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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
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In the Matter of)
)
Implementation of Section 309(j) of)
the Communications Act - Competi-)
tive Bidding)
)
Auctions for PCS Block F Licenses)

PP Docket No. 93-253

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COMMENTS

BellSouth Corporation, BellSouth Wireless, Inc., and BellSouth Personal Communica-
tions, Inc. (collectively "BellSouth") hereby submit comments regarding the auctioning of PCS
licenses for the C, D, E, and F blocks in response to the Commission's December 23, 1994
Public Notice entitled "FCC Announces Short Form Date of 493 Licenses Located in the C
Block." Specifically, BellSouth supports separating the C and F block auctions and urges the
Commission to auction F block licenses along with D and E block licenses in a simultaneous
multiple round auction.

I. Licenses For The C And F Blocks Should Be Auctioned Separately

BellSouth supports the Commission's belief that "it is preferable to auction the C and F
entrepreneurs' block licenses separately."¹ The combination of the C and F blocks into a single
auction would result in auctioning 986 licenses of different spectrum sizes simultaneously --
undoubtedly the largest and most complex auction in history. C block licenses are unique,

¹ FCC Public Notice, "FCC Announces Short Form Date For 493 BTA Licenses Located
In The C Block," released Dec. 23, 1994 ("Public Notice"). *Accord Implementation of
Section 309(j) of the Communications Act - Competitive Bidding*, PP Docket No. 93-253,
Memorandum Opinion and Order, 59 Fed. Reg. 64159, 64160 (1994).

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however, and should be auctioned separately from any other block. Unlike the D, E, and F blocks, which are comprised of 10 MHz BTA licenses, the C block is comprised of 30 MHz BTA licenses. Given the size disparity between the C and F block, these blocks are unlikely to be interdependent and, thus, they should not be auctioned together.²

Additionally, by separating the C and F blocks into different auctions, licenses of similar value will be grouped together. The A and B blocks, which are the largest unrestricted blocks, likely will be the most valued. Similarly, it is likely that the 30 MHz C block will be valued more highly than the 10 MHz D, E, and F blocks. Accordingly, BellSouth supports the Commission's determination that the C block licenses should be auctioned separately from all other PCS licenses.

II. The D, E, And F Blocks Should Be Combined Into Simultaneous Multiple Round Auctions

Although BellSouth supports the Commission's determination that C and F block licenses should be auctioned separately, it urges the Commission to auction the D, E, and F blocks together in a single simultaneous multiple round auction. For narrowband PCS licensing, the Commission decided to use simultaneous multiple round auctions because of the significant interdependence and relatively high value, on an aggregate basis, of the licenses.³ These factors warrant the use of a simultaneous multiple round auction for the D, E, and F block licenses; the

² *Implementation of Section 309(j) of the Communications Act - Competitive Bidding*, PP Docket No. 93-253, *Fifth Report and Order*, 59 Fed. Reg. 37566, 37572 (1994) ("*Fifth Report*") ("highly interdependent licenses should be grouped together and put up for bid at the same time in a multiple round auction").

³ *Implementation of Section 309(j) of the Communications Act - Competitive Bidding*, PP Docket No. 93-253, *Third Report and Order*, 9 FCC Rcd. 2941, 2943, 2952 (1994) ("*Third Report*").

licenses are the same size, likely are substitutable for one another, and may be aggregated into a 30 MHz system. Additionally, use of a simultaneous multiple round auction will “provide information crucial to small and mid-sized firms in developing bidding strategies for interdependent licenses.”⁴ Accordingly, the Commission should use simultaneous multiple round bidding to award PCS licenses for the D, E, and F blocks.

A. If D, E, and F Block Licenses Are Auctioned Together, The Commission Should Make Clear That Designated Entities Only Will Receive Preferences For F Block Licenses

Although the public interest would be served by auctioning D, E, and F block licenses together, the Commission should not allow designated entities to use preferences, such as bidding credits and installment payments, when bidding on D and E block licenses. Designated entity preferences were limited to select blocks during the narrowband PCS auction and nothing in the record supports the broad application of preferences to broadband PCS licenses on the D and E blocks.⁵ The Commission has previously recognized that preferences provided to designated entities should be narrowly tailored to meet the Congressional objective of ensuring that designated entities have the opportunity to participate in broadband PCS.⁶ Providing preferences for designated entities bidding on the entrepreneurs’ blocks meets this objective.

⁴ *Third Report*, 9 FCC Rcd. at 2948.

⁵ *Implementation of Section 309(j) of the Communications Act - Competitive Bidding*, PP Docket No. 93-253, *Fifth Memorandum Opinion and Order*, 59 Fed. Reg. 63210, 63213 (1994) (“*Fifth MO&O*”) (“the record does not support broadening this relief to include additional frequency blocks.”).

⁶ *Fifth MO&O*, 59 Fed. Reg. at 63213.

B. All Participants In The Combined D, E, and F Block Auction Must Comply With Existing Rules Regarding Upfront Payment and Collusion.

There should be no changes in the collusion or upfront payment rules in order to accommodate licensing the D, E, and F blocks in a simultaneous multiple round auction. Designated entities wishing to bid for the D and E blocks must be required to pay the same downpayment as any other bidder for these blocks. BellSouth maintains that nothing in the record warrants a change in these rules.

Additionally, current rules do not prohibit applicants for F block licenses from engaging in discussions with potential D and E block applicants prior to filing the Form 175. Thus, modification of the collusion rules is not necessary to allow applicants for F block licenses to enter into consortia with applicants for D and E block licenses.⁷ Accordingly, bidders wishing to form consortia must be required to comply with existing collusion rules which (1) require bidders to identify in their Form 175 all parties with whom the bidder has entered into partnerships, joint ventures, consortia or other arrangements relating to the auction or post-auction market structure, and (2) forbid bidders from entering into agreements, after Form 175 filings, with any parties who have applied for a license in the same market.⁸

III. The Auction Process Should Be Conducted Expeditiously But Also Should Provide Bidders An Opportunity To Access Information Between Rounds

In order to facilitate the auctioning of D, E, and F licenses in a simultaneous multiple round auction, BellSouth suggests that the Commission should not attempt to analyze bidding data for public distribution prior to the conclusion of the auction and should increase the

⁷ See Public Notice at 3.

⁸ See 47 C.F.R. § 1.2105.

on-line baud rate to make bid entry and data downloading feasible for a very large number of bidders on a large number of licenses. Further, to allow bidders to evaluate bid information and revise their strategies accordingly, BellSouth supports the Commission's generic decision to conduct only one bidding round per day.⁹

The Commission should not perform any manipulation or analysis of the auction results for public dissemination. If the Commission attempts to make detailed analyses available to the public, it will both delay dissemination of the actual results and increase the size and number of files to be downloaded, which will increase the load on the Commission's public access servers (*i.e.*, its internet-accessible FTP, gopher servers, and dial-up BBS) substantially. This will delay public access to the data, potentially slowing down the auction process. Moreover, any such analysis would be largely unnecessary because serious bidders already have developed programs and systems to analyze auction data in a manner that best suits their needs. Few, if any, bidders would be willing to commit millions of dollars on the basis of an "unofficial" analysis by the FCC.¹⁰

Additionally, the Commission's analysis of auction data may not be provided in a form, or contain all necessary information, to be useful in certain programs. Thus, the information may not be beneficial to parties who have developed their own programs and systems to analyze the data. Participants in an auction are competing on the basis of their economic assessments; thus, it is in each party's interest to analyze the data in the way best suited to its own situation. The Commission should not penalize parties who have invested in the development of such

⁹ *Fifth Report*, 59 Fed. Reg. at 37574.

¹⁰ BellSouth assumes that the Commission is not willing to accept liability for bidders' reliance on its analysis.

systems by providing its own analysis to those who were not sufficiently motivated to develop their own analytical techniques.

Given the large number of licenses that will be on the auction block during the simultaneous multiple round auction for blocks D, E, and F, BellSouth urges the Commission to modify its on-line systems to support higher baud rates to make an increased volume of information more quickly available and to facilitate bid entry and data downloading by a large number of bidders on a large number of licenses. This can be accomplished by both increasing the number of ports available for access and by increasing the baud rate to promote faster information transfer. Higher baud rates will allow a user to place a bid more quickly and, thus, will permit quicker access by another on-line user. Making more ports available also is essential, given the volume of data involved and the number of participants.

BellSouth supports the Commission's generic decision to conduct only one bidding round per day in broadband PCS auctions.¹¹ As the Commission has recognized, bidders may need a significant amount of time to evaluate back-up strategies and consult with their principals when simultaneous multiple round auctions are conducted.¹² Although the public notice does not seek comment on the duration of auction rounds, BellSouth wishes to stress the importance of allowing bidders sufficient time per round during the auction of the D, E, and F block licenses. In this auction, bidders also will need sufficient time to factor in designated entity preferences and spectrum aggregation possibilities after each round. BellSouth believes that if multiple rounds were conducted in a single day, many bidders would be penalized unfairly.

¹¹ *Fifth Report*, 59 Fed. Reg. at 37574.

¹² *Id.*

Conclusion

Accordingly, BellSouth supports separating the C and F block auctions and urges the Commission to auction F block licenses along with D and E block licenses in simultaneous multiple round auctions.

Respectfully submitted,
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January 25, 1994