

EX PARTE OR LATE FILED

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December 1, 1993

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W. Room 222  
Washington, D.C. 20554

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DEC 1 1993

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Cellular  
Telecommunications  
Industry Association  
1133 21st Street, NW  
Third Floor  
Washington, DC 20036  
202-785-0081 Telephone  
202-785-0721 Fax

Building The  
Wireless Future

Re: Ex Parte Filing  
PP Docket No. 93-253 (Competitive Bidding)

Dear Mr. Caton:

On Wednesday, December 1, 1993, the Cellular Telecommunications Industry Association ("CTIA") sent the attached letter, transmitting the Reply Comments filed by CTIA regarding PP Docket No. 93-253 (Competitive Bidding or Spectrum Auctions), to the FCC staff listed below.

Daniel Abeyta  
Rudy Baca  
Beverly Baker  
Andrew Barrett  
Thomas Beers  
Lauren Belvin  
James Bennett  
Karen Brinkmann  
Kelly Cameron  
John Cimko  
Jonathan Cohen  
Rodney Small  
Randy Coleman  
Robert Corn-Revere  
Diane Cornell  
Ruth Dancey  
Ervin S. Duggan  
Brian Fontes  
Bruce Franca  
David Furth  
Bart Gorman  
Sheldon Guttman  
Ralph Haller  
Jeffrey Hoagg  
John Hollar  
Reed Hundt  
Stevenson Kaminer  
Kimberly King  
Evan Kwerel

Blair Levin  
Kathy Levitz  
Renee Licht  
Byron Marchant  
Steve Markendorff  
Roland Martin  
Geraldine Matise  
Maura McGowan  
Ruth Milkman  
Tom Mooring  
Kent Nakamura  
Linda Oliver  
Myron Peck  
Dr. Robert Pepper  
James Quello  
David Reed  
Jill Ross-Meltzer  
Sarah Siedman  
David Siddall  
Richard Smith  
David Solomon  
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Mr. Caton  
December 1, 1993  
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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

The views expressed in this document reflect CTIA's position as previously filed in these proceedings.

If there are any questions in this regard, please contact the undersigned.

Sincerely,



Robert F. Roche

Enclosure

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY  
December 1, 1993



**CTIA**

Cellular  
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**Building The  
Wireless Future**

**Thomas E. Wheeler**  
President/CEO

Commissioner Andrew C. Barrett  
Federal Communications Commission  
1919 M Street, N.W. Room 826  
Washington, D.C. 20554

Re: Ex Parte Filing  
PP Docket No. 93-253  
Competitive Bidding

Dear Andy:

On Tuesday, November 30, 1993, the Cellular Telecommunications Industry Association ("CTIA") filed its Reply Comments regarding the Commission's proposed rules for Competitive Bidding for spectrum, PP Docket No. 93-253.

CTIA believes the Commission should adopt practical mechanisms that will work most efficiently as a means of auctioning spectrum, that will best foster the swift deployment of Personal Communications Services (PCS), and that create new jobs and investment while providing opportunities for small, rural, women and minority-owned businesses to participate in providing wireless communications services.

CTIA believes that the record in this proceeding demonstrates that English oral auctions are the most appropriate and effective means of achieving these goals.

The Commission should conduct the auction sequentially, starting with BTAs, and should allow geographical combinations to be driven by the auction process. Furthermore, all qualified entities should be allowed to bid for any PCS license without restriction, subject to certification that they will promptly bring their systems into compliance with the Commission's PCS rules and eligibility restrictions. Specifically, cellular-affiliated companies should be permitted to bid for any PCS license.

The Commission also should open the sealed combinatory bids before conducting the open auction, allowing bidders to benefit from the information and avoid fruitless bidding, and eliminating the need for a supplemental round of oral bidding.

This will maximize participation in the PCS auctions, and recognize the truism that "the parties that value licenses the most should generally best serve the public and make rapid and efficient use of the spectrum."

As CTIA has previously noted in this proceeding, its position is based on three principles: (1) Creating a fast and efficient process, (2) Encouraging participation in the auctions, and (3) Establishing a fair market price for consumers.



To summarize, CTIA recommends the following:

- **Replace the rigorous, proposed pre-auction procedural rules with streamlined procedures to increase bidder participation in spectrum auctions.** CTIA proposes eliminating much of the pre-auction paperwork and procedures that will slow down the process. Many of the procedures, initially developed in the context of comparative hearings and lotteries to guard against investment speculators, are made obsolete by the auction process.
- **Establish the value of the whole before auctioning the parts.** The FCC's proposal establishes a "surprise ending" to the auctions by waiting until the oral auctions are completed before opening a sealed bid for all those licenses combined. CTIA proposes just the opposite: establish the value of the combined auctions first by opening the sealed bids and announcing the winning combinatory bid before the oral auctions. Knowing the value of the whole will determine whether or not many bidders participate in the oral auction. It makes no sense to waste the time and resources of both businesses and the government with numerous oral auctions which could be "trumped" by a surprise sealed combinatory bid.
- **Eliminate the need for re-auctions.** Under the FCC proposal, if the surprise sealed combinatory bid is larger than the sum of the winning oral auction bids, the Commission contemplates throwing the process into an additional round of "best and final" bidding. There is no need to conduct an additional auction! If the price of the combined areas is known at the outset, the oral auction can move swiftly and be done only once. It also reduces the opportunity for collusion.
- **Don't mix apples and oranges among spectrum blocks.** The auction should be conducted one block of spectrum (A through G) at a time. Once the entire block in each license area has been auctioned, then go on to the next block. Don't jump back and forth among various spectrum blocks.
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Letter to Andrew C. Barrett  
December 1, 1993  
Page 3

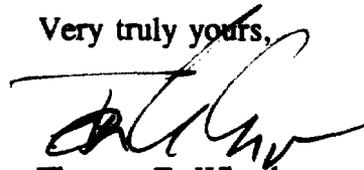


- **Use combinatory bids to combine geography; and bidding on spectrum blocks to combine spectrum.** To have a workable process, the combinatory process should be limited to geographic license areas. The ability to combine spectrum already exists through the ability to bid on multiple blocks (A through G). Using the combinatorial process for both geography and spectrum would result in three-dimensional bidding which would exclude all but those with access to the most sophisticated modeling. The goal of the auction should be to proceed in the simplest, most straightforward way possible. If a bidder wants a larger geographic area, it can bid for combined licenses. If a bidder wants a larger spectrum allotment, it can bid on multiple blocks (A through G) in individual auctions.
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CTIA also supports the FCC's proposal to implement a system of spectrum auctions which retains the deposit of an auction winner who proves to be unqualified, ineligible, or unable to pay the bid, as the best method for deterring frivolous and ill-conceived applications.

Adoption of these proposals will generate greater government revenues and increase auction efficiency.

Very truly yours,



Thomas E. Wheeler

Enclosures



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December 1, 1993

Chairman Reed Hundt  
Federal Communications Commission  
1919 M Street, N.W. Room 802  
Washington, D.C. 20554

Re: Ex Parte Filing  
PP Docket No. 93-253  
Competitive Bidding

**Building The  
Wireless Future**

Thomas E. Wheeler  
President/CEO

Dear Mr. Chairman:

On Tuesday, November 30, 1993, the Cellular Telecommunications Industry Association ("CTIA") filed its Reply Comments regarding the Commission's proposed rules for Competitive Bidding for spectrum, PP Docket No. 93-253.

CTIA believes the Commission should adopt practical mechanisms that will work most efficiently as a means of auctioning spectrum, that will best foster the swift deployment of Personal Communications Services (PCS), and that will create new jobs and investment while providing opportunities for small, rural, women and minority-owned businesses to participate in providing wireless communications services.

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This will maximize participation in the PCS auctions, and recognize the truism that "the parties that value licenses the most should generally best serve the public and make rapid and efficient use of the spectrum."

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Very truly yours,

Thomas E. Wheeler

Enclosures



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1133 21st Street, NW  
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December 1, 1993

Commissioner James H. Quello  
Federal Communications Commission  
1919 M Street, N.W. Room 802  
Washington, D.C. 20554

Re: Ex Parte Filing  
PP Docket No. 93-253  
Competitive Bidding

**Building The  
Wireless Future .**

**Thomas E. Wheeler**  
President/CEO

Dear Jim:

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Very truly yours,

Thomas E. Wheeler

Enclosures



December 1, 1993

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1133 21st Street, NW  
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Commissioner Ervin S. Duggan  
Federal Communications Commission  
1919 M Street, N.W. Room 832  
Washington, D.C. 20554

Re: Ex Parte Filing  
PP Docket No. 93-253  
Competitive Bidding

**Building The  
Wireless Future**

**Thomas E. Wheeler**  
President/CEO

Dear Ervin:

On Tuesday, November 30, 1993, the Cellular Telecommunications Industry Association ("CTIA") filed its Reply Comments regarding the Commission's proposed rules for Competitive Bidding for spectrum, PP Docket No. 93-253.

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Thomas E. Wheeler

Enclosures



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1133 21st Street, NW  
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December 1, 1993

Dr. Robert Pepper  
Chief, Office of Plans & Policy  
Federal Communications Commission  
1919 M Street, N.W. Room 822  
Washington, D.C. 20554

Re: Ex Parte Filing  
PP Docket No. 93-253  
Competitive Bidding

**Building The  
Wireless Future -**

**Thomas E. Wheeler**  
President/CEO

Dear Bob:

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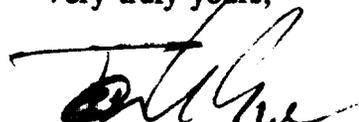


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Dr. Thomas Stanley  
Chief Engineer  
Federal Communications Commission  
2025 M Street, N.W. Room 7002  
Washington, D.C. 20554

Re: Ex Parte Filing  
PP Docket No. 93-253  
Competitive Bidding

**Building The  
Wireless Future**

Thomas E. Wheeler  
President/CEO

Dear Tom:

On Tuesday, November 30, 1993, the Cellular Telecommunications Industry Association ("CTIA") filed its Reply Comments regarding the Commission's proposed rules for Competitive Bidding for spectrum, PP Docket No. 93-253.

CTIA believes the Commission should adopt practical mechanisms that will work most efficiently as a means of auctioning spectrum, that will best foster the swift deployment of Personal Communications Services (PCS), and that create new jobs and investment while providing opportunities for small, rural, women and minority-owned businesses to participate in providing wireless communications services.

CTIA believes that the record in this proceeding demonstrates that English oral auctions are the most appropriate and effective means of achieving these goals.

The Commission should conduct the auction sequentially, starting with BTAs, and should allow geographical combinations to be driven by the auction process. Furthermore, all qualified entities should be allowed to bid for any PCS license without restriction, subject to certification that they will promptly bring their systems into compliance with the Commission's PCS rules and eligibility restrictions. Specifically, cellular-affiliated companies should be permitted to bid for any PCS license.

The Commission also should open the sealed combinatory bids before conducting the open auction, allowing bidders to benefit from the information and avoid fruitless bidding, and eliminating the need for a supplemental round of oral bidding.

This will maximize participation in the PCS auctions, and recognize the truism that "the parties that value licenses the most should generally best serve the public and make rapid and efficient use of the spectrum."

As CTIA has previously noted in this proceeding, its position is based on three principles: (1) Creating a fast and efficient process, (2) Encouraging participation in the auctions, and (3) Establishing a fair market price for consumers.



To summarize, CTIA recommends the following:

- **Replace the rigorous, proposed pre-auction procedural rules with streamlined procedures to increase bidder participation in spectrum auctions.** CTIA proposes eliminating much of the pre-auction paperwork and procedures that will slow down the process. Many of the procedures, initially developed in the context of comparative hearings and lotteries to guard against investment speculators, are made obsolete by the auction process.
- **Establish the value of the whole before auctioning the parts.** The FCC's proposal establishes a "surprise ending" to the auctions by waiting until the oral auctions are completed before opening a sealed bid for all those licenses combined. CTIA proposes just the opposite: establish the value of the combined auctions first by opening the sealed bids and announcing the winning combinatory bid before the oral auctions. Knowing the value of the whole will determine whether or not many bidders participate in the oral auction. It makes no sense to waste the time and resources of both businesses and the government with numerous oral auctions which could be "trumped" by a surprise sealed combinatory bid.
- **Eliminate the need for re-auctions.** Under the FCC proposal, if the surprise sealed combinatory bid is larger than the sum of the winning oral auction bids, the Commission contemplates throwing the process into an additional round of "best and final" bidding. There is no need to conduct an additional auction! If the price of the combined areas is known at the outset, the oral auction can move swiftly and be done only once. It also reduces the opportunity for collusion.
- **Don't mix apples and oranges among spectrum blocks.** The auction should be conducted one block of spectrum (A through G) at a time. Once the entire block in each license area has been auctioned, then go on to the next block. Don't jump back and forth among various spectrum blocks.
- **Auction licenses by descending order of population.** Not only will the largest market areas produce the fastest and largest payment to the Treasury, they will also create the framework for the establishment of values in the less populous areas. For example, the value of a smaller population area will be determined by (a) the value established for the larger area, and (b) who won the bid on the larger area, *i.e.*, whether or not a company has won the populous "hub" of a region will affect its valuation of the outlying areas.

Letter to Dr. Tom Stanley  
December 1, 1993  
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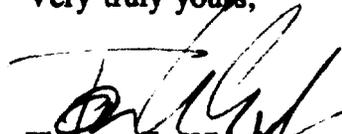


- **Use combinatory bids to combine geography; and bidding on spectrum blocks to combine spectrum.** To have a workable process, the combinatory process should be limited to geographic license areas. The ability to combine spectrum already exists through the ability to bid on multiple blocks (A through G). Using the combinatorial process for both geography and spectrum would result in three-dimensional bidding which would exclude all but those with access to the most sophisticated modeling. The goal of the auction should be to proceed in the simplest, most straightforward way possible. If a bidder wants a larger geographic area, it can bid for combined licenses. If a bidder wants a larger spectrum allotment, it can bid on multiple blocks (A through G) in individual auctions.
- **Do not use competitive bidding for "intermediate links."** CTIA agrees with the near-unanimous opposition to the use of auctions for licensing intermediate radio links used as part of a larger service offered for compensation e.g., point-to-point microwave links that are part of a cable television station. Based on the recent clarification of congressional intent by Rep. John Dingell, CTIA agrees that such auctions would be inappropriate.

CTIA also supports the FCC's proposal to implement a system of spectrum auctions which retains the deposit of an auction winner who proves to be unqualified, ineligible, or unable to pay the bid, as the best method for deterring frivolous and ill-conceived applications.

Adoption of these proposals will generate greater government revenues and increase auction efficiency.

Very truly yours,



Thomas E. Wheeler

Enclosures