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March 27, 2007

VIA ECFS

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, SW, TW-A325
Washington, DC 20554

Re: Ex Parte Presentation
WT Docket Nos. 06-150, 06-169, 96-86, 05-265 and 00-139
PS Docket No. 06-229

Dear Ms. Dortch:

Pursuant to Section 1.1206 of the Commission's ex parte rules, 47 C.F.R. §1.1206, this letter is to notify you that on March 23, 2007 representatives of United States Cellular Corporation ("USCC"), Professor Robert J. Weber, J. L. Kellogg Graduate School of Management, Northwestern University, Joseph R. Hanley, Vice President - Technology Planning and Services, Telephone and Data Systems, Inc. and the undersigned, met with John Branscome, Legal Advisor to Commissioner Michael J. Copps, to discuss issues arising in the above-referenced proceedings as follows:

- USCC supported adoption of the Balanced Consensus Plan proposal with a mix of spectrum blocks and license area sizes providing diverse aggregation opportunities .

- USCC opposed adopting a package auction format, which would allow the largest bidders to distort the appropriate balance of small and large licenses under the Balanced Consensus Plan. See also attached meeting handout.

- USCC supported use of transparent bidding with traditional information disclosures in the auction of Upper and Lower 700 MHz bands. See also attached meeting handout.

- USCC supported continued use of "substantial service" performance requirements or, alternatively, the adoption of safe harbors such as those proposed by Verizon Wireless in its January 31, 2007 ex parte submission in WT Docket No. 06-150.

- USCC also emphasized that any possible reconfiguration of 700 MHz Guard Band spectrum should meet the twin goals of protecting Public Safety and of not adversely impairing use of the commercial bands to be auctioned.

- USCC opposed adoption of the Frontline's proposed service rules (1) because its proposed nationwide license would all but eliminate competitive bidding for this spectrum and disrupt flexible bidding and aggregation opportunities under the Balanced Consensus Plan for others in the auction, (2) because the adoption of service rules which would restrict spectrum use to Frontline's unique business plan violate longstanding Commission policies supporting competitive neutrality and flexible uses in those rules, and (3) because the administratively sound way to achieve the benefits in other substantive areas of Frontline's proposals is to address them in rulemaking proceedings, in the case of roaming, for example, in the Commission's longstanding automatic roaming proceedings in WT Docket Nos. 05-265 and 00-193.

In the event there are questions regarding this matter, please contact the undersigned.

Sincerely,

George Y. Wheeler

cc via e-mail:

john.branscome@fcc.gov

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Ex Parte Discussion
Upper and Lower 700 MHz Band Plan (WT Dkt No 06-150)

March 23, 2007

Achieving Fair Licensing Opportunities for 700 MHz

- **The Commission's use of a balanced band plan, transparent bidding, and a standard SMR format helped make Auction 66 one of the most diverse, competitive, and highly successful spectrum auctions ever.**

  The Commission should stick with this winning formula for the 700 MHz auction by:

  - *Adopting the balanced consensus plan proposal for a balanced band plan with a mix of license area sizes.*
  - *Not adopting a package auction format, which would allow the largest bidders to distort the appropriate balance of small and large licenses under the Balanced Consensus Plan by rolling up small license areas into large packages.*
  - *Adopting transparent bidding with traditional information disclosures.*

Achieving Fair Licensing Opportunities for 700 MHz

- **Package bidding introduces problems rather than solving them.**
  - *Small bidders face the “threshold problem” for which a clean solution has yet to be proposed. The "25% premium" suggestion of Milgrom and Wrege as a way of dealing with the threshold problem is clear affirmation of the seriousness of the problem facing smaller bidders under package bidding and the inability of the current proposals to cleanly deal with that problem.*
  - *Critical details of a "limited" package bidding auction have not yet been publicly discussed. Depending on what attempt is made to fill in the details, bidders for individual licenses will face either (a) the risk of reactivation of their dormant, but potentially winning bids, as a result of activity on other licenses in a package, or (b) a new "coordination" problem resulting from the need to simultaneously submit prospectively-losing bids on parts of a package.*
  - *The withdrawal by EchoStar from Auction #66 is not convincing evidence of an "exposure" problem and any such claim is contradicted by the example of the aggregation of AWS-1 licenses by SpectrumCo.*
  - *The FCC should not even use package bidding for the EAG licenses, since a mix of auction formats would create confusion and a real exposure problem.*

Achieving Fair Licensing Opportunities for 700 MHz

- **The stakes are simply too high to use package bidding for the 700 MHz auction.**
  - *The 700 MHz band has been described as "beachfront spectrum" and has been projected to generate well over $10B in auction revenues.*
  - *The 700 MHz auction may be the last major auction of CMRS-suitable spectrum for many years.*
  - *Package bidding procedures are controversial, complex, largely untested and unfamiliar to bidders. This may discourage participation, especially by smaller, less sophisticated bidders.*
  - *There are numerous material issues which remain unresolved and a serious public debate beyond the typical public notice procedures is essential to address such complex and potentially controversial matters.*

Achieving Fair Licensing Opportunities for 700 MHz

- **The 700 MHz auction should be conducted without blind bidding.**
  - *Auction 66 just barely met the 3.0 eligibility ratio test and yet is was a highly competitive, diverse and successful auction.*
  - *Small bidders face the same disadvantages under blind bidding that they would have faced in Auction 66.*
    - *Blind bidding would compound the risk that already attends development of a new band.*
    - *"Strategic dependency" on large carriers (roaming, infrastructure, devices, making a market for 3G/4G applications) means that large carrier bids provide essential real-time valuation information for small bidders.*
    - *Blind bidding potentially complicates the financing of small bidders, who could already face a short timeframe to prepare for the auction.*