



Hogan Lovells US LLP
Columbia Square
555 Thirteenth Street, NW
Washington, DC 20004
T +1 202 637 5600
F +1 202 637 5910
www.hoganlovells.com

Trey Hanbury
Partner
T: 202.637.5534
trey.hanbury@hoganlovells.com

January 22, 2015

EX PARTE VIA ECFS

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Room TW-A325
Washington, D.C. 20554

Re: ***Ex Parte Notice***
Comment Sought on Competitive Bidding Procedures for Broadcast Incentive Auction
1000, Including Auctions 1001 and 1002, AU Docket No. 14-252
Expanding the Economic and Innovation Opportunities of Spectrum
Through Incentive Auctions, GN Docket No. 12-268
Policies Regarding Mobile Spectrum Holdings, WT Docket No. 12-269

Dear Ms. Dortch:

On January 16, 2015, Kathleen Ham, Steve Sharkey, and Christopher Wiczorek of T-Mobile USA, Inc. (“T-Mobile”),¹ Dr. Gregory Rosston and Dr. Andy Skrzypacz (both by phone), consultants to T-Mobile, and Trey Hanbury and Deborah Broderon of Hogan Lovells US LLP, counsel to T-Mobile, met with Gary Epstein, Howard Symons, AJ Glusman, and Mary Margaret Jackson of the Incentive Auction Task Force; Evan Kwerel of the Office of Strategic Planning and Policy Analysis; Brett Tarnutzer, Margaret Wiener (by phone), Martha Stancill, Erin Griffith, Chris Helzer, Sasha Javid, Jonathan McCormack and Melissa Dunford of the Wireless Telecommunications Bureau; Dr. Paul Milgrom and Dr. Ilya Segal of Auctionomics and Dr. Christina Aperjis of Power Auctions (all by phone), consulting firms that are advising the Commission regarding auction theory; and Dr. Karla Hoffman of George Mason University, who is advising the Commission, to discuss a variety of topics related to the broadcast incentive auction.

T-Mobile began by asking the Commission to act expeditiously on two pending Petitions for Reconsideration it has filed in the above-captioned proceedings.² T-Mobile and its representatives then discussed the proposed auction processes described in the *Incentive Auction*

¹ T-Mobile USA, Inc. is a wholly-owned subsidiary of T-Mobile US, Inc., a publicly traded company.

² T-Mobile USA, Inc., *Petition for Reconsideration*, WT Docket No. 12-269 (Aug. 11, 2014); T-Mobile USA, Inc., *Petition for Reconsideration*, GN Docket No. 12-268 (Sept. 15, 2014).

*Comment Public Notice.*³ For example, T-Mobile noted the potential for interplay between the proposed structure of the extended rounds and the spectrum reserve in certain scenarios with high spectrum-clearing targets. Under the current proposal, a large differential between bid prices and reverse-auction expenses could theoretically eliminate the spectrum reserve in the extended round and subsequent rounds despite exceptionally robust bidding by reserve-eligible bidders. The parties discussed technical solutions to avoid this outcome, which is most likely to occur in early rounds of bidding.

T-Mobile also discussed the twenty percent nationwide impairment criteria proposed in the *Comment Public Notice*. Specifically, T-Mobile discussed the costs and benefits of alternative clearing objectives that either could distribute impairments more evenly across markets, or alternatively permit a less uniform distribution of impairments in portions of the country, but clear more spectrum.

The representatives next discussed the costs and benefits of adjusting the definitions of Category 1 and 2 licenses as well as various mechanisms by which to make these categorical definitions more flexible without increasing the number of clocks involved in the auction. The representatives also discussed assignment mechanisms of “Category 3” spectrum, which is spectrum that is more than fifty percent impaired. The representatives discussed the desirability of assigning Category 3 spectrum through competitive bidding shortly following the close of the incentive auction.

T-Mobile and Commission staff also discussed the mechanics and functioning of the Dynamic Reserve Price mechanism, the rationale for imposing hierarchic constraints on the options of the reverse-auction bidders, and the experience-based principles supporting the “volume” formula proposed in the *Comment Public Notice*.

Pursuant to Section 1.1206(b)(2) of the Commission’s rules, an electronic copy of this letter is being filed in the above-referenced dockets. The Commission’s rules afford parties two business days from the date of the *ex parte* presentation to submit a record of the conversation in the docket.⁴ In this case, an unintentional oversight exacerbated by the Federal holiday on Monday, January 19, 2015 led to the passage of an additional business day from the date of the *ex parte* meeting. The brief and unintentional delay in submission at this stage of the proceeding should

³ Comment Sought on Competitive Bidding Procedures for Broadcast Incentive Auction 1000, Including Auctions 1001 and 1002, AU Docket No. 14-252, GN Docket No. 12-268, *Public Notice*, FCC 14-191 (rel. Dec. 17, 2014).

⁴ 47 C.F.R. § 1.1206(b)(2)(iii).

in no way affect the ability of the Commission and its staff, other parties, or the public to identify and respond to the issues raised here. Should any questions arise concerning this submission, however, please direct them to me.

Respectfully submitted,

/s/ Trey Hanbury

Trey Hanbury
Counsel to T-Mobile USA, Inc.

CC: Gary Epstein
Howard Symons
AJ Glusman
Mary Margaret Jackson
Evan Kwerel
Brett Tarnutzer
Margaret Wiener
Martha Stancill
Erin Griffith
Chris Helzer
Sasha Javid
Jonathan McCormack
Melissa Dunford
Paul Milgrom
Ilya Segal
Christina Aperjis
Karla Hoffman