DOBSON
COMMUNICATIONS
CORPORATION

Everett R. Dobson
CHAIRMAN OF THE BOARD

March 22, 2006

The Honorable Kevin J. Martin
Chairman
Federal Communications Commission
445 – 12th Street, S.W.
Washington, D.C. 20554

Re: AU Docket No. 06-30

Dear Chairman Martin:

I have read with interest the various comments and letters responding to the proposal of the Commission's Wireless Bureau to abandon the open-bidding approach used in every significant spectrum auction to date in favor of a "secret bidding" approach for Auction 66. In light of the analysis provided by the Justice Department, I felt it was imperative for you to know the extremely negative impact such a change would have on Dobson Communications Corporation and, I believe, on other small and medium-sized companies hoping to participate in Auction 66 and future spectrum auctions conducted by the Commission.

As I'm sure you are aware, Dobson is a leading provider of wireless telecommunications services throughout the United States. Currently operating in more than sixty wireless markets in sixteen states with over 2400 employees, Dobson is the largest independent rural wireless carrier in the United States. Dobson's service territory covers a population base of over 11.8 million people, and we currently serve over 1.5 million subscribers. Dobson is focused on providing advanced digital services throughout our predominantly rural coverage area, operating on both the cellular and PCS spectrum and principally utilizing the GSM technology. Our subscribers have access to the most sophisticated, advanced digital telecommunications services currently available in the GSM operating environment, and we continue to expend substantial capital to upgrade and improve our network to assure that subscribers in our rural areas have access to the same types and quality of services as subscribers of carriers serving large, more densely populated urban centers.

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Dobson has participated in several PCS auctions, using the auction process to fill-in and expand its footprint where secondary market acquisitions have not been available. We are currently giving strong consideration to participating in the upcoming auction of AWS spectrum (Auction 66) as a method of obtaining the spectrum necessary to expand and improve the services we are able to provide to subscribers in our rural and ex-urban markets.

Dobson's operating success has been due in large measure to its ability to partner with large Tier I and other regional Tier II carriers in creating a national footprint for all carriers' customers in which the service offerings are transparent to the subscriber. Through arm's length negotiations with roaming partners using the same technologies, Dobson has positioned itself as a valuable roaming partner in creating a seamless nationwide network with other GSM-based carriers. In pursuing new acquisitions, either through the secondary market or in past spectrum auctions, Dobson needs to consider the identity and technology choices of neighboring licensees in order to determine the potential benefits of our business strategy.

In order to implement our legitimate business strategy in Auction 66, it is critical for Dobson to know who is bidding on which licenses and whether licenses in neighboring, larger markets beyond Dobson's ability to serve are likely to be won by carriers who share Dobson's technology platform. If the Commission conceals this information from bidders, Dobson would have difficulty assessing the value to it of the various licenses. As a consequence, Dobson may have to forego participation in the auction, or if we do bid, to withstand significantly greater risks. At best, in the absence of full bidder information during the auction, Dobson will necessarily be forced to bid less aggressively to avoid winning licenses where it cannot be sure that its neighbors are using compatible technologies. To avoid these problems, Dobson may be forced to wait and hope that a secondary market for licenses will develop.

I doubt that the dilemma I have described is unique to Dobson. There are likely many other bidders of Dobson's size or smaller – who rely heavily on the ability to provide a service to our rural consumers that is available in the neighboring urban areas as well as roaming revenues from the carriers of the urban area residents to justify the substantial "per-sub" capital expense – that would be similarly hindered in their ability to execute a reasonable business strategy in a "blind auction." Unlike the larger Tier I carriers, who can take greater risks in bidding on spectrum without such dependence on the technology of neighboring markets, smaller players simply cannot take such risks. The Wireless Bureau gave short shrift to these concerns, positing that "with respect to the benefit of knowing bidders' identities to account for technical information, we expect that the flexible and sophisticated technologies employed by successful bidders for the AWS-1 spectrum licenses will make any technical information conveyed through bidder identities of limited value relative to its value in certain other services or at an earlier stage in the development of the wireless industry." Dobson strongly disagrees with this analysis. Large carriers may be able to bid with some impunity as to technology choices, as they have some ability to drive manufacturers and developers to accommodate their technology needs. But smaller carriers, even those as large as Dobson, have no such

ability; even with 1.5 Million subs, we (and others of our size or smaller) simply have no market power to direct or even strongly influence technology design. The industry's experience with E911 technology demonstrates the dangers of adopting regulatory policy on the basis of predicted "future" technology development. The Bureau is simply wrong to assume that bidder information is not critical to smaller entities.

While the FTC and DOJ have recently expressed support for the Bureau's proposal, we respectfully suggest that these agencies have not adequately weighed the significant adverse impact that will befall regional and smaller carriers who desire to participate in the AWS auction. Given the Congressional mandate given to the Commission when auction authority was granted to "promot[e] economic opportunity and competition . . . by disseminating licenses among a wide variety of applicants", we think it is incumbent on the Commission to avoid taking actions that will negatively impact the bidding opportunities for smaller entrants. I urge you to prevail upon the Bureau to refrain from adopting its proposal on bidder information and to conduct Auction 66 under the same full disclosure policies that the Commission has successfully used in scores of auctions.

Sincerely,

Everett R. Dobson
Chairman of the Board