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Via Electronic Filing

June 27, 2014

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

Re: Auction of Advanced Wireless Services Licenses, Competitive Bidding
Procedures for Auction 97; AU Docket No. 14-78

Dear Ms. Dortch:

On July 10, 2014, Joan Marsh, Michael Goggin and the undersigned met with John Leibovitz, Brian Regan, Gary Michaels, Margaret Wiener, Craig Bomberger, Valerie Barrish, Bill Huber, Martha Stancill, and Eliot Maenner of the Wireless Telecommunications bureau to discuss the above-referenced proceeding. We discussed issues addressed in AT&T's Reply Comments, filed in this docket on June 23, 2014—specifically, minimum opening bids and the allocation of bidding units, the maximum bid increment, the former defaulter rule, and the schedule for submitting payments.

With respect to minimum opening bids and the allocation of bidding units, AT&T believes that the Commission's approach is directionally correct, but its reliance on past auction prices to adjust minimum opening bids and bidding unit allocations incorporates anomalies from past auctions. These anomalies, if not corrected, could lead to inefficient valuations and opportunities for gamesmanship. For example, in the CMA-sized G Block, Buffalo, with a population of roughly 1.4 million, would, under the Commission's proposal, account for 220,000 bid units, and have a minimum opening bid price of \$440,000, while Oklahoma City, the next most populous CMA at 1.9 million, would account for more than ten times as many bid units and carry a minimum opening bid price more than 10 times higher. Similarly, although Dallas is more populous than Houston (6.3 to 5.6 million), Houston would account for more than 1 million more bid units and carry a minimum opening price more than \$ 2 million higher than Dallas'. These anomalies, which resulted from unusual bidding patterns in past auctions, threaten to lead to inefficient bidding in Auction 97 and inadvertently create greater opportunities to "park" eligibility that would normally exist in a typical auction.

AT&T proposes a "pops weighting" refinement to the Commission's formula that would preserve the relative premium on major market pricing, but would avoid the incorporation of anomalous results from past auctions in individual markets. Specifically, AT&T suggests that the FCC rank each license in descending order by population and then group licenses into deciles.



Within each decile, the Bureau would take the aggregate bid units and minimum opening bid amounts for all licenses in the decile (based on its original proposal), and then reallocate them to each license in the decile on a per pop basis. A comparison of minimum opening bids and allocation of bidding units under the Bureau's original proposal and under this proposed "pops weighting" refinement is set forth in the attached charts. The effect of this refinement would be to maintain the relative price premium for major markets, but to smooth out the anomalies in the Bureau's original proposal such as those described above. This should result in more efficient pricing, and therefore, less gamesmanship.

AT&T also noted that, as in past auctions, the maximum bid increment should be limited to twenty percent. As other commenters have noted, a higher percentage increment could result in reduced auction revenue and efficiency. In other markets, with substantial bidding activity, the thirty percent maximum bid increment the Bureau proposes could lead to some ridiculous auction valuations. In any event, the Bureau has other tools at its disposal to manage the pace of the auction. Accordingly, the Bureau should adopt a twenty percent limit, as it has done in past auctions.

AT&T also reiterated its support for the request made by several parties that the Bureau order that post-auction payments will not be due before 2015. This will greatly improve participants' ability to plan for and participate in the auction. Similarly, AT&T supports a waiver of the "former defaulter" rule, to remove a disproportionate and draconian penalty and lower barriers to participation in the auction. In addition, AT&T, for the reasons stated in its Reply Comments, opposes the suggestion made by a few parties that the Commission break the AWS-3 Auction into two separate auctions. AT&T believes that the Commission should, as it has done in past auctions, allow both the paired and unpaired AWS-3 spectrum to be included in Auction 97, and allow bidders to determine the extent to which these bands are substitutable or complementary.

Lastly, AT&T reiterated the importance of providing prospective bidders with certainty regarding the operations of federal incumbents, the transition process and any coordination and sharing requirements.

Pursuant to the Commission's rules, this notice is being filed in the above-referenced docket for inclusion in the public record. Please contact me should you have any questions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey Black". The signature is written in a cursive, flowing style.

Stacey Black
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AT&T Services, Inc.



Cc: John Leibovitz, WTB
Brian Regan, WTB/OBC
Gary Michaels, WTB/Auctions
Margaret Wiener, WTB/Auctions
Craig Bomberger, WTB/Auctions
Valerie Barrish, WTB/Auctions
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