

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of)
)
Auction of Advanced Wireless Services Licenses)
Scheduled for November 13, 2014) AU Docket No. 14-78
)
Comments Sought on Competitive Bidding)
Procedures for Auction 97 Bands)

COMMENTS OF ALOHA PARTNERS II

Aloha Partners II, L.P. (“Aloha”), by counsel, provides the Commission with the comment below, in response to the Commission’s invitation for comment set forth in its Public Notice of May 19, 2014.¹ By way of overview, Aloha supports the Commission’s desire to have the auction process stopped efficiently, and hereby provides a recommendation to achieve that result.

In its PN, the Commission addressed the issue of stopping rules. PN, at paras 28-30. As an overarching matter, the Commission proposed to utilize a simultaneous stopping rule approach. PN at para. 28. Under that approach, all licenses remain available for bidding until bidding stops on every license. ID. That process would be applied in Auction No. 97, unless the Commission were to announce alternative stopping procedures. ID.

In the PN, the Commission set forth five potential ways in which it could utilize its discretion during Auction No. 97 to alter the stopping rules. PN at para 29. One of these, which the Commission dubbed “the special stopping rule” would be for the Commission to simply “declare that the auction will end after a specified number of additional rounds”. ID. It is this specific proposal upon which Aloha here provides comment and recommendation.

It appears that the intent of this proposal is to give the Commission the ability to end the auction once it reaches very low activity levels. Aloha considered recommending a similar process as the one that the Commission proposes. It elected not to do so after evaluating a potential misuse of this process. Specifically, Aloha is concerned that this rule could be misused by a bidder who has remaining eligibility in the last round, by bidding for licenses that it may not have shown interest in previously. The problem that the rule would present is that the entity that would be over bid by this last round bidder would not itself be able to respond. That unintended consequence would serve no public interest.

Notwithstanding this, Aloha agrees that there should be a mechanism for the Commission to end the auction when the number of bids decreases to low levels. As the Commission is aware, during Auction No. 73 the number of new bids decreased from over 1,500 in round 1 to under 10 new bids by round 180. Between round 180 and the final round 261, the number of new bids ranged from 1 to 7, and raised less than \$5 million in additional net revenues. However, these additional 81 rounds extended the auction for almost 2 weeks and required that all the companies with provisional winning bids constantly monitor the round results since new bids were due every hour. For small companies this is a real burden, as small companies have very limited resources to dedicate to auctions for extended periods of time.

¹ Public Notice entitled *Auction of Advanced Wireless Services Licenses schedule for November 13, 2014, Comment Sought on competitive Bidding Procedures for Auction 97*, in AU Docket No. 14-78, DA 14-669, rel. May 19, 2014 (the “Public Notice”).

Aloha recommends an alternative strategy to remedy this problem. Specifically, the Commission should add a 3rd stage that would require 100% of eligibility to be placed. In addition, bidding increments would be increased to +20% per round. This would force bidders to focus on the remaining licenses that they really want. Aloha II recommends that Stage 3 be implemented when the number of new winning bids falls below 10 bids.

Respectfully submitted,

ALOHA PARTNERS II, L.P.

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