



# **FCC Spectrum Auction Process and Automated Auction System**

## **Broadband PCS — Auction No. 58**

Craig Bomberger

Auctions and Spectrum Access Division

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# Disclaimer

Nothing herein is intended to supersede any provision of the Commission's rules or public notices. These slides should not be used as a substitute for a prospective applicant's review of the Commission's relevant orders, rules, and public notices.

Prospective applicants must familiarize themselves thoroughly and remain current with the Commission's rules relating to broadband Personal Communication Service, rules relating to application and auction procedures, and the procedures, terms and conditions contained in the Auction No. 58 public notices.



# Simultaneous Multiple Round (SMR) Auction Design

- **Simultaneous** — All licenses are offered at the same time.
- **Multiple Round** — There are multiple discrete bidding rounds.
  - How many rounds? That's determined by the auction.
- **Bidding continues until there is one round in which nothing happens.**
  - No new bids, withdrawals, or proactive waivers.



# Auction Design (continued)

- Bidding is confidential during a round.
- When a round ends, results are processed and made public.



# Auction Design (continued)

- Web-Based Bidding System
  - Option for telephonic bidding
- Click-Box Bidding
  - When placing a bid, a bidder selects from bid amounts in the bidding system.



# Auction Design (continued)

- **Activity Requirements** — Bidders must generally bid throughout the auction.
- **Activity** — A bidder's new bids placed in a round and its standing high bids from prior rounds define its activity, as measured in bidding units.



# Bidding Units

- A fixed number of bidding units is assigned to each license in the auction.
- The bidding units for each license are listed in Attachment A to the procedures public notice.
- Bidding units are used to measure bidders' activity and eligibility.



# Bidding Units

## Auction No. 58 – Broadband PCS

DA 04-2451

Attachment A

Market	Market Name	License	Bidding Units	Upfront Payment	Minimum Opening Bid
BTA020	Asheville, NC	CW-BTA020-C5	304,000	304,000	\$1,521,000
BTA007	Albany, NY	CW-BTA007-C5	524,000	524,000	\$2,618,000
BTA010	Allentown, PA	CW-BTA010-C5	370,000	370,000	\$1,851,000



# Bidding Units and Activity

Market	Market Name	License	Bidding Units	Upfront Payment	Minimum Opening Bid
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- In the current round we place a bid on CW-BTA020-C5, Asheville, NC. That gives us 304,000 bidding units of activity.



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BTA010	Allentown, PA	CW-BTA010-C5	370,000	\$370,000	\$1,851,000

- In the current round we place a bid on CW-BTA020-C5, Asheville, NC. That gives us 304,000 bidding units of activity.
- We also have a standing high bid on CW-BTA007-C5, Albany, NY, which gives us 524,000 bidding units of activity.



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BTA010	Allentown, PA	CW-BTA010-C5	370,000	\$370,000	\$1,851,000

- In the current round we place a bid on CW-BTA020-C5, Asheville, NC. That gives us 304,000 bidding units of activity.
- We also have a standing high bid on CW-BTA007-C5, Albany, NY, which gives us 524,000 bidding units of activity.
- Our current activity is 828,000 bidding units.



# Bidding Units and Eligibility

**Eligibility** — The maximum number of bidding units a bidder can bid on.

- A bidder establishes its eligibility with its upfront payment.
- Eligibility cannot be increased.
- Eligibility is not specific to certain licenses. A bidder may use its eligibility on any of a number of licenses it has selected on its 175 application.



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- We select these three licenses on our 175 and submit an upfront payment of \$828,000.
- That gives us 828,000 bidding units of eligibility.
- What can we bid on?



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- We can bid on any license we have selected on our 175 as long as our activity does not exceed our current eligibility.



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- We can bid on any license we have selected on our 175 as long as our activity does not exceed our current eligibility.
- With 828,000 bidding units of eligibility, we can bid on any one of these licenses.



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- We can bid on any license we have selected on our 175 as long as our activity does not exceed our current eligibility.
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- We can bid on any license we have selected on our 175 as long as our activity does not exceed our current eligibility.
- With 828,000 bidding units of eligibility, we can bid on more than one of these licenses.
- Placing a bid on Asheville and a bid on Albany would give us 828,000 bidding units of activity.



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BTA010	Allentown, PA	CW-BTA010-C5	370,000	\$370,000	\$1,851,000

- We can bid on any license we have selected on our 175 as long as our activity does not exceed our current eligibility.
- With 828,000 bidding units of eligibility, we can bid on more than one of these licenses.
- Placing a bid on Asheville and a bid on Allentown would give us 674,000 bidding units of activity.



# Bidding Units and Eligibility

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- We can bid on any license we have selected on our 175 as long as our activity does not exceed our current eligibility.
- With 828,000 bidding units of eligibility, we can bid on more than one of these licenses.
- We cannot bid on both Albany and Allentown. That would give us 894,000 bidding units of activity.



# Activity Requirement

- The activity requirement is the minimum number of bidding units a bidder must be active on.
- **Stage One:** In each round of the first stage of the auction, a bidder... is required to be active on licenses representing at least **80 percent** of its current bidding eligibility.
- **Stage Two:** In each round of the second stage, a bidder... is required to be active on licenses representing at least **95 percent** of its current bidding eligibility.



# Activity Requirement

What if you do not meet the activity requirement?

One of two things will happen:

- You will use an activity rule waiver.
- or
- Your eligibility will be reduced.



# Activity Rule Waivers

- Each bidder will be provided three activity rule waivers.
- Use of an activity rule waiver preserves a bidder's current eligibility despite the bidder's activity in the current round being below the required level.
- When a bidder uses an activity rule waiver, the waiver applies to that round of bidding, not to a particular license.



# Automatic Waivers

The system will automatically apply a waiver for a bidder at the end of any round in which the bidder's activity is below the required level unless:

- The bidder has no more activity rule waivers.
- or
- The bidder reduces eligibility.  
(More on this in a few minutes.)



# Automatic Waivers

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BTA010	Allentown, PA	CW-BTA010-C5	370,000	\$370,000	\$1,851,000

- **We have 828,000 bidding units of eligibility. The Auction is in Stage One (80% activity requirement). We need to be active on at least 662,400 bidding units.**



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- We have 828,000 bidding units of eligibility. The Auction is in Stage One (80% activity requirement). We need to be active on at least 662,400 bidding units.
- We place a bid on the license for Allentown, PA, and we do not have any standing high bids. Our activity for the round is 370,000 bidding units.



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Market	Market Name	License	Bidding Units	Upfront Payment	Minimum Opening Bid
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- We have 828,000 bidding units of eligibility. The Auction is in Stage One (80% activity requirement). We need to be active on at least 662,400 bidding units.
- We place a bid on the license for Allentown, PA, and we do not have any standing high bids. Our activity for the round is 370,000 bidding units.
- We have not met the activity requirement. At the end of the round, the system automatically applies one of our activity rule waivers.



# Proactive Waivers

- Bidders can apply activity rule waivers proactively.
- The important difference between an automatic waiver and a proactive waiver is that a proactive waiver keeps the auction open.
- Bidding continues until there is one round in which nothing happens.
  - No new bids, withdrawals, or proactive waivers.



# Eligibility Reduction

What if a bidder does not meet the activity requirement and does not have any waivers left?

The bidder's current eligibility will be permanently reduced, possibly eliminating the bidder from further bidding in the auction.



# Eligibility Reduction

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- **The auction is in Stage One. We have 828,000 bidding units of eligibility and no waivers.**



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- The auction is in Stage One. We have 828,000 bidding units of eligibility and no waivers.
- We place a bid on the license for Allentown, PA, and we do not have any standing high bids. Our activity for the round is 370,000 bidding units.



# Eligibility Reduction

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- The auction is in Stage One. We have 828,000 bidding units of eligibility and no waivers.
- We place a bid on the license for Allentown, PA, and we do not have any standing high bids. Our activity for the round is 370,000 bidding units.
- At the end of the round, the system reduces our eligibility to 462,500 bidding units. ( $370,000 * 5/4 = 462,500$ )



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- The auction is in Stage One. We have 828,000 bidding units of eligibility and no waivers.
- We place a bid on the license for Allentown, PA, and we do not have any standing high bids. Our activity for the round is 370,000 bidding units.
- At the end of the round, the system reduces our eligibility to 462,500 bidding units. ( $370,000 * 5/4 = 462,500$ )
- We no longer have enough eligibility to bid on Albany.



# Side Note on Bid Amounts

Market	Market Name	License	Bidding Units	Upfront Payment	Minimum Opening Bid
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- **For activity and eligibility, the dollar amount of a bid does not matter.**
- **How much can you bid? Any one of nine pre-defined dollar amounts.**
- **The upfront payment does not constrain how much you may bid for a license.**



# What if you change your mind?

- You can remove a bid you placed during the current round. If you place a bid during a round and then remove that bid before the end of the round, it's as if it never happened.
- You can withdraw standing high bids from prior rounds. Bid withdrawals have limits and consequences:
  - Each bidder is limited to withdrawals in no more than two rounds.
  - Withdrawals are subject to the bid withdrawal payments specified in 47 C.F.R. § 1.2104(g).



# For a Positive Auction Experience

## Do your homework.

- Read the public notices related to this auction.

## Participate in the mock auction.

- Test backup bidding arrangements and activate all of your SecurID cards. Use telephonic to ask “what if” questions.

## Check for and read all announcements.

- Bidding schedule changes

## Bid early!

- Print bid confirmations.



# **Agenda for Software Demonstration**

- 1. Public screens: Home, Results**
- 2. Log in**
- 3. Additional screens: Bidding, Admin**
- 4. Bid**
- 5. Remove Bid**
- 6. Withdraw Bid**
- 7. Reduce Eligibility**
- 8. Proactive Waiver**
- 9. Submit Suggestion (and other communications)**



# The SecurID Card



Multiple cards sent to all bidders.

Random number refreshes every 60 seconds.

Includes a countdown indicator.

Please return to the FCC for recycling.