

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)
)
)
 Auction of AWS-1 Licenses and) DA 08-767
 Broadband PCS Licenses Scheduled) AU Docket No. 08-46
 for July 29, 2008)
)

REPLY COMMENTS OF LEAP WIRELESS INTERNATIONAL, INC.

Leap Wireless International, Inc., on behalf of itself and its affiliated companies (“Leap”) hereby offers the following Reply Comments in connection with the Public Notice issued in the above-captioned proceeding.

With respect to auction design issues, Leap has consistently expressed its belief that transparency in the Commission’s competitive bidding processes is important for all bidders, but critical to the successful participation of small, rural and regional bidders and their financing sources by helping them make a variety of strategic decisions involving technology choices and license valuations.

Leap understands the Commission’s desire to balance bid signaling and auction integrity concerns with the benefits of revealing bidder identity and activity information during the auction process. But in Leap’s view, the fact remains that, over the course of approximately 15 years and more than seventy auctions, there have been very few identified instances of anticompetitive coordination¹ that offset

¹ See, e.g., P. Cramton and J. Schwartz, *Collusive Bidding: Lessons from the FCC Auctions*, Journal of Regulatory Economics, 17, 229-252 (May 2000), at 26.

the recognized benefits of auction transparency: (i) bidders can bid more confidently if they know the bids of their potential competitors; (ii) information on the identities of likely other licensees can provide useful technical information, such as the degree of possible signal interference or the potential of negotiating roaming agreements; and (iii) bidders retain confidence in the auction process.²

In this regard, Leap agrees with MetroPCS that the “results of Auction 73 demonstrate the harms of withholding bidding information were significant to the point where the balance has shifted in favor of disclosing bidder identity information in Auction 78.”³ In Auction No. 73, the nation’s two largest carriers, Verizon Wireless and AT&T, accounted for approximately \$16.3 billion of the approximate \$19.6 billion of all auction proceeds. In the mean time, mid-sized carriers were virtually shut out of the 700 MHz auction: Leap and AllTel, for example, won no licenses, while MetroPCS obtained one. Leap believes that anonymous bidding procedures contributed to this result, and benefited large incumbent carriers to the detriment of Auction No. 73’s competitiveness and the overall participation of small, rural and mid-sized companies.⁴ Leap therefore urges the Commission not to adopt anonymous bidding procedures in Auction No. 78.

Finally, Leap supports MetroPCS’s suggestion to postpone the auction briefly

² See *Competitive Bidding Second Report and Order*, 9 FCC Rcd 2348 at ¶¶ 39, 42, 158.

³ Comments of MetroPCS Communications, Inc. at 7.

⁴ See *id.* at 9. See also Testimony of Coleman Bazelon, Principal, The Brattle Group before The U.S. House of Representatives, Committee on Energy and Commerce, Subcommittee on Telecommunications and the Internet (April 15, 2008), at 14-15 (noting problems with blind bidding in Auction No. 73)

to the fall of 2008. This brief delay will afford potential bidders, including small and mid-sized bidders, more time to prepare.

Respectfully submitted,

/s/

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