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VIA ELECTRONIC FILING

Marlene Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

**Re: Expanding the Economic and Innovation Opportunities of Spectrum
through Incentive Auctions, GN Docket No. 12-268**

Dear Ms. Dortch:

AT&T recently outlined an alternative approach to managing impairments in the Incentive Auction. This letter will further address the extent to which the FCC should introduce non-border impairments into the band and the FCC's controversial Dynamic Reserve Pricing proposal.

AT&T's previously-filed border impairment study demonstrated that non-U.S. broadcast allocations will create ISIX impairments of 11.62% of U.S. POPs on an aggregate weighted basis for a 84 MHz band plan. If one studies only actual broadcasters (as opposed to the protection of empty allocations), that level of impairment will drop by up to 6%. The truth on extent of border impairments at the time the auction proceeds will probably lie somewhere between those two figures.

If one assumes that the border impairments will result to an aggregate nationwide POPs impairment of 8-9%, a key question now pending before the FCC is how much additional flexibility the Commission should reserve to create incremental impairments by assigning a broadcaster in a hard to repack market to a channel within the wireless allocations. The Commission has proposed flexibility of up to 20% of the aggregate weighted POPs in the U.S.

The Commission seeks to reserve this flexibility to accommodate the difficult calls the Commission may need to make as the auction progresses. For example, consider the situation where the auction would clear 84 MHz everywhere except in Buffalo -- in that market assume that there are not enough available assignments to successfully repack non-participating broadcasters. In that situation, should the

Commission be granted the flexibility to assign one or two broadcasters to the new wireless band even though doing so will create new impairments?

The challenge with proceeding in this fashion is that not only will additional auction blocks be impaired, but those impairments may be permanent. At the borders, we anticipate that Canada and Mexico will eventually re-band, clearing impairments caused by non-U.S. broadcasters. Not so with U.S. broadcasters assigned to the wireless allocation because of the lack of available channels down band. Those assignments – and the adjacent- and co-channel impairments they cause – may be a permanent challenge to 600 MHz wireless operators, much like Channel 51 broadcasters continue today to create impairments for wireless operators in the 700 MHz band.

For this reason, many have opposed the Commission's proposed 20% impairment threshold as simply too high. As AT&T's border study illustrates, that threshold would effectively double the significant impairments that will already exist at the border, undermining both the efficiency and value of the new wireless band plan.

Similarly, an approach that permits the Commission absolutely no flexibility is probably too stringent. In those situations where the Commission is very close to an effective solution (like the Buffalo scenario above), some limited flexibility seems warranted. Defining the right amount of flexibility is the challenge.

AT&T's proposed approach finds its foundation in our border study. There, in our study of specific market impairments in Scenario #1 (active and vacant stations) for an 84 MHz clearing target, we demonstrated that a 100% impairment of a smaller market PEA (Tucson, El Paso or Brownsville) contributed very little to the aggregate weighted nationwide impairment average (less than 1% each). San Diego, even with all licenses 100% impaired, contributed 1.43% to the aggregate nationwide impairment threshold. For contributions across all markets studied, see chart attached.

In other words, giving the Commission leeway of even 3% above the identified border impairments would permit it the flexibility to introduce significant impairments in either multiple smaller markets or up to two larger markets (i.e., markets approximately the size of San Diego). It will even permit the Commission some leeway in a very large market like Los Angeles (albeit less than the type of significant multiple block impairment seen as part of our Scenario 1 study). While this is a rough justice approach, we believe that exceeding that level would simply go too far in undermining the new wireless band plan. Therefore, we would propose to permit aggregate nationwide impairments on a weighted POPs basis of identified border impairments at the time of the auction plus no more than 3%.

Finally, a brief word on the Commission's Dynamic Reserve Pricing proposal. It's hard to recall a FCC proposal that is disliked so much by so many for so many reasons. DRP gives the Commission the flexibility to keep reducing a participating broadcaster's clock price even if there is no place to repack the broadcaster. If the broadcaster then opts out of the auction, the Commission will have to repack the

broadcaster in the wireless band. This is most likely to occur in congested markets that will have the fewest repacking slots available for use.

The wireless industry by and large opposes DRP because it is likely to result in a broadcaster in the wireless band when there was an opportunity for the FCC to pay for the broadcaster to exit. We continue to believe the Commission should reject DRP and instead facilitate the exit of difficult to repack broadcasters that choose to participate in the auction. The 3% percent incremental impairment flexibility proposed above should instead be reserved to accommodate hard to repack broadcasters that choose not to participate in the auction at all.

In accordance with the Commission's rules, this letter is being filed electronically with the Secretary for inclusion in the public record.

Sincerely,

A handwritten signature in black ink, appearing to be 'Joan Marsh', written over a horizontal line.

Joan Marsh

Impaired Markets -- Scenario #1 study for 84 MHz

PEA	PEA Name	2010 POPs	% of US Total Weighted MHz-POPs
2	Los Angeles, CA	19,410,169	5.09%
12	Detroit, MI	5,137,479	1.30%
14	Cleveland, OH	4,096,678	0.22%
16	Seattle, WA	3,792,218	1.52%
17	Minneapolis-St. Paul, MN	3,390,091	0.01%
18	San Diego, CA	3,095,313	1.43%
23	Pittsburgh, PA	2,399,667	0.07%
28	San Antonio, TX	1,999,689	0.13%
37	Columbus, OH	1,582,917	0.02%
41	Syracuse, NY	1,371,959	0.06%
44	Rochester, NY	1,316,146	0.17%
47	Brownsville, TX	1,264,091	0.10%
49	Albany, NY	1,222,542	0.01%
53	Tucson, AZ	1,159,029	0.23%
54	Buffalo, NY	1,135,509	0.02%
56	Kalamazoo, MI	1,095,827	0.02%
60	Manchester, NH	1,025,620	0.01%
61	Toledo, OH	1,023,081	0.02%
66	Lansing, MI	922,885	0.07%
68	Grand Rapids, MI	866,423	0.03%
73	El Paso, TX	800,647	0.12%
77	Portland, ME	784,594	0.02%
81	Saginaw, MI	767,362	0.07%
113	Erie, PA	513,834	0.01%
123	Mansfield, OH	486,730	0.01%
124	Olympia, WA	482,135	0.04%
126	Casa Grande, AZ	475,024	0.03%
134	Newark, OH	463,800	0.01%
138	Burlington, VT	452,191	0.04%
141	Brainerd, MN	435,203	0.02%
143	Keene, NH	427,275	0.05%
148	Bellingham, WA	412,316	0.14%
157	Yuma, AZ	390,768	0.17%
160	Victoria, TX	371,551	0.01%
172	Duluth, MN	354,182	0.03%
185	Marquette, MI	335,871	0.01%
201	Eagle Pass, TX	304,111	0.04%
206	Wenatchee, WA	300,767	0.01%
221	Laredo, TX	269,622	0.05%
227	Watertown, NY	255,260	0.02%
250	Las Cruces, NM	221,221	0.03%
254	Merrill, WI	216,161	0.01%
283	Plattsburgh, NY	173,097	0.01%
322	Minot, ND	116,439	0.01%
341	Alamogordo, NM	84,294	0.01%
375	Deming, NM	59,503	0.01%
381	Del Rio, TX	54,479	0.01%
	Total:		11.61%*

* Total includes certain PEAs not shown where % of US Total is non-zero, but would be shown as "0.00%" due to rounding.