

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

|                                       |   |                      |
|---------------------------------------|---|----------------------|
| In the Matter of                      | ) |                      |
|                                       | ) |                      |
| Expanding the Economic and Innovation | ) | GN Docket No. 12-268 |
| Opportunities of Spectrum Through     | ) |                      |
| Incentive Auctions                    | ) |                      |

**REPLY COMMENTS OF SPRINT CORPORATION**

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January 23, 2014

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**I. INTRODUCTION AND SUMMARY**

Sprint Corporation (“Sprint”) respectfully submits these reply comments in response to the Public Notice issued by the Federal Communications Commission (“the Commission”) on December 11, 2013, seeking comment on the proposals made in this docket regarding alternative geographic license sizes and whether to use package bidding in the 600 MHz Incentive Auction.<sup>1</sup> As detailed below, Sprint supports the use of Economic Areas (EAs) as the geographic license size for the 600 MHz auction. The Competitive Carrier Association’s (CCA) Partial Economic Area (PEA) proposal could also have merit so long as PEAs “nest” completely within and are associated with the correct EA – which is not the case with CCA’s current proposal. Furthermore, Sprint does not support the Commission incorporating package bidding procedures into the 600 MHz Incentive Auction design at this time; however, the record is insufficiently developed for the Commission to reach a final determination on whether or not to incorporate some form of package bidding into the 600 MHz auction design.

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<sup>1</sup> *Wireless Telecommunications Bureau Seeks Comment on a Proposal to License the 600 MHz Band Using “Partial Economic Areas,”* Public Notice, GN Docket No. 12-268, DA 13-2351 (WTB rel. Dec. 11, 2013) (“*Public Notice*”).

As Sprint previously noted in this proceeding, the 600 MHz Incentive Auction is critically important for the competitive future of the wireless industry.<sup>2</sup> The Commission should ensure that its decision making in this proceeding takes into account not only the current state of the wireless industry, but the potential impacts on wireless investment, innovation and consumer choice if competitive carriers are unable to gain access to low band spectrum.<sup>3</sup> Determining the right geographic license size and whether to use package bidding in this auction are important, but they are not the only decisions the Commission must address in designing a 600 MHz auction structure and auction processes to promote robust, long-term wireless broadband competition. In other words, selecting the geographic license size and whether to use package bidding should be determined in concert with the Commission's decision on a 600 MHz band plan, channelization plan, spectrum aggregation limits, and overall structures for both the forward and reverse auctions (*e.g.*, Single Round, Simultaneous Multiple Round or use of Hierarchical Package Bidding). Sprint looks forward to continued engagement with the Commission on all aspects of the 600 MHz Incentive Auction structure, service rules and procedures, to maximize the opportunities for competitive wireless broadband providers to obtain the network performance and economic benefits of low-band 600 MHz spectrum access.

## **II. GEOGRPAHIC AREA LICENSING**

In the *Incentive Auction NPRM* the Commission proposed to license the 600 MHz band on an EA basis, finding that it “strikes an appropriate balance between geographic granularities from a spectrum reclamation standpoint and having a manageable number of licenses from an

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<sup>2</sup> Comments of Sprint Nextel Corporation, GN Docket No. 12-268, at 2 (Jan. 25, 2013).

<sup>3</sup> *Id.*

auction design standpoint.”<sup>4</sup> Sprint has previously supported using geographic licensing on an EA basis.<sup>5</sup> Sprint respectfully submits, based on the early stage of the Commission’s decision-making process and the information in the record to date, that the same logic holds true for the 600 MHz Incentive Auction.

In response to the *Public Notice*, several parties raised concerns regarding the current version of CCA’s PEA proposal, but noted that they could potentially be overcome. While supporting the use of EAs, AT&T concedes that PEAs could be worked into its package bidding proposal “as long as PEAs fully nest within EAs.”<sup>6</sup> Verizon noted that CCA’s proposed PEAs do not appropriately nest within EAs and that, if PEAs are adopted, the Commission must ensure that “economically integrated communities remain intact.”<sup>7</sup> T-Mobile took a somewhat different tack, observing that smaller license sizes create the risk that a carrier might not win all the licenses it needs to provide service over a large area. T-Mobile suggests, however, that this risk

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<sup>4</sup> *Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*, GN Docket No. 12-268, Notice of Proposed Rulemaking, 27 FCC Rcd 12357, 12411, ¶ 148 (2012) (“*Incentive Auction NPRM*”).

<sup>5</sup> Reply Comments of Sprint Nextel Corporation, WT Docket No. 12-357, at 14 (March 7, 2013) (noting the Commission finding that EA licenses were “small enough to provide spectrum access opportunities for smaller carriers but also may be aggregated up to larger license areas to achieve economies of scale.”).

<sup>6</sup> Comments of AT&T Services, Inc., GN Docket No. 12-268, at 8 (Jan. 9, 2014) (“AT&T Comments”) (AT&T emphasized that it “has not yet had an opportunity to examine in detail the specific PEA contours” of CCA’s PEA proposal and reserved the right challenge CCA’s description of the geographic characteristics of its proposal at a later date).

<sup>7</sup> Comments of Verizon and Verizon Wireless, GN Docket No. 12-268, at 7 (Jan. 9, 2014) (“Verizon Comments”) (noting that its initial review indicated that CCA’s proposal removed important counties from the PEA associated with the Chicago market).

could be mitigated if the Commission adopts reasonable aggregation limits and does not allow, or significantly restricts, package bidding in the Incentive Auction.<sup>8</sup>

Sprint believes that EAs provide a reasonable balance for selecting a license size that accords with traditional markets of interest while not being so big as to exclude smaller providers. Using EAs also facilitates obtaining licenses that are generally commensurate with licenses that wireless carriers hold in other commercial mobile spectrum bands, thereby potentially simplifying addition of 600 MHz spectrum to existing networks.

Sprint recognizes that CCA's PEA proposal may be attractive to a number of prospective bidders seeking 600 MHz licenses to serve smaller markets or selected portions of larger markets. The proposed PEAs, however, do not fully nest within the larger EAs of which they would be subdivisions.<sup>9</sup> CCA acknowledges that its proposal needs further revision to make PEAs a viable solution for small and rural carriers and seeks a "consensus-driven product."<sup>10</sup> In this regard, Sprint submits that PEAs need to be revised, if possible, so that each PEA truly nests within the appropriate EA for any given market it is associated with; *i.e.*, the contour of an individual PEA must fit exactly with the contours of all adjacent PEAs to ensure that there are no license gaps for carriers that wish to bid on adjacent and/or aggregate PEAs to serve a larger area. These aggregated PEAs should also conform to the contours of the EAs for other spectrum bands to better enable carriers that operate on multiple bands to economically deploy the

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<sup>8</sup> Comments of T-Mobile USA, Inc., GN Docket No. 12-268, at 7-8 (Jan. 9, 2014) ("T-Mobile Comments").

<sup>9</sup> In jointly-filed comments, RWA and NTCA argue that "PEAs appear to have been drawn based loosely on EA and CMA boundaries, but there is no clearly explained driver behind any PEA boundary as currently proposed." Comments of Rural Wireless Association, Inc. and NTCA- The Rural Broadband Association, GN Docket No. 12-268, at 9 (Jan. 9, 2014).

<sup>10</sup> Supplemental Comments of the Competitive Carriers Association, GN Docket No. 12-268, at 3 (Jan. 9, 2014).

600 MHz band within their current network. Equally important, the geographic contours of individual PEAs and “nested” PEAs should result in service areas that do not arbitrarily exclude portions of service markets that have been traditionally held within a single EA in other spectrum bands. If these revisions can be achieved, then the Commission should seek public comment on specific proposed boundaries.<sup>11</sup>

### **III. PACKAGE BIDDING**

The *Public Notice* sought comment on “approaches that might enable interested parties to seek packages of 600 MHz licenses covering multiple PEAs.”<sup>12</sup> The Commission also sought comment on CCA’s proposal that any package should be “no more than the ten largest PEAs by population” and AT&T’s proposal that, as an alternative to a national package bidding approach, a package that consists of the top 100 markets be adopted.<sup>13</sup>

Sprint believes it is premature for the Commission to make a decision on Incentive Auction procedures like package bidding prior to the adoption of a 600 MHz band plan, service rules, or auction structure. Depending on the structure of the auction and types of licenses being offered, the use of package bidding could add unnecessary complexity and cost, hinder aggressive bidding, and promote “gaming” behavior by auction participants.<sup>14</sup> Given the important congressional goals tied to the proceeds of the Incentive Auction, the Commission

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<sup>11</sup> Using PEAs would add another layer of complexity to an already-complex 600 MHz Incentive Auction. Thus, as noted above, the Commission’s decision on geographic license size should be made in concert with its overall service rules and auction structure.

<sup>12</sup> *Public Notice* at 3.

<sup>13</sup> *Id.*

<sup>14</sup> Comments of Sprint Corporation, AU Docket No. 13-178, at 7-10 (Aug. 5, 2013).

should seek to avoid structuring the Incentive Auction in a manner that promotes these conditions.

Sprint submits that carriers can usually aggregate the spectrum they seek at auction under existing Commission rules without package bidding. Reasonable spectrum aggregation limits, set in a manner that allows all carriers a realistic opportunity to acquire 600 MHz spectrum, while not prohibiting any carrier from participating, are an important component of the Incentive Auction structure. These limits may counterbalance the potential harms associated with the use of package bidding, but as T-Mobile rightly points out, additional information on the design of the auction is necessary before this determination can be made.<sup>15</sup> Accordingly, Sprint looks forward to working with the Commission on designing the optimum auction structure and processes as it makes the critical policy decisions necessary to ensure a successful Incentive Auction.

#### **IV. CONCLUSION**

For the reasons set forth above, Sprint continues to support using EAs as the geographic licensing area for the 600 MHz auction. Sprint does not advocate package bidding at this time. A final decision on package bidding should be made on a more complete record including the Commission's decisions on other critical auction structure parameters.

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<sup>15</sup> T-Mobile Comments, at 3.

Respectfully submitted,

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