectrum blocks (40-42).
- Preferential measures for rural telephone companies should be limited to bids for licenses in their specific operating areas (42-43).
- Supports proposal to apply preferences to transactions involving minority-inclusive consortia as this will encourage non-minority firms to form partnerships with minority firms (43).

Safeguards:

- Supports two-year anti-trafficking restriction on spectrum awarded to designated entities, but recommends that the restriction be waived for sales to other designated entities. Such a restriction would be easier to implement than the FCC's proposed financial disincentives (49-53).

CORPORATE TECHNOLOGY PARTNERS

Interest: A small business and PCS "innovator;" established the first PCS company in the U.S. and inventor of certain PCS technologies.

Bidding Methods:

- Oral bidding should be used for all BTA bidding in the small business/minority/women/rural telco set-aside bands. (1-2)
- If a small/minority/women owned or rural telco business wants a group of C and/or D band BTA licenses, it should be required to bid orally for each of these licenses as they are auctioned. (2)
- Having sealed bids for groups of licenses may make sense for large businesses bidding on MTAs or the E, F, or G bands. (2)

Sequence of Bidding:

- Sequence should be as follows: bidding for MTAs, in descending order by POP size with the highest two bids winning the A and B MTA licenses; then bidding for the 20 MHz C band BTA licenses in descending order by POP size; then bidding for the G band BTA licenses in descending order by POP size; then bidding for the E and F band BTA licenses together in descending order by POP size with the highest two bids winning the E and F band licenses; then bidding for the D band BTA licenses in descending order by size. (5)

Payment Methods:

- Small businesses should be allowed to use installment payments with interest at one percent over prime as proposed by FCC. The installment payment period should be 10 years, the same length as the license. (5)
- In the event a licensee is unable to make an installment payment, there should be a four month grace period allowing the licensee to seek approaches for financial restructuring and payment of past due installments. During this period, the licensee may make a distress sale to a small/minority/women/rural telco business, at no more than 75% of appraised license value. If, at the end of that four month period, the past due installment payments have not been made, the FCC will have the option of reauctioning the license. Buyers in distress sale and bidders at reauction will be required to take over all installment payments due the government. In the case of a reauction, any amounts received by the government over and above the past due installment payments should be paid to the defaulting

license holder. (5-6)

- Supports the upfront payment based on \$.02 per megahertz per POP; upfront payments should be promptly returned to losing bidders. There should be a minimum upfront payment of \$5,000 per application. For small businesses, upfront payments should be returned to the extent they exceed 10% of the winning auction bid. (8)
- Winning bidders that are small businesses should be able to use installment payments for the winning bid deposit. For small businesses, the deposit should be 10%. Winning bidders that are larger companies should be required to tender the 20% deposit immediately. (8)

Treatment of Designated Entities:

- A 10% credit in the form of a bidding discount should be given as an "innovator's bidding preference" to small/minority/women/rural telco owned business that are also PCS innovators. Qualifying PCS innovators should be defined as those small/minority/women/rural telco owned businesses that are among the 56 companies listed in the FCC's PCS Tentative Decision and Memorandum Opinion and Order on Pioneer's Preference. (2-4)
- In the bidding, the PCS innovator should be allowed to use the 10% discount only in twenty BTA bid groups (a bid group is one 20 MHz BTA for an area, or a 20 MHz BTA plus one or more 10 MHz BTAs for the area, or one or more 10 MHz BTAs for the same area). This should allow the PCS innovator to win at least one license while restricting the PCS innovator to a reasonable number of wins. (4)
- If the PCS innovator chooses to form a bidding consortium, the consortium would be entitled to the 10% discount only if at least 20% of its members are PCS innovators and the consortium is composed totally of small businesses and businesses owned by minorities, women and rural telcos. For each PCS innovator member of such a consortium, the consortium would be allowed to bid on 20 BTA areas with a 10% discount on each of those BTA bids. (4)
- Small businesses should be defined as businesses with no more than \$6 million in net worth with average after tax net income of less than \$2 million for the preceding two years and less than 500 employees. (6)
- For a small business or minority or women owned business to qualify for auctions, it should meet the following minimum