

EX PARTE OR LATE FILED

DOCKET FILE COPY ORIGINAL



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

January 11, 1994

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

Building The  
Wireless Future ..

RECEIVED

JAN 11 1994

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

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

Dear Mr. Caton:

On Monday, January 10, 1994, Michael Altschul, Vice President and General Counsel of the Cellular Telecommunications Industry Association ("CTIA"), met with John Cimko and Myron Peck of the Common Carrier Bureau's Mobile Services Division, and provided them with a copy of the attached summary of CTIA's position in the above-referenced docket. The views expressed in this meeting reflected the position set forth in CTIA's comments in this proceeding.

Pursuant to section 1.1206(a)(1) of the Commission's rules, an original and one copy of the instant filing are being filed with your office.

If there are any questions concerning this submission, please contact me at (202) 785-0081.

Sincerely,

  
Michael Altschul

Attachment

cc: John Cimko  
Myron Peck

No. of Copies rec'd 0  
List ABCDE

RECEIVED

JAN 11 1994

BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C.

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of )  
 )  
Implementation of Sections 309(j) ) PP Docket 93-253  
of the Communications Act )  
 )  
Competitive Bidding )

Ex Parte Presentation  
of the  
Cellular Telecommunications Industry Association

CTIA's 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 foster the swift deployment of PCS, the Commission should adopt practical mechanisms that will work most efficiently as a means of auctioning spectrum. 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 auctions 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.

To 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," the FCC 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.

CTIA recommends that the FCC:

- **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.

- **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 cellular system. 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.