

The Claim: “If the Commission were to attempt such significant [rule] changes, it would render a major part of its auction effort a sham...” -- Sprint Corp. (6/23/97)

◆ The Facts:

- » No rule change was required. Pre-auction FCC rule permits restructuring of payment obligations (Section 1.2110(e)(4)(ii)).
- » Parties whose models valued spectrum the highest would have won regardless of what rules were in effect at the time of the auction.
- » Without explanation, FCC removed this rule in the Part 1 Rewrite proceeding.

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- ◆ Modest rule changes are not uncommon. A number of other auction rules have been changed “mid-stream,” including:
 - » Pre-auction FCC rule permitting restructuring of payment obligations (Section 1.2110(e)(4)(ii));
 - » DEF Block auction, ensuring that bid prices would be well below C-Block;
 - » Carolina PCS default waiver.
 - ◆ The real auction integrity issue is bid signaling.
 - » Integrity requires close-out of FCC bid signaling investigation prior to acceptance of Forms 175 in C-Block reauction.
 - » Companies that engaged in bid signaling should be prohibited from participating in the C-Block reauction.

The Claim: “A rescue effort is not necessary for wireless competition to flourish, is unlikely to save the highest bidders, is unfair to bidders who complied with the rules and relied on their strict enforcement, and will undermine the integrity of the auction process.” -- AirGate(12/29/97)

◆ The Facts:

- » Absent new C-Block entrants, markets will see license consolidation and could ultimately end up with only 4 competitors.
- » C-Block licensees already have invested heavily in infrastructure. NextWave, for example, has invested over \$80 million in equipment, and had conducted commercial tests in Las Vegas, Washington, D.C., San Diego, and San Antonio.
- » Resellers are relying on a robust C-Block. A number of resellers are on the record in this proceeding describing the difficulty they have faced attempting to obtain fair and reasonable resale terms.
- » Hundreds of small business licensees, contractors, vendors, etc. are depending on a robust C-Block