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May 14, 2014

**EX PARTE VIA ECFS**

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

**Re: Expanding the Economic and Innovation Opportunities of Spectrum through Incentive Auctions, GN Docket No. 12-268; Policies Regarding Mobile Spectrum Holdings, Docket No. 12-269**

Dear Ms. Dortch:

On May 14, 2014, I spoke with Roger Sherman and John Leibovitz, at their request, to discuss AT&T's positions on the spectrum aggregation and incentive auction draft Orders being considered for a vote.

I noted that AT&T has consistently argued in this proceeding that the FCC should adopt a spectrum aggregation and incentive auction framework that encourages all carriers to vigorously participate in the upcoming auctions. We have advocated that position so that the Commission can send a clear message to broadcasters that they should bring as much spectrum as possible to the auction. We understand that there are still other issues to be addressed, but we believe the spectrum aggregation and auction rules now being considered will represent a significant step forward in demonstrating to broadcasters that the Incentive Auction will attract significant carrier interest and demand. For these reasons, we support the FCC moving forward on these issues at this time.

I noted that the FCC will bring 50 MHz of valuable AWS3 spectrum to auction this Fall. AT&T anticipates that it will participate meaningfully in that auction to supplement its spectrum portfolio. I also argued that the FCC should adopt an auction framework and eligibility rules for the 600 MHz auction that set the auction on a path for success. Under the FCC's proposed framework, the bidding must reach a threshold of success before the auction can close. In addition, no eligibility restrictions would apply until this threshold is met. We think a reasonable threshold would be \$1.50 MHz/POP,

which means the auction of a nationwide 10x2 MHz license would be expected to yield at least \$9B in revenue. I noted that, at this threshold, 600 MHz spectrum would be an attractive opportunity for AT&T.

I stated that, with the modest modifications to the framework that AT&T has proposed, the framework would give AT&T a fair opportunity to expand its LTE footprint in all markets. I further stated that if the Commission adopts these modifications, AT&T would be committed to the auction and anticipates that it would participate broadly. Although we expect bidding at auction to be competitive, we anticipate that, depending on auction dynamics and pricing, AT&T would bid to obtain between 20 and 40 MHz of spectrum nationwide.

Moreover, we believe that a threshold price of \$1.50 MHz/POP will attract significant broadcaster interest, as it should, so that an initial clearing target of 70 MHz or more is very likely, ensuring a highly successful auction. Although the Commission's draft Order contemplates rules for a 40 or 50 MHz auction, given industry demands, AT&T considers those scenarios highly unlikely.

In short, the 600 MHz auction represents an enormous opportunity to obtain new spectrum licenses and, with modest modifications to the framework, AT&T intends to participate actively and meaningfully to supplement its spectrum portfolio and to ensure that the auction is a success.

In accordance with the Commission's rules, this letter is being filed electronically with the Secretary for inclusion in the public record.

Sincerely,

A handwritten signature in black ink, appearing to be 'JM', followed by a horizontal line extending to the right.

Joan Marsh

cc: Roger Sherman  
John Leibovitz