

**EXPORT-IMPORT BANK OF THE U.S.**

[Public Notice 101]

**Agency Information Collection Activities: Submission for OMB Review; Comment Request**

**AGENCY:** Export-Import Bank of the United States.

**ACTION:** Notice and request for comments.

**SUMMARY:** The Export-Import Bank of the United States (“Ex-Im Bank”) is seeking approval of the proposed information collection described below. Ex-Im Bank provides insurance and guarantees for the financing of exports of goods and services. This collection allows our customers the convenience of online claim filing in connection with a defaulted export transaction. Its use expedites claim filing and provides for simpler, more efficient processing of insurance, guarantee, and working capital claims. As part of its continuing effort to reduce paperwork and respondent burden, Ex-Im Bank invites the general public and other Federal Agencies to comment on the proposed

information collection as required by the Paperwork Reduction Act of 1995.

**SUPPLEMENTARY INFORMATION:** This notice is soliciting comments from the public concerning the proposed collection of information to: (1) Evaluate whether the proposed collection is necessary for the performance of the functions of the agency, including whether the information will have practical utility; (2) evaluate the accuracy of the agency’s estimate of the burden of the proposed information collection; (3) enhance the quality, utility, and clarity of the information to be collected; and (4) minimize the burden of collection of information on those who are to respond, including through the use of appropriate automated collection techniques or other forms of information technology, e.g., permitting electronic submission of responses.

**DATES:** Written comments should be received on or before September 24, 2007 to be assured of consideration.

**ADDRESSES:** Direct all comments to David Rostker, Office of Management and Budget, Office of Information and Regulatory Affairs, NEOB, Room 10202,

Washington, DC 20503, (202) 395–3897. Direct all requests for information, including copies of the proposed collection of information and documentation to Terry M. Faith, Export-Import Bank of the U.S., 811 Vermont Avenue, NW., Washington, DC 20571, (202) 565–3607 or (800) 565–3946, ext. 3607, or [Terry.M.Faith@exim.gov](mailto:Terry.M.Faith@exim.gov).

**Titles and Form Numbers:** Export-Import Bank of the United States Electronic Claim Filing System: Insurance: EIB 07–01A, Medium-Term Bank Guarantee: EIB 07–01B, and Working Capital Guarantee: EIB 07–01C.

**OMB Number:** None.  
**Type of Review:** Regular.

**Need and Use:** The proposed information collection provides Ex-Im Bank with information necessary to process the filing of a claim under Ex-Im Bank’s Multi-buyer Insurance Policy, Medium Term Guarantee and Working Capital Guarantee programs. The information collection enables claimants to file a claim online, thereby allowing for a simpler, more efficient process.

**Affected Public:** Insured parties and brokers.

	EIB 07–01A	EIB 07–01B	EIB 07–01C
Estimated annual respondents .....	32	10	10
Estimated time per respondent .....	1 hr.	1 hr.	1½ hrs.
Estimated annual burden .....	32 hrs.	10 hrs.	15 hrs.

*Frequency of Response:* One form per claim.

Dated: August 16, 2007.

**Solomon Bush,**

*Agency Clearance Officer.*

[FR Doc. 07–4122 Filed 8–22–07; 8:45 am]

**BILLING CODE 6690–01–M**

**FEDERAL COMMUNICATIONS COMMISSION**

[Report No. AUC–07–73–A (Auction 73); DA 07–3415; AU Docket No. 07–157]

**Auction of 700 MHz Band License Scheduled for January 16, 2008; Comment Sought on Competitive Bidding Procedures for Auction 73**

**AGENCY:** Federal Communications Commission.

**ACTION:** Notice.

**SUMMARY:** This document announces the auction of certain 700 MHz band licenses scheduled to commence on January 16, 2008 (Auction 73). This document also seeks comments on

competitive bidding procedures for Auction 73.

**DATES:** Comments are due on or before August 31, 2007, and reply comments are due on or before September 7, 2007.

**ADDRESSES:** Comments and reply comments must be identified by AU Docket No. 07–157; DA 07–3415. The Bureau requests that a copy of all comments and reply comments be submitted electronically to the following address: [auction73@fcc.gov](mailto:auction73@fcc.gov). In addition, comments and reply comments may be submitted by any of the following methods:

- Federal Communications Commission’s Web site: <http://www.fcc.gov/cgb/ecfs/>. Follow the instructions for submitting comments.
- People with Disabilities: Contact the FCC to request reasonable accommodations (accessible format documents, sign language interpreters, CART, etc.) by e-mail: [FCC504@fcc.gov](mailto:FCC504@fcc.gov) or phone: 202–418–0530 or TTY: 202–418–0432.
- Paper Filers: Parties who choose to file by paper must file an original and four copies of each filing. Filings can be

sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although the Bureau continues to experience delays in receiving U.S. Postal Service mail). All filings must be addressed to the Commission’s Secretary, Attn: WT/ASAD, Office of the Secretary, Federal Communications Commission.

- The Commission’s contractor will receive hand-delivered or messenger-delivered paper filings for the Commission’s Secretary at 236 Massachusetts Avenue, NE., Suite 110, Washington, DC 20002. The filing hours at this location are 8 a.m. to 7 p.m. Eastern Time (ET). All hand deliveries must be held together with rubber bands or fasteners. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743.

- U.S. Postal Service first-class, Express, and Priority mail should be addressed to 445 12th Street, SW., Washington, DC 20554.

**FOR FURTHER INFORMATION CONTACT:**

*Wireless Telecommunications Bureau, Auctions and Spectrum Access Division:* For auctions legal questions: Erik Salovaara or Scott MacKoul at (202) 418-0660. For general auction questions: Jeff Crooks at (202) 418-0660 or Lisa Stover at (717) 338-2888.

*Mobility Division:* For service rules questions: Erin McGrath (legal) or Keith Harper (technical) at (202) 418-0620.

**SUPPLEMENTARY INFORMATION:** This is a summary of the *Auction 73 Comment Public Notice* released on August 17, 2007. The complete text of the *Auction 73 Comment Public Notice*, including attachments, and related Commission documents, are available for public inspection and copying from 8 a.m. to 4:30 p.m. ET Monday through Thursday or from 8 a.m. to 11:30 a.m. ET on Fridays in the FCC Reference Information Center, Portals II, 445 12th Street, SW., Room CY-A257, Washington, DC 20554. The *Auction 73 Comment Public Notice*, including attachments, and related Commission documents also may be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc. (BCPI), Portals II, 445 12th Street, SW., Room CY-B402, Washington, DC 20554, telephone 202-488-5300, facsimile 202-488-5563, or you may contact BCPI at its Web site: <http://www.BCPIWEB.com>. When ordering documents from BCPI, please provide the appropriate FCC document number, for example, DA 07-3415. The *Auction 73 Comment Public Notice* and related documents also are available on the Internet at the Commission's Web site: <http://wireless.fcc.gov/auctions/73/>.

**I. Introduction and Summary**

1. The Wireless Telecommunications Bureau (Bureau) announces an auction of 1,099 licenses in the 698-806 MHz band (700 MHz Band). A complete list of licenses available is included as Attachment A of the *Auction 73 Comment Public Notice*. This auction, which is designated as Auction 73, is scheduled to commence on January 16, 2008.

2. In prior proceedings, the Commission considered the 700 MHz Band in two parts, 698-746 MHz (Lower 700 MHz Band) and 746-806 MHz (Upper 700 MHz Band). The Lower 700 MHz Band was divided into blocks A through E, and the Upper 700 MHz Band was divided into blocks A through D. The Commission previously assigned licenses for blocks C and D in the Lower 700 MHz Band and for blocks A and B in the Upper 700 MHz Band. Consequently, the remaining blocks to

be licensed are the Lower 700 MHz Band A, B, and E Blocks, and the Upper 700 MHz Band C and D Blocks. As the letters identifying the blocks remaining to be licensed in the Lower and Upper 700 MHz Bands do not overlap, the *Auction 73 Comment Public Notice* refers to these blocks to be licensed as the A, B, E, C and D Blocks, without repeating the Lower 700 MHz Band and Upper 700 MHz Band designation.

3. Pursuant to governing statutes and Commission rules, the Commission will announce final procedures for Auction 73 after considering comment provided in response to the *Auction 73 Comment Public Notice*. In Auction 73, the Commission will make available 176 licenses over Economic Areas (EAs) in the A Block, 734 licenses over Cellular Market Areas (CMAs) in the B Block, 176 licenses over EAs in the E Block, 12 licenses over Regional Economic Area Groupings (REAGs) in the C Block, and one nationwide license, to be used as part of the 700 MHz Public/Private Partnership, in the D Block. The Bureau seeks comment on detailed procedures for Auction 73, including, among other things, procedures for: (1) Anonymous bidding, to enhance competition by safeguarding against potential anti-competitive auction strategies; (2) applicants trying to combine multiple C Block licenses to place bids on packages of those licenses; (3) block-specific aggregate reserve prices, to help assure that the public recovers a portion of the licenses' value; and (4) offering licenses for the relevant block(s) in a prompt subsequent auction in the event auction results do not satisfy applicable reserve prices.

4. The Commission is offering the licenses in Auction 73 consistent with the requirements of the Digital Television Transition and Public Safety Act of 2005 (DTV Act). Pursuant to the DTV Act the Commission must conduct the auction of licenses for recovered analog spectrum by commencing the bidding not later than January 28, 2008.

**II. Background**

5. The Commission recently released the *700 MHz Second Report and Order*, FCC 07-132, released August 6, 2007, in which it revised rules governing licenses in the 700 MHz Band and made certain determinations regarding the auction of 700 MHz Band licenses. Parties responding to this Public Notice should be familiar with the details of the *700 MHz Second Report and Order*. The Bureau now proposes and seeks comment on detailed procedures to implement the Commission's determinations and generally enable the conduct of Auction 73.

6. *Anonymous Bidding.* In the *700 MHz Second Report and Order*, the Commission found that the public interest would be served if the auction for new 700 MHz Band licenses is conducted using anonymous (or limited information) bidding procedures, regardless of any pre-auction measurement of likely auction competition. Such information procedures are intended to reduce the potential for anti-competitive bidding behavior, including bidding activity that aims to prevent the entry of new competitors. Having made this determination, the Commission directed the Bureau to propose and seek comment on more detailed procedures for employing anonymous bidding for the upcoming auction. Accordingly, the Bureau seeks comment on anonymous bidding procedures for Auction 73.

7. *Package Bidding for C Block Licenses But Not for A, B, D, and E Block Licenses.* The Commission also determined in the *700 MHz Second Report and Order* that providing for package bidding for C Block licenses in Auction 73 would serve the public interest. The Commission found that package bidding for these licenses should facilitate the entry of entities seeking to create a nationwide footprint and whose business plans require the economies of scale that only can be obtained with nationwide operation. The Commission directed the Bureau to propose and seek comment on detailed procedures for implementing package bidding for the C Block licenses and not for licenses in the other blocks to be auctioned.

8. *Block-Specific Aggregate Reserve Prices for Auction 73.* The Commission also decided to provide for aggregate reserve prices for licenses authorizing the use of each block of the 700 MHz Band. The Commission concluded that, consistent with its statutory mandate, disclosed reserve prices would promote the recovery of a portion of the value of the public spectrum resource. The Commission directed the Bureau to adopt aggregate reserve prices reflecting the potential market value of this spectrum based on a variety of factors including, but not limited to, the characteristics of this band and the auction prices of other recently auctioned licenses, such as licenses for Advanced Wireless Services in the 1710-1755 MHz and 2110-2155 MHz bands (AWS-1). Accordingly, the Bureau proposes to adopt the following block-specific aggregate reserve prices: Block A, \$1.807380 billion; Block B, \$1.374426 billion; Block C, \$4.637854 billion; Block D, \$1.330000 billion; Block E, \$0.903690 billion. Further, the

Bureau proposes that if the sum of the provisionally winning gross bids for the licenses in a block does not satisfy the relevant aggregate reserve price, none of the relevant licenses for the particular block will be assigned based on the auction results.

9. *Prompt Subsequent Auction, if Necessary, of Alternative Licenses.* The Commission, moreover, decided that if licenses initially offered for the A, B, C, or E Blocks are not assigned because the auction results do not satisfy the applicable aggregate reserve price(s) for those licenses, the Commission

promptly will offer alternative licenses for those blocks. More specifically, the Commission will offer licenses for the A, B, and E Blocks subject to alternative performance requirements. With respect to the C Block, the Commission will offer alternative licenses without the open platform conditions and based on different geographic areas and spectrum bandwidth. If the D Block license is not assigned because the auction results do not satisfy the D Block reserve price, the Commission may re-offer that license subject to the same rules or reconsider the applicable rules. Consistent with the

Commission's direction, the Bureau will permit only qualified bidders in the initial auction to participate in the subsequent auction and proposes to use the same auction design, including an aggregate reserve price for each block that matches the applicable initial reserve price, insofar as possible.

**III. Licenses To Be Offered in Auction 73**

10. Auction 73 includes a total of 1,099 licenses: 176 in the A Block, 734 in the B Block, 176 in the E Block, 12 in the C Block, and 1 in the D Block.

Block	Frequencies (MHz)	Bandwidth	Pairing	Area type	Licenses
A	698–704, 728–734	12 MHz	2 × 6 MHz	EA	176
B	704–710, 734–740	12 MHz	2 × 6 MHz	CMA	734
E	722–728	6 MHz	unpaired	EA	176
C	746–757, 776–787	22 MHz	2 × 11 MHz	REAG	12
D	758–763, 788–793	10 MHz	2 × 5 MHz	Nationwide	1

The D Block is subject to conditions respecting a public/private partnership license.

11. *Predefined Packages of C Block Licenses.* As directed by the Commission's recent decision in the *700 MHz Second Report and Order*, the Bureau proposes detailed procedures that will enable bidders to place bids on all individual licenses and on certain predefined packages of C Block licenses. More specifically, the Bureau proposes to enable bidders to place individual bids on the 12 REAG licenses and package bids on the following combinations of C Block REAG licenses: REAGs 1–8, comprising the 50 United States; REAGs 9 and 11, comprising the United States Pacific territories; and REAGs 10 and 12, comprising Puerto Rico, the U.S. Virgin Islands and the Gulf of Mexico.

12. *Incumbents.* A number of incumbent broadcasters are licensed and operating on these frequencies (TV Channels 52–53, 56–58, 60–62, and 65–67) and adjacent channels. In accordance with the Commission's rules, 700 MHz Band licensees must protect analog TV incumbents from harmful interference through February 17, 2009, the end of the DTV transition period. These limitations may restrict the ability of such geographic area licensees to use certain portions of the electromagnetic spectrum or provide service to some parts of their geographic license areas.

13. In the *700 MHz Second Report and Order*, the Commission grandfathered an incumbent Guard Band B Block licensee in Major Economic Areas (MEAs) 21 and 39 at 761–763 MHz and 791–793 MHz of the

D Block. The new D Block licensee will be authorized on a secondary basis in these markets, and it may not cause interference to the primary operations of the grandfathered licensee. If the grandfathered licensee, or a successor or assignee, cancels either of the grandfathered licenses, or if either license cancels automatically, is terminated by the Commission, or expires, then the licensed geographic area will revert to the D Block licensee automatically.

**IV. Bureau Seeks Comment on Auction Procedures**

14. Section 309(j)(3) of the Communications Act of 1934, as amended, requires the Commission to ensure that, in the scheduling of any competitive bidding under this subsection, an adequate period is allowed before issuance of bidding rules, to permit notice and comment on proposed auction procedures. Consistent with the provisions of section 309(j)(3) and to ensure that potential bidders have adequate time to familiarize themselves with the specific rules that will govern the day-to-day conduct of an auction, the Commission directed the Bureau, under its existing delegated authority, to seek comment on a variety of auction-specific procedures prior to the start of each auction. The Bureau therefore seeks comment on the following issues relating to Auction 73.

*A. Auction Design*

i. Anonymous Bidding

15. In the *700 MHz Second Report and Order*, the Commission concluded that anonymous bidding procedures,

which withhold from public release until after the auction closes any information that may indicate specific applicants' interests in the auction, including information such as their license selections and bidding activity, should be implemented in the upcoming auction of new 700 MHz Band licenses regardless of whether the auction meets a pre-auction assessment of likely competition. The Commission concluded that such procedures will serve the public interest by reducing the potential for anti-competitive bidding behavior, including bidding activity that aims to prevent the entry of new competitors.

16. In light of these conclusions, for Auction 73 the Bureau proposes to withhold, until after the close of bidding, public release of: (1) Bidders' license selections on their short-form applications (FCC Form 175); (2) the amounts of bidders' upfront payments and bidding eligibility; and (3) information that may reveal the identities of bidders placing bids and taking other bidding-related actions. For example, the Bureau proposes to withhold the identities of bidders placing specific bids or withdrawals and the net bid amounts, although the Bureau will disclose after the close of each round the amount of every bid placed and whether a bid amount was withdrawn. The Bureau proposes to provide individual bidders with additional information about their own bids. In contrast to procedures implemented for anonymous bidding in past auctions, and consistent with the *700 MHz Second Report and Order*, the Bureau will withhold this information irrespective of any pre-auction

measurement of likely auction competition. Accordingly, the Bureau proposes to withhold the amount of bidders' upfront payments and bidding eligibility until after the close of bidding. Bidders will be able to view their own level of eligibility, before and during the auction, through the Commission's Integrated Spectrum Auction System (ISAS or FCC Auction System). Moreover, bidders will be made aware of other bidders with whom they will not be permitted to discuss bidding strategies for the purpose of complying with the Commission's anti-collusion rules. Specifically, the Bureau will notify separately each applicant with short-form applications for participation in a pending auction, including but not limited to Auction 73, whether applicants in Auction 73 have applied for licenses in any of the same geographic areas as that applicant.

17. In the event that licenses initially offered for any of the 700 MHz Band spectrum blocks are not assigned because the auction results do not satisfy the applicable reserve price and the Commission conducts a prompt subsequent auction of licenses for the relevant block(s), the Commission proposes generally to withhold the information described herein on bidder license selection and eligibility and information that may reveal the identities of bidders placing bids for both auctions until after the close of bidding in the second auction. Thus, if the initial auction results satisfy aggregate reserve prices with respect to licenses in some but not all blocks, the Commission proposes, except for the D Block, to withhold information on the winning bidders for licenses in the relevant block(s) as well as information on bidder license selections and eligibility and information that may reveal the identities of bidders placing bids and taking other bidding-related actions on licenses in all blocks until after the close of bidding in both auctions. Because bidding on the 700 MHz Band licenses is interrelated, the purpose for which the Bureau imposes anonymous bidding procedures in the first place—to make signaling and other anti-competitive bidding behavior less likely to be successful—will continue to be served by not making such information public until after the close of bidding on all of the licenses. For the D Block, however, the Bureau proposes, instead of withholding all information, to make public before the close of bidding in a second auction only such information as may be necessary to proceed with promptly facilitating the D Block winner's obligations to negotiate

a Network Sharing Agreement with the national Public Safety Broadband Licensee in the adjacent spectrum block, in the event there is a winning bidder for the D Block license in the initial auction. The Bureau seeks comment on these details regarding its proposal for implementation of anonymous bidding in Auction 73, and on alternative proposals for the specific procedures to implement anonymous bidding.

ii. SMR Auction With Package Bidding on C Block Licenses

18. In the *700 MHz Second Report and Order*, the Commission directed the Bureau to propose detailed auction procedures that would permit the license-by-license bidding of the FCC's standard simultaneous multiple round (SMR) auction format for the A, B, D, and E Block licenses, while enabling package bidding for C Block licenses. Accordingly, the Bureau proposes to conduct Auction 73 using an SMR auction design with hierarchical package bidding (HPB) for the C Block licenses. The Bureau has developed software for an auction format (SMR-HPB) that permits license-by-license bidding as well as limited package bidding using HPB on predetermined packages of specified licenses. Under this proposal, HPB will be available for 12 licenses in the C Block, and license-by-license bidding without package bids will be available for the 1,087 licenses in the other available blocks. In this SMR-HPB auction format the Bureau proposes for the C Block licenses certain procedures that differ from standard SMR procedures, while retaining the standard SMR procedures for all of the other licenses to be offered. The Bureau seeks comment on the details of the proposed SMR-HPB format, keeping in mind the Commission's goal of facilitating the entry of a new nationwide competitor with sufficient bandwidth to offer a range of advanced wireless services, without causing undue difficulty for bidders that are not interested in a nationwide license.

19. In the *700 MHz Second Report and Order*, the Commission also provided that the Bureau may conduct an auction without package bidding for the C Block licenses in the event that currently unforeseen difficulties make it impracticable to implement package bidding. In the event that package bidding cannot be implemented for Auction 73, the Bureau proposes to conduct the auction using standard SMR procedures for all of the licenses, including the C Block licenses as well as the A, B, D, and E Block licenses.

a. Previous Commission Package Bidding Designs

20. The Bureau's proposed SMR-HPB auction design further develops and modifies prior package bidding designs for the Commission's spectrum license auctions. Unlike previous designs that allowed bidders to create their own packages of any or all of the licenses in the auction, SMR-HPB allows a form of package bidding only on predetermined packages of specified licenses, while using SMR procedures for licenses not subject to package bidding. The Commission first proposed a simple form of package bidding in 2000, in connection with procedures for a planned auction of licenses in the Upper 700 MHz Band (Auction 31). These package bidding procedures were modified in 2002 when Auction 31 was scheduled to begin on June 19, 2002. After Auction 31 was postponed consistent with the Auction Reform Act of 2002, the Commission further modified its package bidding design. This package bidding design was used for an auction of narrowband Personal Communication Services licenses (Auction 51) in September 2003. Following Auction 51, the Commission continued to consider alternative package bidding auction formats and developed a particular SMR auction format with package bidding (SMR-PB). In 2006, the Commission sought comment on whether to use SMR-PB and/or SMR for Auction 66, and decided to use its SMR auction format without package bidding for all of the licenses in that auction. In 2005 and 2006 the Commission conducted experimental economic testing of the SMR-PB format.

21. The Commission has received considerable feedback on auction design from potential bidders and other members of the public, including comments submitted in the 700 MHz proceeding. Also, in 2007 the Commission did further experimental economic testing on alternative package bidding designs. Furthermore, there has been a significant amount of recent academic research and economic experiments on auction designs that incorporate package bidding in various ways. Taking into consideration Commission experience and input from the public, the Commission now seeks comment on using the following SMR-HPB format for Auction 73.

b. SMR-HPB Auction Format

22. As in the Commission's non-package bidding SMR auctions, the proposed SMR-HPB auction format offers all licenses for sale

simultaneously, with bid amounts generally ascending over a series of bidding rounds. SMR-HPB allows bids on all individual licenses and on certain predefined packages of specified licenses. In Auction 73, not all licenses will be included in packages: The Commission will offer package bidding only on the C Block licenses. Bidding on licenses in other blocks will be on a license-by-license basis only, as in SMR. A bidder may bid on, and potentially win, any number of licenses and/or packages. Typically, bidding remains open on all licenses until bidding stops on every license, based on the applicable stopping rule.

23. With respect to licenses offered subject to HPB, bidders may not create their own packages. The predefined packages are determined by the Commission according to a hierarchical structure. The initial level consists of individual licenses, and the next level consists of non-overlapping packages of those licenses, such that a given license is included only once in each level. The winning set of bids may consist of bids from various levels, as long as each license is included in only one winning bid.

24. For Auction 73, the Bureau proposes to accept individual bids on C Block licenses for REAGs 1–12 (Level 1) and package bids on certain combinations of C Block REAG licenses (Level 2). Thus, the initial level will be the twelve individual REAG licenses, and the second level will consist of packages of REAGs 1–8 (the 50 United States), REAGs 10 and 12 (Puerto Rico, the U.S. Virgin Islands and the Gulf of Mexico, or Atlantic), and REAGs 9 and 11 (the U.S. Pacific territories, or Pacific). The Bureau proposes a package of REAGs covering the 50 states consistent with the Commission's determination that the Bureau should implement a package bidding auction design to facilitate the entry of a new nationwide competitor in the C Block. The Bureau seeks comment on this proposal, including comments suggesting alternative levels or alternative ways of packaging licenses within levels.

25. After each round, the FCC determines the combination of package and/or single license bids that yields the highest gross amount, and those bids become provisionally winning. For licenses that are not subject to package bidding, the FCC Auction System will consider the bids placed in the round and the provisionally winning bids from the previous round; the highest bid on each license will become that round's provisionally winning bid. For licenses subject to package bidding, when

determining provisionally winning bids, the FCC Auction System will consider each bidder's highest bid on each license or package placed up to that point in the auction, regardless of whether the bids were provisionally winning after the rounds in which they were placed. Considering these bids from previous rounds makes it possible for new bids on individual licenses to combine with other bids in order to compete with bids on packages. The provisionally winning bids are determined by comparing aggregate gross bid amounts, at each level, for various combinations of package and individual license bids.

### *B. Auction Structure*

#### *i. Round Structure*

26. Auction 73 will consist of sequential bidding rounds. The initial bidding schedule will be announced in a public notice to be released at least one week before the start of the auction.

27. The Commission will conduct Auction 73 over the Internet, and telephonic bidding will be available as well. The toll-free telephone number for the Auction Bidder Line will be provided to qualified bidders.

28. The Bureau proposes to retain the discretion to change the bidding schedule in order to foster an auction pace that reasonably balances speed with the bidders' need to study round results and adjust their bidding strategies. Under this proposal, the Bureau may change the amount of time for bidding rounds, the amount of time between rounds, or the number of rounds per day, depending upon bidding activity and other factors. The Bureau seeks comment on this proposal. Commenters may wish to address the role of the bidding schedule in managing the pace of the auction and the tradeoffs in managing auction pace by bidding schedule changes, by changing the activity requirements or bid amount parameters, or by using other means.

#### *ii. Stopping Rule*

29. The Bureau has discretion to establish stopping rules before or during multiple round auctions in order to terminate the auction within a reasonable time. For Auction 73, the Bureau proposes to employ a simultaneous stopping rule approach. A simultaneous stopping rule means that all licenses remain available for bidding until bidding closes simultaneously on all licenses. More specifically, bidding will close simultaneously on all licenses and packages after the first round in which no bidder submits any new bids,

applies a proactive waiver, or withdraws any provisionally winning bids. Thus, unless the Bureau announces alternative stopping procedures, bidding will remain open on all licenses until bidding stops on every license, regardless of whether bids are placed on individual licenses or packages of licenses. Consequently, it is not possible to determine in advance how long the auction will last.

30. Further, the Bureau proposes to retain the discretion to exercise any of the following options during Auction 73: (a) Use a modified version of the simultaneous stopping rule. The modified stopping rule would close the auction for all licenses after the first round in which no bidder applies a waiver, withdraws a provisionally winning bid, or places any new bids on any license or package for which it is not the provisionally winning bidder. Thus, absent any other bidding activity, a bidder placing a new bid on a license or a package of licenses for which it is the provisionally winning bidder would not keep the auction open under this modified stopping rule. When commenting on this proposal, commenters should address whether this modified stopping rule should apply across licenses and packages of those licenses. For example, should the auction close if the only bid placed is a new bid on a license that is part of a package upon which that same bidder holds the provisionally winning bid? Commenters should also address whether this modified stopping rule should apply only after applicable reserve prices have been met; (b) declare that the auction will end after a specified number of additional rounds (special stopping rule). If the Bureau invokes this special stopping rule, it will accept bids in the specified final round(s) after which the auction will close; and (c) keep the auction open even if no bidder places any new bids, applies a waiver, or withdraws any provisionally winning bids. In this event, the effect will be the same as if a bidder had applied a waiver. The activity rule, therefore, will apply as usual, and a bidder with insufficient activity will either lose bidding eligibility or use a waiver.

31. The Bureau proposes to exercise these options only in certain circumstances, for example, where the auction is proceeding unusually slowly or quickly, there is minimal overall bidding activity, or it appears likely that the auction will not close within a reasonable period of time or will close prematurely, e.g., before bidders have had an adequate opportunity to satisfy any applicable reserve prices. Before

exercising certain of these options, the Bureau is likely to attempt to change the pace of the auction by, for example, changing the number of bidding rounds per day and/or changing minimum acceptable bids. The Bureau proposes to retain the discretion to exercise any of these options with or without prior announcement during the auction. The Bureau seeks comment on these proposals.

### iii. Information Relating to Auction Delay, Suspension, or Cancellation

32. For Auction 73, the Bureau proposes that, by public notice or by announcement during the auction, the Bureau may delay, suspend, or cancel the auction in the event of natural disaster, technical obstacle, administrative or weather necessity, evidence of an auction security breach or unlawful bidding activity, or for any other reason that affects the fair and efficient conduct of competitive bidding. In such cases, the Bureau, in its sole discretion, may elect to resume the auction starting from the beginning of the current round, resume the auction starting from some previous round, or cancel the auction in its entirety. Network interruption may cause the Bureau to delay or suspend the auction. The Bureau emphasizes that exercise of this authority is solely within the discretion of the Bureau, and its use is not intended to be a substitute for situations in which bidders may wish to apply their activity rule waivers. The Bureau seeks comment on this proposal.

### C. Bidding Procedures

#### i. Upfront Payments and Bidding Eligibility

33. The Bureau has delegated authority and discretion to determine an appropriate upfront payment for each license being auctioned. A bidder's upfront payment is a refundable deposit to establish eligibility to bid on licenses. Upfront payments related to the licenses for specific spectrum subject to auction protect against frivolous or insincere bidding and provide the Commission with a source of funds from which to collect payments owed at the close of the auction. With these guidelines in mind, the Bureau proposes to calculate upfront payments on a license-by-license basis using a method that considers the likely relative demand for the licenses, taking into account, among other factors, the population within the license area, the bandwidth covered by the license, whether the license includes rural areas, and whether a license for the exact same area was unsold in Auction 66. Specifically, the

Bureau proposes to calculate upfront payments as follows: (1) For licenses covering CMAs in the 50 states in which the licenses offered in Auction 66 were sold, \$0.05 per MHz per population (MHz-pop) for Metropolitan Statistical Area (MSA) licenses and \$0.03/MHz-pop for Rural Service Area (RSA) licenses; (2) for licenses covering EAs in the 50 states in which the corresponding licenses in both EA blocks offered in Auction 66 were sold, the sum of \$0.05/MHz-pop for counties contained within an MSA and \$0.03/MHz-pop for counties contained within an RSA; (3) for licenses covering REAGs in the 50 states in which the corresponding licenses in all three REAG blocks offered in Auction 66 were sold, the sum of \$0.05/MHz-pop for counties contained within an MSA and \$0.03/MHz-pop for counties contained within an RSA; (4) for licenses covering geographic areas for which an Auction 66 license was unsold, \$0.01/MHz-pop; (5) for licenses covering the Gulf of Mexico, \$1,000 per MHz; and (6) for all remaining licenses, \$0.01/MHz-pop. For all licenses, the results of the calculations are subject to a minimum of \$500 per license and are rounded using the Bureau's standard rounding procedure. The proposed number of bidding units for each license and associated upfront payment amounts are listed in Attachment A of the *Auction 73 Comment Public Notice*. The Bureau seeks comment on this proposal.

34. The Bureau further proposes that the amount of the upfront payment submitted by a bidder will determine the bidder's initial bidding eligibility in bidding units. The Bureau proposes that each license be assigned a specific number of bidding units equal to the upfront payment listed in Attachment A of the *Auction 73 Comment Public Notice*, on a bidding unit per dollar basis. For a package, the Bureau proposes to calculate the bidding units by adding together the bidding units of the individual licenses that make up the package. The number of bidding units for a given license is fixed and does not change during the auction as prices change. A bidder's upfront payment is not attributed to specific licenses or packages. Rather, a bidder may place bids on any of the licenses it selected on its application to participate in the auction as long as the total number of bidding units associated with those licenses does not exceed its current eligibility. Eligibility cannot be increased during the auction; it can only remain the same or decrease.

35. In the proposed SMR-HPB auction format, a bidder may place bids on any combination of licenses and

packages of licenses as long as the total number of bidding units associated with the licenses does not exceed the bidder's current eligibility. Therefore, applicants interested in bidding only on individual licenses should determine the total number of bidding units associated with licenses they wish to bid on or have included in provisionally winning bids in any single round, and submit an upfront payment amount covering that total number of bidding units. Applicants interested in bidding on packages should determine their upfront payment by calculating the sum of bidding units associated with each discrete license they wish to include in new bids (package or individual bids) or have included in provisionally winning bids in any single round. The bidding units associated with a given license, even if the license is included in more than one bid, will be counted only once per bidder per round. Hence, if a bidder has enough eligibility to bid on certain licenses, it can place bids on the licenses individually and on packages containing the licenses without needing additional eligibility. For example, if licenses A, B, and C each have 10,000 bidding units, and a bidder wishes in a single round to be able to bid on licenses A, B, and C individually and on packages AB and ABC, the bidder needs 30,000 bidding units of eligibility.

#### ii. Activity Rule

36. In order to ensure that the auction closes within a reasonable period of time, an activity rule requires bidders to bid actively throughout the auction, rather than wait until late in the auction before participating.

37. In the proposed SMR-HPB format, as well as in an SMR format, bidders are required to be active on a specific percentage of their current bidding eligibility during each round of the auction. Failure to maintain the requisite activity level will result in the use of an activity rule waiver, if any remain, or a reduction in the bidder's eligibility, possibly curtailing or eliminating the bidder's ability to place additional bids in the auction.

38. The Bureau proposes to divide the auction into at least two stages, each characterized by a different activity requirement. The auction will start in Stage One. The Bureau proposes to advance the auction to the next stage by announcement during the auction. In exercising this discretion, the Bureau will consider a variety of measures of auction activity, including but not limited to the percentage of licenses (as measured in bidding units) on which there are new bids, the number of new bids, and the increase in revenue. The

Bureau seeks comment on these proposals.

39. Commenters that believe these activity rules should be modified should explain their reasoning and comment on the desirability of an alternative approach. Commenters are advised to support their claims with analyses and suggested alternative activity rules. Additionally, commenters may wish to address the role of activity rules in managing the pace of the auction and the tradeoffs in managing auction pace by bidding schedule changes, by changing the activity requirements or bid amount parameters, or by using other means.

40. In SMR and SMR-HPB, a bidder's activity in a round will be the sum of the bidding units associated with any licenses covered by new and provisionally winning bids. In SMR-HPB, the bidding units associated with a given license will be counted only once in a bidder's activity calculation for the round, even if the bidder places multiple bids including the license. For example, consider two licenses, A and B, each having 10,000 bidding units. Assuming a bidder bids on license A as well as the package AB in a given round, the bidder's activity would be 20,000 bidding units, calculated as the sum of the bidding units of licenses A and B. Note that the bidding units for license A are not counted twice.

41. The Bureau proposes the following activity requirements, while noting again that the Bureau retains the discretion to change stages unilaterally by announcement during the auction. *Stage One:* In each round of the first stage of the auction, a bidder desiring to maintain its current bidding eligibility is required to be active on licenses representing at least 80 percent of its current bidding eligibility. Failure to maintain the required activity level will result in the use of an activity rule waiver or a reduction in the bidder's bidding eligibility for the next round of bidding. During Stage One, a bidder's reduced eligibility for the next round will be calculated by multiplying the bidder's current round activity by five-fourths ( $\frac{5}{4}$ ). *Stage Two:* In each round of the second stage, a bidder desiring to maintain its current bidding eligibility is required to be active on 95 percent of its current bidding eligibility. Failure to maintain the required activity level will result in the use of an activity rule waiver or a reduction in the bidder's bidding eligibility for the next round of bidding. During Stage Two, a bidder's reduced eligibility for the next round will be calculated by multiplying the bidder's current round activity by twenty-nineths ( $\frac{20}{19}$ ).

42. The Bureau retains the discretion to change the activity requirements during the auction. For example, the Bureau could decide to add an additional stage with a higher activity requirement, not to transition to Stage Two if it believes the auction is progressing satisfactorily under the Stage One activity requirement, or to transition to Stage Two with an activity requirement that is higher or lower than the 95 percent proposed herein. If the Bureau exercises this discretion, it will alert bidders by announcement in the FCC Auction System.

### iii. Activity Rule Waivers and Reducing Eligibility

43. Use of an activity rule waiver preserves the bidder's eligibility despite the bidder's activity in the current round being below the required minimum level. An activity rule waiver applies to an entire round of bidding, not to particular licenses. Activity rule waivers can be either proactive or automatic and are principally a mechanism for bidders to avoid the loss of bidding eligibility in the event that exigent circumstances prevent them from bidding in a particular round.

44. The FCC Auction System assumes that a bidder not meeting the activity requirement would prefer to apply an activity rule waiver (if available) rather than lose bidding eligibility. Therefore, the system will automatically apply a waiver at the end of any bidding round in which a bidder's activity level is below the minimum required unless (1) The bidder has no activity rule waivers remaining; or (2) the bidder overrides the automatic application of a waiver by reducing eligibility, thereby meeting the activity requirement. If a bidder has no waivers remaining and does not satisfy the required activity level, its eligibility will be permanently reduced, possibly curtailing or eliminating the bidder's ability to place additional bids in the auction.

45. A bidder with insufficient activity may wish to reduce its bidding eligibility rather than use an activity rule waiver. If so, the bidder must affirmatively override the automatic waiver mechanism during the bidding round by using the reduce eligibility function in the FCC Auction System. In this case, the bidder's eligibility is permanently reduced to bring the bidder into compliance with the activity rule. Reducing eligibility is an irreversible action. Once eligibility has been reduced, a bidder will not be permitted to regain its lost bidding eligibility, even if the round has not yet closed.

46. Under the proposed simultaneous stopping rule, a bidder may apply an

activity rule waiver proactively as a means to keep the auction open without placing a bid. If a bidder proactively applies an activity rule waiver (using the apply waiver function in the FCC Auction System) during a bidding round in which no bids are placed or withdrawn, the auction will remain open and the bidder's eligibility will be preserved. An automatic waiver applied by the FCC Auction System in a round in which there are no new bids, withdrawals, or proactive waivers will not keep the auction open. A bidder cannot apply a proactive waiver after bidding in a round, and applying a proactive waiver will preclude a bidder from placing any bids in that round. Applying a waiver is irreversible; once a proactive waiver is submitted, that waiver cannot be unsubmitted, even if the round has not yet closed.

47. Consistent with recent auctions of commercial wireless spectrum, the Bureau proposes that each bidder in Auction 73 be provided with three activity rule waivers that may be used as set forth herein at the bidder's discretion during the course of the auction. The Bureau seeks comment on this proposal.

### iv. Reserve Prices or Minimum Opening Bids

#### a. Reserve Prices

48. In the *700 MHz Second Report and Order*, the Commission concluded that establishing separate aggregate reserve prices for all the licenses in each block of the 700 MHz Band spectrum to be offered in Auction 73 will serve the public interest. More specifically, the Commission directed the Bureau to adopt and publicly disclose block-specific aggregate reserve prices, pursuant to its existing delegated authority and the regular pre-auction process and consistent with the Commission's conclusions in the *700 MHz Second Report and Order*. The Bureau proposes that the sum of the provisionally winning gross bids for all licenses in each block must equal or exceed the disclosed aggregate reserve price for the block before the Commission will assign licenses in that block. For reasons discussed herein, the Bureau proposes to adopt the following block-specific aggregate reserve prices to be used pursuant to this proposal: Block A, \$1.807380 billion; Block B, \$1.374426 billion; Block C, \$4.637854 billion; Block D, \$1.330000 billion; Block E, \$0.903690 billion. The Bureau seeks comment on all aspects of this proposal, as well as comment on other proposals for implementing the

Commission's direction in the *700 MHz Second Report and Order*.

49. *Background.* Section 309(j) calls upon the Commission to prescribe methods for establishing a reasonable reserve price or a minimum opening bid amount when FCC licenses are subject to auction, unless the Commission determines that a reserve price or minimum opening bid amount is not in the public interest. Consistent with this mandate, the Commission has directed the Bureau to seek comment on the use of a minimum opening bid amount and/or reserve price prior to the start of each auction. If a reserve price is adopted, it may be disclosed or undisclosed.

50. The Commission is statutorily obliged to consider and balance a variety of public interests and objectives when establishing service rules and licensing procedures with respect to the public spectrum resource. These objectives include promoting recovery for the public of a portion of the value of that resource. In the *700 MHz Second Report and Order*, the Commission adopted innovative provisions with respect to licenses in each separate block of the 700 MHz Band, including provisions establishing a public/private partnership with respect to the D Block license, open platform requirements for licenses in the C Block, and geographic performance requirements with respect to licenses in the A, B, and E Blocks. To address the possibility that various factors, including but not limited to the innovative service rules adopted for 700 MHz Band licenses, might impact the recovery of a portion of the value of the public spectrum resource, the Commission concluded that the public interest requires that the auction of the licenses be subject to certain reserve prices.

51. The Commission further recognized that, given the array of different conditions imposed on the licenses for different blocks, bidders may place sufficient value on licenses in a particular block to satisfy a reserve applicable to that block even though interest in licenses in another block may be too low to satisfy the latter block's aggregate reserve. The Commission therefore concluded that block-specific aggregate reserve prices should be used and directed the Bureau to adopt auction procedures that will enable licensing of specific blocks provided that the auction results satisfy the block-specific reserve prices. In this regard, the Commission expressly noted that under procedures typical of Commission auctions, a bidder would be able to raise its own provisionally winning bid(s) to attempt to satisfy the

reserve price for licenses in any spectrum block.

52. The Commission concluded that, in order to recover an appropriate portion of the value of the public spectrum resource, the block-specific aggregate reserve prices should reflect current assessments of the potential market value of licenses for the 700 MHz Band. The Commission directed that this assessment be based on various factors including, but not limited to, the characteristics of this band and the value of other recently auctioned licenses, such as licenses for Advanced Wireless Services. The Commission reasoned that using AWS-1 auction results might be an appropriate guide for setting block-specific reserve prices reflecting a conservative estimate of final market value. For instance, spectrum in the 700 MHz Band possesses superior propagation characteristics to AWS-1 spectrum. In addition, as of February 18, 2009, the 700 MHz Band spectrum will be unencumbered, while full access to AWS-1 spectrum requires the relocation of both Government and commercial incumbent users. Thus, other factors aside, 700 MHz Band licenses with comparable geographic service areas and bandwidth should have a higher market value than AWS-1 licenses.

53. The Commission expressly noted that the detailed rules regarding the D Block license, the D Block licensee's required construction of a network to be shared by public safety service users, and the resulting limitations on the flexibility of the D Block licensee, should be given weight in assessing the D Block's potential market value. Based solely on geographic area and spectrum block size, AWS-1 auction results might suggest a D Block reserve price of \$1.7 billion. However, in light of the D Block license conditions essential to the public safety purpose of the public/private partnership, it might be appropriate to expect bidders to bid only about 75 percent to 80 percent of such an amount, or about \$1.33 billion. In addition, when determining relative valuation of other blocks, the Bureau should consider the relative valuation of differing blocks in the recent auction of AWS-1 licenses.

54. *Discussion.* The Commission directed the Bureau to establish block-specific reserve prices by taking into account a conservative estimate of market value based on auction results for AWS-1 spectrum licenses, as noted herein and in the *700 MHz Second Report and Order*, as well as various factors including, but not limited to, the characteristics of this band. Using AWS-1 auction results as a guide, the

sum of block-specific reserves would amount to about \$10.4 billion. The Commission also provided specific guidance in setting the reserve applicable to the D Block license, suggesting that an amount of approximately \$1.33 billion would be appropriate. Consistent with the guidance of the Commission, the Bureau proposes the following block-specific aggregate reserve prices for Auction 73: Block A, \$1.807380 billion; Block B, \$1.374426 billion; Block C, \$4.637854 billion; Block D, \$1.330000 billion; Block E, \$0.903690 billion. Together, these block-specific aggregate reserves sum to \$10.053350 billion.

55. As the Commission has already noted, the D Block reserve price of \$1.33 billion is discounted from an amount based more closely on AWS-1 bids because of the unique service rules and related obligations imposed upon the D Block licensee. For the A, B, C, and E Blocks, the Bureau bases the reserve prices on the respective market value estimates using AWS-1 bids, adding one percent, and rounding to the nearest thousand dollars. Because of the value-enhancing propagation characteristics and relatively unencumbered nature of the 700 MHz Band spectrum, the Bureau believes these are conservative estimates. The Bureau seeks comment on these proposed reserve prices and specifically on whether any or all of them should be higher or lower than proposed here.

56. The Bureau proposes to consider gross bid amounts rather than net bid amounts in determining whether the block-specific reserve prices have been met. Anonymous bidding procedures, which the Bureau proposes to apply in Auction 73 at Commission direction, preclude disclosing net bid amounts until after the close of bidding. Therefore, were the block-specific reserve prices to be set in net rather than gross terms, during the auction bidders and the public would be less able to monitor whether provisionally winning bids had met the applicable reserve prices.

#### b. Minimum Opening Bids

57. In contrast to a reserve price, a minimum opening bid is the minimum bid price set at the beginning of the auction below which no bids will be accepted. It is generally used to accelerate the competitive bidding process. Also, the auctioneer often has the discretion to lower the minimum opening bid amount later in the auction. It is also possible for the minimum opening bid and the reserve price to be the same amount.

58. In light of Section 309(j)'s requirement to prescribe methods for establishing reasonable minimum opening bid amounts for licenses subject to auction unless such bid amounts are not in the public interest, the Bureau proposes to establish minimum opening bid amounts for Auction 73. The Bureau believes a minimum opening bid amount, which has been used in other auctions, is an effective bidding tool for accelerating the competitive bidding process.

59. Specifically, for Auction 73, the Bureau proposes to calculate minimum opening bid amounts on a license-by-license basis using a method that takes into consideration, among other factors, the winning bids for AWS-1 licenses in Auction 66. This approach for Auction 73 minimum opening bid amounts draws on the Auction 66 prices that were bid on licenses for the exact same geographic areas. This approach makes it possible to establish somewhat higher minimum opening bids for licenses that may likely sell for relatively higher prices, thereby potentially reducing the number of bidding rounds necessary for licenses to reach their final auction prices. Specifically, the Bureau proposes to calculate minimum opening bid amounts as follows: (1) For licenses covering geographic areas in the 50 states for which all of the corresponding licenses offered in Auction 66 for the exact same geographic area were sold, 25 percent of the dollars per MHz per population (MHz-pop) of the net amounts of the Auction 66 winning bids for licenses covering the same geographic license area, subject to a minimum of \$0.03/MHz-pop; (2) for licenses covering geographic areas for which a corresponding Auction 66 license was unsold, \$0.01/MHz-pop; (3) for licenses covering the Gulf of Mexico, \$1,000 per MHz; and (4) for all remaining licenses, \$0.01/MHz-pop. For all licenses, the results of these calculations are subject to a minimum of \$500 per license and are rounded using the Bureau's standard rounding procedure. The Bureau proposes to calculate the minimum opening bid for any package as the sum of the minimum opening bids for the licenses in the package. The proposed minimum opening bid amount for each license available in Auction 73 is set forth in Attachment A of the *Auction 73 Comment Public Notice*. The Bureau seeks comment on this proposal.

60. If commenters believe that these minimum opening bid amounts will result in unsold licenses or are not reasonable amounts, they should explain why this is so, and comment on the desirability of an alternative

approach. Commenters are advised to support their claims with valuation analyses and suggested amounts or formulas. In establishing minimum opening bid amounts, the Bureau particularly seeks comment on such factors as the amount of spectrum being auctioned, the availability of technology to provide service, the size of the service areas, issues of interference with other spectrum bands and any other relevant factors that could reasonably have an impact on valuation of the licenses being auctioned. The Bureau also seeks comment on whether, consistent with section 309(j), the public interest would be served by having no minimum opening bid amounts or higher minimum opening bid amounts. Furthermore, commenters may wish to comment on whether, given the proposed block-specific aggregate reserve prices, it would be desirable to have different minimum opening bid formulas for different blocks. For example, higher minimum opening bids could reduce the number of rounds it takes for block-specific aggregate reserve prices to be met. Commenters may also wish to address the general role of minimum opening bids in managing the pace of the auction. Would it be preferable for auction pace to be controlled by minimum opening bids—for example, by setting higher minimum opening bids to reduce the number of rounds it takes licenses to reach their final prices—or through other means such as changes to bidding schedules or activity requirements?

#### v. Bid Amounts

61. The Bureau proposes that, in each round, eligible bidders be able to place a bid on a given license or package using one or more pre-defined bid amounts. Under this proposal, the FCC Auction System interface will list the acceptable bid amounts for each license or package.

62. *Minimum Acceptable Bids*. The first of the acceptable bid amounts is called the minimum acceptable bid amount. The minimum acceptable bid amount for a license will be equal to its minimum opening bid amount until there is a provisionally winning bid on the license or on a package that includes the license. The minimum acceptable bid amount for a package will be the sum of the minimum acceptable bid amounts for the licenses in the package. Minimum acceptable bids are calculated based on current price estimates and an activity-based formula.

63. *Current Price Estimates*. After there is a provisionally winning bid covering a license, the FCC Auction System will determine a current price

estimate (CPE) for each license in each round as a basis for calculating minimum acceptable bids. For non-C Block licenses the CPE is the provisionally winning bid amount, so that minimum acceptable bids are based on provisionally winning bid amounts, as in a standard SMR auction without package bidding. For licenses in the C Block subject to HPB, if a bid on an individual license is provisionally winning, the CPE for that license is the provisionally winning bid amount. If a package bid is provisionally winning, CPEs for individual licenses in the package are constructed by scaling up the bids on individual licenses so that the sum of the license CPEs equals the provisionally winning package bid. Bids are scaled up by adding shares to the highest bid received so far in the auction for each license in the package. These shares are proportional to the bidding units associated with each license relative to the total number of bidding units in the package. If, contrary to the proposal here, there are multiple levels of packages, license bids may need to have additional shares added in order to scale up to the package bids at higher levels of aggregation. The mechanism for determining CPEs in an SMR-HPB auction format is described in more detail in Attachment C of the *Auction 73 Comment Public Notice*.

64. *Activity-Based Formula*. Once CPEs are calculated, minimum acceptable bids are then determined for each license as the amount of the CPE plus a percentage of the CPE. The percentage is calculated using the activity-based formula described herein. In general, the percentage will be higher when many bidders are bidding on a license, or on a package containing a license, than when few bidders are bidding on a license.

65. The percentage of the provisionally winning bid used to establish the minimum acceptable bid amount is calculated based on an activity index at the end of each round. The activity index is a weighted average of (a) The number of distinct bidders placing a bid on the license, including package bids, in that round, and (b) the activity index from the prior round. Specifically, the activity index is equal to a weighting factor times the number of bidders placing a bid covering the license in the most recent bidding round plus one minus the weighting factor times the activity index from the prior round. The additional percentage is determined as one plus the activity index times a minimum percentage amount, with the result not to exceed a given maximum. The additional percentage is then multiplied by the

CPE amount to obtain the minimum acceptable bid for the next round. The Bureau proposes initially to set the weighting factor at 0.5, the minimum percentage at 0.1 (10%), and the maximum percentage at 0.2 (20%). Hence, at these initial settings, the minimum acceptable bid for a license will be between ten percent and twenty percent higher than the CPE (which, for non-C Block licenses not subject to HPB, will equal the provisionally winning bid), depending upon the bidding activity covering the license. Equations and examples are shown in Attachment B of the *Auction 73 Comment Public Notice*.

66. *Additional Bid Amounts.* Any additional bid amounts are calculated using the minimum acceptable bid amount and a bid increment percentage—more specifically, by multiplying the minimum acceptable bid by one plus successively higher multiples of the bid increment percentage. If, for example, the bid increment percentage is ten percent, the calculation of the first additional acceptable bid amount is (minimum acceptable bid amount) \* (1 + 0.1), or (minimum acceptable bid amount) \* 1.1; the second additional acceptable bid amount equals the minimum acceptable bid amount times one plus two times the bid increment percentage, or (minimum acceptable bid amount) \* 1.2, etc. The Bureau will round the results of these calculations and the minimum acceptable bid calculations using the Bureau's standard rounding procedures. The Bureau proposes initially to set the bid increment percentage at 0.1.

67. In the case of a license for which the provisionally winning bid has been withdrawn, the minimum acceptable bid amount will equal the second highest bid received for the license.

68. For Auction 73, for non-C Block licenses, the Bureau proposes to begin the auction with one acceptable bid amount per license (the minimum acceptable bid amount). For C Block licenses subject to HPB, the Bureau proposes to begin the auction with three acceptable bid amounts per license (the minimum acceptable bid amount and two additional bid amounts) and one acceptable bid amount per package (the minimum acceptable bid amount and no additional bid amounts). While the Commission typically has provided for up to a total of nine acceptable bid amounts, the Bureau departs from past procedure because its experience indicates that other methods for controlling the pace of the auction (for example, changing the minimum and maximum percentages in the activity-based minimum acceptable bid formula

described herein, or increasing the number of bidding rounds per day) are more effective in that regard.

69. The Bureau retains the discretion to change the minimum acceptable bid amounts, the additional bid amounts, the number of acceptable bid amounts, and the parameters of the formulas used to calculate minimum acceptable bid amounts and additional bid amounts if it determines that circumstances so dictate. Further, the Bureau retains the discretion to do so on a license-by-license and package-by-package basis. The Bureau also retains the discretion to limit: (a) The amount by which a minimum acceptable bid for a license may increase compared with the corresponding provisionally winning bid, and (b) the amount by which an additional bid amount may increase compared with the immediately preceding acceptable bid amount. For example, the Bureau could set a \$10 million limit on increases in minimum acceptable bid amounts over provisionally winning bids. Thus, if the activity-based formula calculates a minimum acceptable bid amount that is \$20 million higher than the provisionally winning bid on a license, the minimum acceptable bid amount would instead be capped at \$10 million above the provisionally winning bid. The Bureau seeks comment on the circumstances under which it should employ such a limit, factors the Bureau should consider when determining the dollar amount of the limit, and the tradeoffs in setting such a limit or changing parameters of the activity-based formula, such as changing the minimum percentage. If the Bureau exercises this discretion, it will alert bidders by announcement in the FCC Auction System.

70. The Bureau seeks comment on these proposals. If commenters disagree with the Bureau's proposal to begin the auction with one acceptable bid amount per most licenses and per package, they should suggest an alternative number of acceptable bid amounts to use at the beginning of the auction, an alternative number to use later in the auction, and whether the same number of bid amounts should be used for both licenses and packages. Commenters may wish to address the role of the minimum acceptable bids and the number of acceptable bid amounts in managing the pace of the auction and the tradeoffs in managing auction pace by bidding schedule changes, by changing the activity requirements or bid amount parameters, or by using other means. Given the proposed block-specific aggregate reserve prices, commenters may wish to address the desirability of

setting bid amount parameters such that the reserve prices may be met more quickly, or whether it would be preferable to constrain bid amounts such that prices rise more slowly.

#### vi. Provisionally Winning Bids

71. After each round of bidding, the FCC Auction System determines which combination of bids together provides the greatest aggregate gross amount and is therefore provisionally winning. If the auction were to close at the end of that round, the provisionally winning bids would become final winning bids, provided that applicable reserve prices had been met. For the 1,087 licenses not subject to package bidding, the FCC Auction System determines a provisionally winning bid for each license based on the highest bid amount received for the license, taking into account the bids placed in the round and the provisionally winning bids from the previous round. For licenses in the C Block subject to HPB, the FCC Auction System will determine which combination of individual and package bids yields the highest aggregate gross bid amount, taking into consideration each bidder's highest bid on each license or package submitted up to that point in the auction. These bids become the provisionally winning bids for the round.

72. In order to determine which combination of bids on licenses and/or packages yields the highest aggregate bid amount in a HPB auction, the FCC Auction System compares aggregate bid amounts across the various levels in a recursive process. It first compares, for each package in the second level, the sum of the highest individual license bids from the first level with the highest bids on packages in the second level containing those licenses. If the Bureau decides to include more than two levels, for each package in any subsequent level, the FCC Auction System would compare the highest bid on the package with the highest combination of bids from previous levels corresponding to licenses in that package. Those bids that generate the maximum total bid amounts become provisionally winning. Attachment C of the *Auction 73 Comment Public Notice* provides additional detail on this procedure.

73. For licenses subject to package bidding in SMR-HPB, the FCC Auction System considers each bidder's highest bid on each license or package when determining the provisionally winning bids. Consequently, for licenses in the C Block, an individual license or package bid that does not become a provisionally winning bid at the conclusion of the round in which it was placed may

become a provisionally winning bid at the conclusion of a subsequent round. This may occur even if the bidder does not have the bidding eligibility to cover the newly-provisionally winning bid. This contrasts with the SMR procedure used for licenses not subject to package bidding, in which only provisionally winning bids from the previous round and bids placed during the round are considered when determining provisionally winning bids.

74. The Bureau proposes procedures to permit bidders on C Block licenses or packages to drop from consideration a limited number of non-provisionally winning bids on such licenses and/or packages. However, provisionally winning bids for licenses subject to package bidding cannot be withdrawn, as discussed herein.

75. If more than one set of bids generates the same highest aggregate gross bid amount (i.e., the sets of bids are tied), the FCC Auction System will break ties randomly. Specifically, the FCC Auction System will assign a random number to each license in each bid upon submission. In the event of ties among bids that generate the highest aggregate gross bid amount, the set of bids with the highest sum of random numbers becomes provisionally winning. Bidders, regardless of whether they hold a provisionally winning bid, can submit higher bids in subsequent rounds. However, if the auction were to end with no other bids being placed, the winning bidders would be those that placed the provisionally winning bids.

76. The set of provisionally winning bids is determined after every round in which new bids are submitted or provisionally winning bids are withdrawn, if applicable. As stated herein, the provisionally winning bids at the end of the auction become winning bids provided that applicable reserve prices have been met.

#### vii. Bid Removal

77. Before the close of a bidding round, a bidder has the option of removing any bid placed in that round. By removing bids a bidder may effectively unsubmit any bid placed within that round. Once a round closes, a bidder may no longer remove a bid. In contrast to the bid withdrawal provisions described herein, a bidder removing a bid placed in the same round is not subject to a withdrawal payment. The Bureau seeks comment on these bid removal procedures.

#### viii. Bid Withdrawal and Dropped Bids

78. *Bid Withdrawals.* The Commission has previously found that, in certain circumstances, allowing bid

withdrawals facilitates efficient aggregation of licenses and the pursuit of backup strategies as information becomes available during the course of an auction. The Commission noted, however, that in some instances bidders may seek to withdraw bids for improper reasons and should, therefore, be subject to bid withdrawal payment provisions. Moreover, the Commission gave the Bureau discretion in managing the auction to limit the number of withdrawals to prevent any bidding abuses. The Commission stated that the Bureau should exercise its discretion, consider limiting the number of rounds in which bidders may withdraw bids, and prevent bidders from bidding on a particular market if the Bureau finds that a bidder is abusing the Commission's bid withdrawal procedures.

79. Applying this reasoning to Auction 73, the Bureau proposes to allow a limited number of bid withdrawals under certain circumstances. Specifically, bidders will be allowed to withdraw their provisionally winning bids on licenses not subject to package bidding (i.e., all licenses except C Block), but in no more than two rounds of the auction. The two rounds in which a bidder may withdraw provisionally winning bids will be at the bidder's discretion. Otherwise, withdrawals must be in accordance with the Commission's rules. Under this proposal, there is no limit on the number of provisionally winning bids that a bidder may withdraw in either of the rounds in which it withdraws bids. After a provisionally winning bid for a license is withdrawn, the minimum acceptable bid for the license will be set to the next highest bid on the license, and the license will revert to the FCC (i.e., there will not be a provisionally winning bidder on the license).

80. With respect to licenses subject to package bidding (i.e., the C Block), bidders have the option of placing bids on certain predetermined packages of licenses, thereby reducing their risk of winning some, but not all, of the licenses in those packages. While the predetermined packages may not coincide with the all or nothing aggregation needs of all bidders, the hierarchical packages should significantly reduce the overall exposure risk in the auction that bidders will win only some of the licenses in a desired set. Therefore, to the extent that package bids allow bidders to avoid such risk, withdrawals are less useful to bidders.

81. At the same time, withdrawals by one bidder on licenses subject to package bidding can be more disruptive

to the bidding strategies of others than withdrawals on licenses not subject to package bidding. Whether a bid on a license not subject to package bidding becomes provisionally winning depends only upon whether it is the highest bid submitted for the license and, in the case of ties, on its random number assignment. In contrast, whether a bid becomes provisionally winning on a license subject to package bidding depends in part upon the particular configuration of bids submitted by other bidders that cover the same license. Consequently, a withdrawn bid on a license subject to package bidding has the potential to alter the composition of the provisionally winning bids, and may adversely affect other bidders.

82. Therefore, because the potential benefits to bidders from being able to withdraw bids are likely to be lower, and because the potential harms to other bidders from withdrawn bids are potentially much greater, the Bureau proposes to permit withdrawals only on licenses not subject to package bidding.

83. *Dropped Bids.* With respect to the C Block licenses, since HPB considers bids made in previous rounds when determining provisionally winning bids, it is possible that a bid for a package or a license subject to package bidding can become provisionally winning many rounds after it was placed. These non-provisionally winning bids are useful to the auction since they enhance the ability of bidders interested in single licenses or smaller packages to combine their bids with the bids of others to compete with a large package bid, and they provide stability to the process for determining current price estimates. It may be the case, however, that a bidder wishes to focus on alternative licenses instead, and no longer wishes to win one of its previous bids. In order to allow bidders to opt out of non-provisionally winning considered bids that they no longer wish to win, the Bureau proposes that under HPB, for licenses subject to package bidding, bidders be allowed a limited number of opportunities to drop non-provisionally winning bids from further consideration in the auction.

84. Eliminating non-provisionally winning bids from consideration may affect the current price estimates of other licenses, thereby affecting other bidders. This ability to affect the bids of other bidders may lead to undesirable strategic use of dropped bids. Therefore, the Bureau proposes to permit bidders to drop non-provisionally winning bids on packages and on licenses subject to package bidding in no more than one round of the auction. To discourage bidders from dropping bids in order to

disadvantage their competitors the Bureau also proposes the following restrictions on the circumstances under which bids may be dropped and on the bidder's subsequent bidding activity: (1) A bidder that is a provisionally winning bidder on a package will not be permitted to drop bids on licenses or sub-packages that are included in the package; (2) a bidder that drops its bids on a license or package will not be permitted to submit further bids on that particular license or package during the auction; and (3) a bidder that drops its bids on a license or package will not be permitted to submit any bids on packages containing that license or package for the duration of the auction.

85. No payments are associated with dropped bids. The round in which a bidder may drop non-provisionally winning bids from consideration will be at the bidder's discretion. The Bureau seeks comment on these proposals. The Bureau also seeks comment on the possibilities of not allowing dropped bids herein, of allowing dropped bids not subject to all the restrictions proposed, and of imposing other restrictions than those proposed herein.

#### *D. Considerations Relating to Certain Post-Auction Payment Rules*

##### *i. Apportioning Package Bids*

86. Given that the Commission has determined that package bidding will be used for the C Block licenses in Auction 73, the Bureau seeks comment on the appropriate mechanism for apportioning package bids among the individual licenses comprising the package. In package bidding, when a bidder places an all-or-nothing bid on a package of licenses, there will be no identifiable bid amounts on the individual licenses that comprise the package. However, the Commission's competitive bidding rules and procedures assume that the amount of each bid on an individual license always is known. For example, rules for calculating the amount of small business, new entrant, or tribal land bidding credits presume that the winning bid on the license is known. Similarly, in determining the amount of a default or withdrawal payment, which involves a comparison between the withdrawing or defaulting bidder's bid and a subsequent bid, the rules assume that there are bid amounts for individual licenses. Accordingly, the Commission recently adopted a new rule providing that, in advance of each auction with package bidding, the Commission shall establish a methodology for determining how to estimate the price or bid on an

individual license included in a package of licenses.

87. The Bureau proposes to apportion package bids when regulatory calculations require individual license bid amounts by dividing the package bid amount among the licenses comprising the package in proportion to the number of bidding units for each license. Alternatively, the Bureau proposes to use the final round CPEs for each license to apportion package bids. The Bureau seeks comment on these proposals.

##### *ii. Interim Withdrawal Payment Percentage*

88. The Bureau seeks comment on the appropriate percentage of a withdrawn bid that should be assessed as an interim withdrawal payment, in the event that a final withdrawal payment cannot be determined at the close of the auction. In general, the Commission's rules provide that a bidder that withdraws a bid during an auction is subject to a withdrawal payment equal to the difference between the amount of the withdrawn bid and the amount of the winning bid in the same or a subsequent auction. However, if a license for which a bid has been withdrawn does not receive a subsequent higher bid or winning bid in the same auction, the final withdrawal payment cannot be calculated until a corresponding license receives a higher bid or winning bid in a subsequent auction. When that final payment cannot yet be calculated, the bidder responsible for the withdrawn bid is assessed an interim bid withdrawal payment, which will be applied toward any final bid withdrawal payment that is ultimately assessed.

89. The Commission recently amended its rules to provide that in advance of the auction, the Commission shall establish a percentage between three percent and twenty percent of the withdrawn bid to be assessed as an interim bid withdrawal payment. When it adopted the new rule, the Commission indicated that it would consider the nature of the service and the inventory of the licenses being offered when determining the level of the interim withdrawal payment in a particular auction.

90. Auction 73 will offer licenses under several different geographic licensing schemes and bandwidth sizes, and bidders may have a legitimate interest in using withdrawals to facilitate their efforts to aggregate licenses across potentially substitutable blocks of licenses not subject to package bidding. The Bureau also believes that the likely significant bid amounts for

licenses in this auction (and resulting absolute value of withdrawal payments) will in themselves serve as a deterrent to unnecessary withdrawals. Therefore, the Bureau does not propose to set the interim bid withdrawal payment at the maximum rate of twenty percent. At the same time, the Bureau believes that a rate above the minimum three percent will help deter undesirable strategic use of withdrawals. Specifically, the Bureau proposes to establish an interim bid withdrawal payment of ten percent of the withdrawn bid in Auction 73. This proposal, moreover, is consistent with bid withdrawal payment percentages adopted in recent auctions for wireless licenses. The Bureau seeks comment on this proposal.

##### *iii. Additional Default Payment Percentage*

91. Any winning bidder that defaults or is disqualified after the close of an auction (i.e., fails to remit the required down payment within the prescribed period of time, fails to submit a timely long-form application, fails to make full payment, or is otherwise disqualified) is liable for a default payment under section 1.2104(g)(2) of the Commission's rules. This payment consists of a deficiency payment, equal to the difference between the amount of the bidder's bid and the amount of the winning bid the next time a license covering the same spectrum is won in an auction, plus an additional payment equal to a percentage of the defaulter's bid or of the subsequent winning bid, whichever is less. Until recently this additional payment for non-combinatorial auctions has been set at three percent of the defaulter's bid or of the subsequent winning bid, whichever is less.

92. The percentage of the bid that a defaulting bidder must pay in addition to the deficiency will depend on the auction format ultimately chosen for a particular auction. In non-package auctions, the amount can range from three percent up to a maximum of twenty percent, established in advance of the auction and based on the nature of the service and the inventory of the licenses being offered. In auctions with package bidding, the additional payment is set, pursuant to section 1.2104(g)(2)(ii), at 25 percent of the applicable bid. This higher level reflects the fact that a defaulted winning bid in an auction with package bidding may have affected which other bids were winning.

93. The Bureau proposes to establish an additional default payment of fifteen percent with respect to bids on licenses in Blocks A, B, D, and E, which are not

subject to package bidding. As previously noted by the Commission, defaults weaken the integrity of the auction process and impede the deployment of service to the public, and an additional default payment of more than three percent will be more effective in deterring defaults. Moreover, the Bureau believes an additional default payment greater than ten percent, which the Commission has established in several recent auctions, is appropriate for Auction 73. Because no licenses in Blocks A, B, or E will be sold unless the aggregate reserve price for that block is met, bidders may have an additional incentive to bid on a license and later default (after determination that the reserve price has been met), in order to help ensure that the reserve price is met and other initial licenses in the block are assigned. The Bureau believes a higher additional default payment will help deter such behavior. With respect to the D Block, for which there is a single nationwide license which will not be assigned unless the D Block reserve price is met, a default by the winning bidder will delay the especially time-sensitive process of establishing a public-private partnership for the provision of public safety services. Given the unusually large public interest benefits of timely licensing the D Block, the Bureau proposes to deter defaults by imposing a higher additional default payment in that block as well.

Accordingly, the Bureau proposes an additional default payment of fifteen percent on licenses in the A, B, D, and E Blocks. The Bureau seeks comment on this proposal.

94. For licenses in the C Block, because they are subject to package bidding, the additional default payment will be the twenty-five percent as set forth in Section 1.2104(g)(2)(ii). This additional default payment will apply to all bids for packages and for licenses that are subject to package bidding.

**V. Contingent Subsequent Auction**

95. In the *700 MHz Second Report and Order*, the Commission concluded that if licenses for the A, B, C or E Blocks are not assigned because the auction results for the licenses as initially offered do not satisfy the applicable aggregate reserve price(s), the public interest will be served by offering alternative licenses for the relevant blocks as soon as possible after the initial auction. Similarly, if the license for the D Block is not assigned because the auction results do not satisfy the reserve price applicable to that license, the license for the D Block may be offered again in a prompt subsequent auction. As detailed in the *700 MHz Second Report and Order*, any alternative A, B and E Block licenses will be subject to alternative performance requirements. With respect to the C Block, any alternative licenses

will be based on different geographic areas and spectrum bandwidth, as detailed herein. In addition, the alternative C Block licenses will not be subject to the open platform conditions applicable to the licenses initially offered for the C Block.

96. The Commission directed the Bureau to permit only qualified bidders in the initial auction to participate in any contingent subsequent auction and to use the same auction design, including the applicable aggregate reserve price(s), insofar as possible. Pursuant to these directions, the Bureau proposes and seeks comment on the following procedures for a contingent subsequent auction. Except as detailed herein, the Bureau proposes to apply all of the procedures discussed herein for Auction 73 to such a subsequent auction.

97. *Licenses To Be Offered.* Licenses in the A, B, D and E Block offered in any contingent subsequent auction will cover the same geographic areas and frequencies as such licenses offered in the initial auction. However, the alternative C Block will include C1 Block licenses offered in each of the 176 EAs and C2 Block licenses offered in each of the 12 REAGs. A complete list of alternative C Block licenses that would be offered in such an auction is included as Attachment D of the *Auction 73 Comment Public Notice*.

Block	Frequencies (MHz)	Bandwidth	Pairing	Area Type	Licenses
C1 .....	746-752, 776-782 .....	12 MHz .....	2 x 6 MHz .....	EA .....	176
C2 .....	752-757, 782-787 .....	10 MHz .....	2 x 5 MHz .....	REAG .....	12

98. *Auction Design.* If the subsequent auction offers only licenses not subject to package bidding in Auction 73, *i.e.*, licenses for Blocks A, B, D, and/or E, the Bureau proposes to conduct the subsequent auction using the Commission's standard SMR auction design without package bidding. The procedures applicable to the auction will be the same as those discussed herein with respect to licenses for Blocks A, B, D and E in Auction 73, subject to the differences discussed herein.

99. The Bureau is not certain that package bidding will be appropriate with respect to C1 and C2 Block licenses that may be available in a subsequent auction. The Bureau seeks comment on whether it should implement HPB for such alternative C Block licenses in a subsequent auction. If so, the Bureau seeks comments suggesting levels and ways of packaging licenses within levels using HPB or SMR-HPB auction

formats, depending on whether the subsequent auction also includes licenses for Blocks A, B, D, and/or E.

100. *Aggregate Reserve Prices.* As required by the Commission, the licenses in a subsequent auction will be subject to the same aggregate reserve price(s) applicable in the initial auction. In the *700 MHz Second Report and Order*, the Commission noted that the Bureau has delegated authority to determine how to allocate the C Block reserve price upon auction of alternative licenses. Accordingly, the Bureau proposes to apply the C Block aggregate reserve price of \$4.637854 billion to all of the alternative C Block licenses. That is, the sum of the gross bid amounts on the C1 and C2 Block licenses must equal or exceed \$4.637854 billion in order to meet the reserve price. The Bureau seeks comment on this proposal and on alternatives to this proposal. Commenters may wish to address whether, in the alternative, the C Block

reserve price should be split between the C1 and C2 Blocks based on their respective bandwidths (e.g., \$2.529739 billion and \$2.108115 billion for the C1 and C2 Blocks, respectively) or by other measures.

101. *Pre-Auction Application Process.* As noted herein, the Commission has directed that only applicants found qualified to bid in Auction 73 may be eligible to bid in any contingent subsequent auction. The Bureau proposes that the subsequent public notice announcing the close of Auction 73 also will announce the auction number of the contingent subsequent auction and the deadline for pre-auction submissions in connection with any contingent subsequent auction. That public notice will specify the licenses that will be offered in the subsequent auction, the deadline by which qualified bidders must select licenses to be offered in order to be eligible to bid on those licenses, and the deadline by

which such bidders must submit upfront payments to purchase bidding eligibility in the subsequent auction. The Bureau proposes that the public notice will provide that the deadline for selecting alternative licenses will be 10 business days from the date of the public notice and the deadline for submitting upfront payments will be 10 business days from the date of the selection deadline. This will enable bidding on the alternative licenses to begin less than two months after the public notice announcing the close of Auction 73. The Bureau seeks comment on this proposal.

102. *Effective Period for Anti-Collusion Rule.* In the 700 MHz *Second Report and Order*, the Commission directed the Bureau to adopt any procedures that may enhance the effectiveness of an auction of licenses in Auction 73 or any subsequent contingent auction. In part, the Commission found that the Commission's anti-collusion rule should treat Auction 73 and any such subsequent auction as a single auction, given the related nature of the auctions. Accordingly, the applicable down payment deadline marking the end of the anti-collusion period for Auction 73 and any subsequent auction shall be the down payment deadline established following the close of the subsequent auction.

103. *Minimum Opening Bids.* For a contingent subsequent auction, the Bureau proposes to calculate minimum opening bid amounts on a license-by-license basis using the same approach as described herein that draws on the Auction 66 prices that were bid on licenses for the exact same geographic areas. The proposed minimum opening bid amounts for the C1 and C2 Block licenses that would be available in a contingent subsequent auction are set forth in Attachment D of the *Auction 73 Comment Public Notice*. For any licenses in other blocks offered in the same subsequent auction, the Bureau proposes the same minimum opening bid amounts set forth in Attachment A of the *Auction 73 Comment Public Notice*. The Bureau seeks comment on these proposals and other possible amounts for minimum opening bids. If commenters believe that these minimum opening bid amounts will result in unsold licenses or are not reasonable amounts, they should explain why this is so, and comment on the desirability of an alternative approach. Commenters are advised to support their claims with valuation analyses and suggested amounts or formulas. The change of conditions with respect to any licenses for the A, B, C

and E Blocks to be offered in a subsequent auction should increase the value of the licenses and may support higher minimum opening bids. In addition, the bidding in the initial auction may provide further information regarding the appropriate level of minimum opening bids. If the Bureau modifies the minimum opening bids, it will announce the new minimum opening bids in the same public notice announcing pre-auction procedures.

104. *Additional Procedures.* The Commission also directed the Wireless Bureau to consider what procedures may be appropriate to deter bidders from actions that might thwart the assignment of licenses in either auction. The Bureau proposes that otherwise eligible bidders will be denied bidding eligibility in a subsequent auction in the event that they default on any winning bids in the initial auction. The Bureau seeks comment on this proposal, as well as comment on any other proposals that may enhance the effectiveness of the auction of licenses in Auction 73 or any contingent subsequent auction.

#### VI. Deadlines and Filing Procedures

105. Comments are due on or before August 31, 2007, and reply comments are due on or before September 7, 2007. All filings related to the auction of 700 MHz spectrum licenses should refer to AU Docket No. 07–157. Comments may be submitted using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies. The Bureau strongly encourages interested parties to file comments electronically, and requests submission of a copy via the Auction 73 e-mail box ([au73@fcc.gov](mailto:au73@fcc.gov)).

106. This proceeding has been designated as a permit-but-disclose proceeding in accordance with the Commission's *ex parte* rules. Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentations must contain summaries of the substance of the presentations and not merely a listing of the subjects discussed. More than a one or two sentence description of the views and arguments presented is generally required. Other rules pertaining to oral and written *ex parte* presentations in permit-but-disclose proceedings are set forth in section 1.1206(b) of the Commission's rules.

Federal Communications Commission.

**Gary D. Michaels,**

*Deputy Chief, Auctions and Spectrum Access Division, WTB.*

[FR Doc. E7–16677 Filed 8–20–07; 11:58 am]

**BILLING CODE 6712-01-P**

## FEDERAL RESERVE SYSTEM

### Change in Bank Control Notices; Acquisition of Shares of Bank or Bank Holding Companies

The notificants listed below have applied under the Change in Bank Control Act (12 U.S.C. 1817(j)) and § 225.41 of the Board's Regulation Y (12 CFR 225.41) to acquire a bank or bank holding company. The factors that are considered in acting on the notices are set forth in paragraph 7 of the Act (12 U.S.C. 1817(j)(7)).

The notices are available for immediate inspection at the Federal Reserve Bank indicated. The notices also will be available for inspection at the office of the Board of Governors. Interested persons may express their views in writing to the Reserve Bank indicated for that notice or to the offices of the Board of Governors. Comments must be received not later than September 7, 2007.

**A. Federal Reserve Bank of Kansas City** (Todd Offenbacher, Assistant Vice President) 925 Grand Avenue, Kansas City, Missouri 64198-0001:

1. *The 2007 Voting Trust Agreement, and its trustees, Albert Charles Kelly, Jr. and Peter John Kelly, both of Bristow, Oklahoma; Shawn Trevor Kelly, Edmond, Oklahoma; Paul Harrison Cornell, Tulsa, Oklahoma; and Allison Asbury Kelly, Okemah, Oklahoma*, all to acquire voting shares of Citizens Bankshares, Inc., Okemah, Oklahoma, and thereby indirectly acquire voting shares of Citizens State Bank, Okemah, Oklahoma.

Board of Governors of the Federal Reserve System, August 20, 2007.

**Robert deV. Frierson,**

*Deputy Secretary of the Board.*

[FR Doc. E7–16679 Filed 8–22–07; 8:45 am]

**BILLING CODE 6210-01-S**

## FEDERAL RESERVE SYSTEM

### Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR Part 225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies owned by the bank holding company, including the companies listed below.