



March 4, 2016

VIA ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Subject: *Written ex parte submission – WC Docket No. 10-90
CAF Phase II competitive bidding requirements – simplified proposal*

Dear Ms. Dortch:

As Hughes Network Systems (“Hughes”) has argued extensively in this docket, the Connect America Fund (“CAF”) Phase II competitive bidding process should facilitate the selection of the broadband provider that can most efficiently serve any given area that is available in the auction, recognizing that different broadband technologies present different advantages and disadvantages. To achieve these goals, Hughes has proposed that the Commission use a point system¹ or bidding credits² to account for the differing characteristics that different broadband network types offer to consumers. This system balances the four most significant characteristics of broadband networks – speed, capacity, latency, and efficiency (price) so that all are given appropriate weight in evaluating bids.³

Hughes also recognizes that any auction framework must be administrable. In particular, there cannot be an excessive number of potential permutations because of the complications it creates for auction software design. With that in mind, Hughes below proposes a streamlined version of its bidding credits proposal with fewer tiers within each category. If the Commission prefers to use a point system, as Hughes originally proposed, the same tiers could be applied in that approach as well.

Factor	Bid Proposal	Bidding Credit ⁴
Speed <i>(Illustrative baseline = tier including 10 Mbps)</i>	21+ Mbps	-25%
	4-20 Mbps	0
	<4 Mbps	+25%
Usage/Capacity <i>(Illustrative baseline = 50 GB)</i>	100 + GB	-25%
	20-99 GB	0
	<20 GB	+25%

¹ Letter from L. Charles Keller, counsel to Hughes, to Marlene H. Dortch, FCC, WC Docket No. 10-90 (filed Nov. 13, 2015) at 4-6; Letter from L. Charles Keller, counsel to Hughes, to Marlene H. Dortch, FCC, WC Docket No. 10-90 (filed Dec. 3, 2015) attachment at 2 (chart).

² Letter from Jennifer A. Manner, Hughes, to Marlene H. Dortch, FCC, WC Docket No. 10-90 (filed Dec. 11, 2015) (“Hughes Dec. 11 Ex Parte”).

³ As with Hughes’s original bidding credits proposal, this revised proposal does not include an explicit bidding credit for greater efficiency (lower cost), because this already will be captured in the values of applicants’ bids.

⁴ Negative bidding credits result in a more favorable bid in a reverse auction.

Latency (<i>Illustrative baseline = 800 ms</i>)	200 ms	-25%
	800 ms	0
	>800 ms	+25%

Hughes looks forward to continuing to work with the Commission to craft CAF Phase II competitive bidding rules that benefit all Americans.

Sincerely,

/s/
Jennifer A. Manner
Vice President, Regulatory Affairs

cc: Stephanie Weiner
Rebekah Goodheart
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