

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.

B. Bidding Procedures

i. Round Structure

104. The initial bidding schedule will be announced in the public notice listing the qualified bidders, which is released approximately 10 days before the start of the auction. Each bidding round is followed by the release of the round results. Multiple bidding rounds may be conducted in a given day. Details regarding round results formats and locations will also be included in the qualified bidders public notice.

105. The FCC has 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. The Bureau may increase or decrease the amount of time for the bidding rounds and review periods, or the number of rounds per day, depending upon the bidding activity level and other factors.

ii. Reserve Price or Minimum Opening Bid

106. *Background.* The Balanced Budget Act calls upon the Commission to prescribe methods by which a reasonable reserve price will be required or a minimum opening bid established when FCC licenses are subject to auction (*i.e.*, because they are mutually exclusive), unless the Commission determines that a reserve price or minimum opening bid is not in the public interest. Consistent with this mandate, the Commission directed the Bureau to seek comment on the use of a minimum opening bid and/or reserve price prior to the start of each auction. Among other factors, the Bureau should consider the amount of spectrum being auctioned, levels of incumbency, the availability of technology to provide service, the size of the geographic service areas, the extent of interference with other spectrum bands, and any other relevant factors that could have an impact on the spectrum being auctioned. The Commission concluded that the Bureau should have the discretion to employ either or both of these mechanisms for future auctions.

107. In the *Auction No. 48 Comment Public Notice*, the Bureau proposed to establish minimum opening bids for Auction No. 48 and to retain discretion to lower the minimum opening bids. Specifically, for Auction No. 48, the Bureau proposed the following formula for minimum opening bids:

- For a license being auctioned by MEA, the minimum opening bid will be 20% of the average gross high bid received in Auction No. 40 in the same MEA and the same band.
- For a license being auctioned by EA, the minimum opening bid will be 20% of the average gross high bid received in Auction No. 40 in the same EA and the same band.

108. The Bureau will set a "floor" for minimum opening bids at \$500 for licenses in both the upper paging bands (929–931 MHz) and the lower paging bands (35 MHz, 43 MHz, 152 and 158 MHz, 454 MHz and 459 MHz, 929 MHz, 931 MHz).

109. In the alternative, the Bureau sought comment on whether, consistent with the Balanced Budget Act, the public interest would be served by having no minimum opening bid or reserve price. The Bureau received one comment regarding this issue, suggesting that there be no minimum bid on all licenses that remain unsold from a previous auction.

110. After reviewing the comment, the Bureau has concluded that it should adopt its original proposal and the minimum opening bids listed in the *Auction No. 48 Comment Paging Notice*. The Bureau believes that the use of minimum opening bids is in the public interest because parties unable or unwilling to make proposed minimum opening bids most likely will be unable or unwilling to use the licenses to provide service to the public. The Bureau has concluded that the proposed absolute minimum opening bid of \$500 will not impede any party willing and able to use the license to provide paging service. Under the Commission's current rules, the filing fee for a new paging service license or to make major modifications to an existing paging service license is \$325. This fee is waived for applicants that obtained licenses through the auction process. Finally, small businesses qualifying for a thirty-five percent (35%) bidding credit and winning a lower paging bands license for the minimum opening bid of \$500 will have to pay \$325 for the license. Thus, even absent an auction, service providers would have to meet costs comparable to the proposed absolute minimum opening bids in order to obtain a license.

111. The Bureau will adopt minimum opening bids for Auction No. 48, that are reducible at the discretion of the Bureau. The Bureau emphasizes, however, that such discretion will be exercised, if at all, sparingly and early in the auction, *i.e.*, before bidders lose all waivers and begin to lose substantial eligibility. During the course of the auction, the Bureau will not entertain requests to reduce the minimum opening bid on specific licenses.

112. The specific minimum opening bid for each license available in Auction No. 48 is set forth in the list of licenses provided in electronic format as the *Auction No. 48 Procedures Public Notice* at <http://wireless.fcc.gov/auctions/48/>.

iii. Minimum Acceptable Bids and Bid Increments

113. In the *Auction No. 48 Comment Public Notice*, the Bureau proposed to set the minimum acceptable bid as the minimum opening bid or the standing high bid plus the defined increment. Eligible bidders will be able to place bids on a given license in any of nine different amounts. Until a bid has been placed on a license, the minimum acceptable bid for that license will be equal to its minimum opening bid. In the rounds after a bid is placed on a license, the minimum acceptable bid for that license will be equal to the standing high bid plus the defined increment. With respect to calculating the defined increment, the Bureau proposed basing the defined increment on a percentage of the standing high bid or, if no standing high bid had been placed, on a percentage of the minimum opening bid. The Bureau proposed that at the outset of the auction, it would use twenty percent of the standing high bid or minimum opening bid to calculate the increment. The Bureau further proposed to retain the discretion to change the percentage used to calculate the defined increment if circumstances so dictate and to set a floor for the increment used to calculate the minimum acceptable bid at an absolute dollar amount. Finally, the Bureau proposed that it have discretion to use a smaller percentage to calculate the increment used in setting acceptable bids higher than the minimum acceptable bid. In all other respects, such as rounding, the smaller defined increment would be calculated in the same manner as the defined increment used to set the minimum acceptable bid.

114. For Auction No. 48, the Bureau proposed to use a fixed 20 percent bid increment. This means that the minimum acceptable bid for a license will be approximately 20 percent greater