

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of)
)
Competitive Bidding Procedures for) AU Docket No. 06-104
Auction No. 69)

COMMENTS OF ITRON, INC.

Itron, Inc. (“Itron”), by its attorneys and pursuant to the Commission’s Public Notice, DA 06-1016, released on August 28, 2006, hereby comments on the proposed competitive bidding procedures for Auction No. 69.

Itron manufactures automated meter reading (“AMR”) equipment that is used by electric, gas, and water utility companies nationwide. Itron’s AMR systems operate in a number of frequency bands, including the 1427-1432 MHz band that is adjacent to the 1432-1435 MHz band frequencies that will be put up for competitive bid in Auction No. 69.

Itron is considering whether to participate in Auction No. 69. Itron’s decision hinges on the competitive bidding procedures that the Commission adopts for the auction. These comments focus on two elements of the competitive bidding procedures: package bidding and minimum opening bids. For reasons that are discussed below, Itron believes that the Commission can maximize participation in Auction No. 69 by implementing package bidding and by reducing the required minimum bids substantially from those that were proposed in the public notice.

1. Package bidding

Itron urges the Commission to implement package bidding in Auction No. 69 for the following reasons:

- Many systems today are nationwide or cover substantial parts of the country. Bidders intending to implement systems of this scale and scope need the ability to bid on groups of licenses covering broader areas than an Economic Area Grouping (“EAG”).
- The fact that there is no readily available equipment tailored to the paired frequencies that will be subject to competitive bidding in Auction No. 69 gives parties an incentive to bid on wider area systems so they can spread their fixed development costs across a wider base.
- Many uses of the Auction 69 frequencies require more bandwidth than a single license can provide. Making package bidding available to bidders will enable them to aggregate spectrum, thereby expanding the uses that can be made of the Auction 69 frequencies. Conversely, in the absence of package bidding many bidders with wider bandwidth needs will be unable to participate in the auction.

2. Minimum bids

Itron believes that the minimum bids for Auction No. 69 should be reduced substantially from those that have been proposed for the following reasons:

- The proposed minimum bids do not take into account the fact that the spectrum being made available is less substantial than in many other Commission auctions.
- Because less spectrum is being made available, the typical bidder is likely to have more limited resources than the bidders in other auctions. A relatively high minimum bid level will discourage many of these potential bidders from participating.
- The value of the spectrum is constrained by
 - the limit of two channels per EAG, which effectively rules out cellular and broadband uses (*e.g.*, WISP) and dictates narrowband data uses instead
 - the need to protect the radioastronomy service
 - the lack of readily available equipment in the bands to be auctioned
 - the lack of a harmonized band plan with Canada, Mexico, or other countries, which limits expansion opportunities
- The proposed minimum bids are greater than those used for other auctions, like the more valuable MAS spectrum in Auction No. 59.

- $\$0.005 * \text{MHz} * \text{License Area Population}$, with a minimum of \$1,000 per license, is proposed for Auction No. 69.
- the minimum bid for MAS Auction No. 59 was only $\$0.00375 * \text{MHz} * \text{License Area Population}$ with a minimum of \$1,000 per license.¹
- MAS spectrum is much more readily used, with equipment and systems that are already established, and has better propagation characteristics.

Respectfully submitted,

ITRON, INC.

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September 11, 2006

¹ See Public Notice, DA 04-3985 (Dec. 21, 2004), Section IV.B.2. The minimum bid formula in that auction was $\$0.00000375 * \text{kHz} * \text{License Area Population}$ (with a minimum of \$ 1,000 per license), which is the equivalent of $\$0.00375 * \text{MHz} * \text{License Area Population}$.