

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
Updating Part 1 Competitive Bidding Rules)	WT Docket No. 14-170
Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions)	GN Docket No. 12-268
Petition of DIRECTV Group, Inc. and EchoStar LLC for Expedited Rulemaking to Amend Section 1.2105(a)(2)(xi) and 1.2106(a) of the Commission’s Rules and/or for Interim Conditional Waiver)	RM-11395
Implementation of the Commercial Spectrum Enhancement Act and Modernization of the Commission’s Competitive Bidding Rules and Procedures)	WT Docket No. 05-211

COMMENTS OF CHUGACH ALASKA CORPORATION

Chugach Alaska Corporation (“Chugach”) is the Alaska Native Regional Corporation for the Chugach region established pursuant to the Alaska Native Claims Settlement Act of 1971, as amended, 43 U.S.C. § 1601, *et seq.* As an Alaska Native Regional Corporation,¹ Chugach meets the requirements to qualify as a designated entity under existing Federal Communication Commission (“Commission”) rules.² As such, Chugach has a significant interest in seeing that opportunities to participate in the nation’s vibrant telecommunications industry remain available and accessible to businesses owned by members of traditionally under-represented or disadvantaged groups.

¹ See 43 U.S.C. § 1606.

² See 47 C.F.R. § 1.2110.

Chugach submits these comments in support of the proposed exclusions from the former defaulter rule described in *Updating Part 1 Competitive Bidding Rules*, Notice of Proposed Rulemaking, WT Docket No. 14-170, released October 10, 2014.

Under the current former defaulter rule, an auction applicant is required to submit an upfront payment that is 50 percent more than the amount otherwise required if the applicant is a “former defaulter.” An applicant is considered to be a former defaulter if the applicant—including any of its affiliates, its controlling interests, or any of the affiliates of its controlling interests—has defaulted on any Commission license or has *ever* been delinquent on *any* non-tax debt owed to any Federal agency.³ No interest is paid on those upfront payments.⁴ The rule thus operates to disadvantage any person meeting the definition of “former defaulter” by imposing a significant economic burden not required of other auction participants.

Chugach agrees that the Commission has a significant interest in ensuring auction participants can meet their financial obligations in a winning bid. This is reflected in the purpose of the former defaulter rule: “the integrity of the auctions program and the licensing process dictates requiring a more stringent financial showing from applicants with a poor Federal financial track record.”⁵ In Chugach’s experience, however, the rule as currently drawn can operate to inhibit participation of persons whose federal delinquencies were *de minimis* or technical, are long stale, or are not indicative of “a poor Federal

³ See 47 C.F.R. § 1.2106(a).

⁴ *Id.*

⁵ *Part 1 Fifth Report and Order*, 15 FCC Rcd at 15317 ¶ 42.

financial track record.” Limiting the participation of such persons does not serve the purpose of the rule.

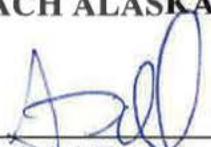
The proposed exclusions specifically address these concerns and strike the right balance between ensuring winning bidders are capable of meeting their financial obligations and limiting overbroad application of the rule. Each exclusion establishes a bright line standard that simplifies the application process and minimizes administrative costs for applicants and the Commission. Chugach proposes, however, that the \$100,000 threshold amount—excluding any default or delinquency that amounts to less than \$100,000—be indexed for inflation to ensure the threshold amount retains its relevancy in the future.

For the foregoing reasons, Chugach strongly supports the proposed exclusions from the former defaulter rule described in the Notice of Proposed Rulemaking.

Respectfully Submitted,

CHUGACH ALASKA CORPORATION

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