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Via Electronic Filing

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

Re: *Notice of Ex Parte Presentation: 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*

Dear Ms. Dortch:

On May 5, 2015, Lawrence R. Krevor, Vice President, Legal and Government Affairs – Spectrum, Gardner Foster, Senior Counsel, Legal and Government Affairs, and the undersigned of Sprint Corporation (“Sprint”) met with Brendan Carr, Legal Advisor to Commissioner Ajit Pai. On May 6, the same Sprint representatives participated in a telephone conference with Priscilla Delgado Argeris, Senior Legal Advisor to Commissioner Jessica Rosenworcel.

In each meeting, Sprint discussed the Commission’s Public Notice soliciting comment on competitive bidding procedures for the auction.¹ Sprint recognized the work of Commission staff, uniting multiple bureaus and dedicated working groups, to develop the framework for the Incentive Auction. As Sprint observed in its pleadings in the above-captioned proceedings, however, greater details on the ‘moving parts’ of the Incentive Auction reveal underlying complications not foreseen at earlier stages.²

¹ *Comment Sought on Competitive Bidding Procedures for Broadcast Incentive Auction 1000, Including Auctions 1001 and 1002, Public Notice, AU Docket No. 14-252, GN Docket No. 12-268, 29 FCC Rcd 15750 (2014) (“Comment Public Notice”).*

² Comments of Sprint Corp., AU Docket No. 14-252, GN Docket No. 12-268 (Feb. 20, 2015); Reply Comments of Sprint Corp., AU Docket No. 14-252, GN Docket No. 12-268 (March 13, 2015).

In particular, Sprint raised concerns about implementation aspects of the Commission's spectrum reserve that could ultimately subvert the statutory objectives that drove creation of the reserve, as well as the deleterious effects significant impairments could have on forward auction bidding. Concerning the former, Sprint noted the ways in which the timing of the reserve's implementation, as well as conditioning of the reserve on satisfaction of the 'cost component' of the Final Stage Rule, reintroduces foreclosure risk from strategic bidding by dominant incumbents. Absent additional procedural safeguards and refinements to the reserve's implementation, these vulnerabilities in the reserve's implementation threaten to undermine the Commission's objectives of promoting competition and ensuring multiple operators have access to competitively-impactful low-band spectrum.

With respect to impairments, Sprint noted broad concern by prospective forward auction participants that the existence of, and substantial variation in, impairment risk among blocks in a Partial Economic Area (PEA) engender considerable forward auction bidder uncertainty. With uncertainty as to the extent of impairment of blocks within a desired bidding category (and thus uncertainty as to the relative substitutability of these purportedly 'generic' blocks), bidders are likely to respond by reducing demand, bidding less aggressively, or dropping out prematurely for fear of getting stuck with a significantly impaired block within a bidding category whose clock price reflects the value of blocks with lower predicted levels of impairment. Sprint suggested that the Commission can reduce this uncertainty by refining its auction procedures to prioritize achieving the lowest impairment levels and minimal impairment variation within a PEA, while still producing a sufficient amount of unimpaired spectrum to promote intensive and efficient deployment by multiple operators including, in particular, competitive carriers.

Pursuant to Section 1.1206 of the Commission's rules, this letter is being electronically filed with your office. Please let me know if you have any questions regarding this filing.

Respectfully submitted,

/s/ Rafi Martina

Rafi Martina

Counsel

Legal and Government Affairs

Sprint Corporation

cc: (via e-mail)
Brendan Carr
Priscilla Delgado Argeris