

DESK COPY



FCC AUCTION

December 5, 1994

**Broadband
Personal Communications Services**

**Major Trading Area Licenses
Frequency Blocks A & B**

Bidder's Information Package





FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

September 22, 1994

Dear Potential Bidder:

Thank you for expressing an interest in the FCC's auction of spectrum for broadband Personal Communications Services (PCS), which will begin on December 5, 1994.

This year, for the first time, the FCC used auctions to open the process for people to use the airwaves for new and creative businesses. In July, the FCC held the first-ever spectrum auctions, for nationwide narrowband PCS licenses and licenses for Interactive Video and Data Service. On October 26, 1994, we will begin an auction for 30 licenses to provide narrowband PCS in regional areas.

This Bidder's Information Package is designed to prepare you for the auction of 99 licenses to provide broadband PCS over the 51 Major Trading Areas (MTAs).

This first broadband PCS auction will set the stage for later broadband PCS auctions. In 1995, in two separate auctions, the FCC will auction 1,972 broadband PCS licenses for Basic Trading Areas (BTAs), 986 of which are in the so-called "Entrepreneurs' Blocks".

I can't tell you what to use this spectrum for and I can't tell you how much to pay for the license to use it. That's up to you. I can tell you that I think one of the most exciting opportunities ever made available in the history of our country begins with this auction. And your participation begins with this Bidder's Information Package.

I am confident that the auction method we have chosen for selecting licensees will put the spectrum in the hands of those who most highly value it and who have the best ideas for its use. In addition, in authorizing the FCC to use the auction process, Congress required that we ensure that women, minorities and small businesses have a full opportunity to participate. The FCC has employed a range of different methods to meet this worthwhile goal, including making special provisions available to these groups in a subsequent auction for 986 BTA broadband PCS licenses. The prospect of enriching the face of our business community with greater diversity is one of the most exciting aspects of this process.

Again, thank you for your interest and for sharing our enthusiasm for the auction approach to allocating spectrum for the public good.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Reed E. Hundt".

Reed E. Hundt
Chairman





FCC AUCTION HIGHLIGHTS

99 BROADBAND PCS LICENSES FOR MAJOR TRADING AREAS

Beginning December 5, 1994

Postal Square Building
(Adjacent to Union Station; entrance on North Capitol Street)
2 Massachusetts Avenue, N.E.
Washington, D.C. 20002

Registration:	Sunday, December 4, 1994	1 pm - 9 pm ET
	Monday, December 5, 1994	9 am - 11:30 am ET
Opening Ceremony:	Monday, December 5, 1994	11:30 am - 12 noon ET
On-Line Electronic Bidding Demonstration:	Sunday, December 4, 1994	1 pm - 9 pm ET
Simultaneous Multiple Round Auction:	Bidding will begin Monday, December 5, 1994, at 12 noon ET and continue daily thereafter beginning at 12 noon ET until simultaneous closing on all licenses.	

Bidder Eligibility Requirements

Review Bidder's Information Package for complete details

**Deadline for Receipt of Completed Short Form Application
Friday, October 28, 1994 @ 5:30 pm ET**

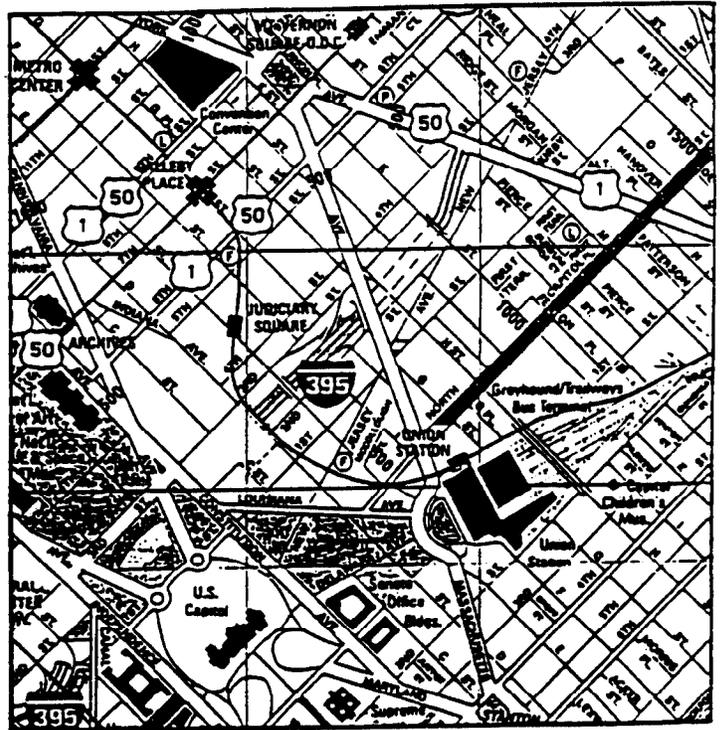
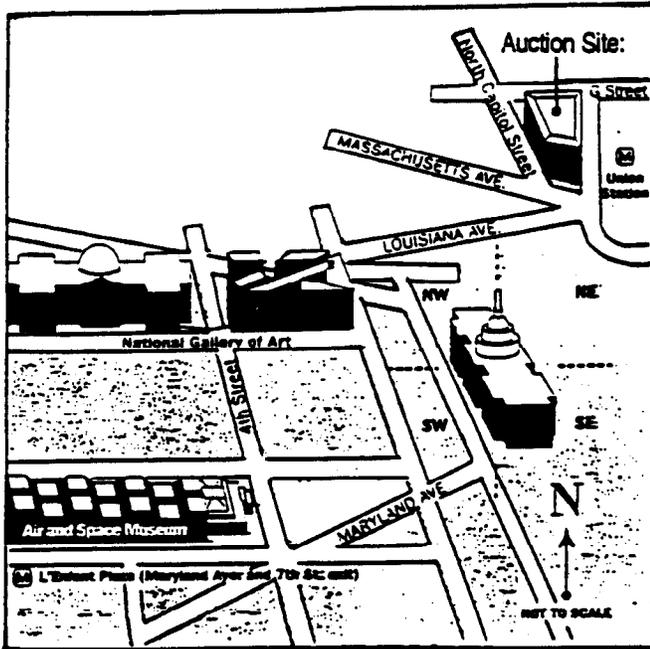
**Deadline for Receipt of Upfront Payment
Friday, November 18, 1994 @ 11:59 pm ET (Deliveries)
Friday, November 18, 1994 @ 6 pm ET (Wire Transfers)**

For additional information, contact:

FCC Auction Hotline at 202-418-1400

FCC AUCTIONS

Auction Site Location



Auction Site: The Postal Square Building
(Adjacent to Union Station; entrance on North Capitol Street)
2 Massachusetts Avenue, N.E.
Washington, D.C. 20002

Directions: From Dulles Airport: Take the Dulles Access Road to Route 66 East. Follow Route 66 over the Theodore Roosevelt Bridge to Constitution Avenue. Follow Constitution Avenue to First Street, N.E., and turn left onto First Street to Union Station. The Postal Square Building will be left (or west) of Union Station.

From National Airport: Take the George Washington Parkway north to 395 North and follow signs to 14th Street. Take 14th Street and turn right onto Constitution Avenue. Follow Constitution Avenue to First Street, N.E. Turn left on First Street and take it to Union Station. The Postal Square Building will be left (or west) of Union Station.

From BWI Airport: Take the Baltimore Washington Parkway south towards Washington, D.C. Exit at New York Avenue (Route 50). Go to North Capitol Street and turn left. Follow North Capitol Street to Union Station. The Postal Square Building will be left (or west) of Union Station.

Metrorail:

- 1) From Wheaton: Take the Red Line train towards Shady Grove. Get off at the Union Station exit.
- 2) From Shady Grove: Take the Red Line train towards Wheaton. Get off at the Union Station exit.
- 3) From Virginia: Take the Yellow Line train towards Mt. Vernon Square. Get off at the Gallery Place exit and transfer to the Red Line train, which is on the upper level of the station. Take the Red Line train towards Wheaton and get off at the Union Station exit.

Note: Upon exiting Metrorail at Union Station, the Postal Square Building will be left (or west) of Union Station.

FCC AUCTIONS

Area Hotel Accommodation Information

Bellevue Hotel
15 E Street, NW
Washington, D.C. 20001
1-800-327-6667

Weekday Rates

Single/Dbl. Occupancy: \$109-134.50

Weekend Rates

Single/Dbl. Occupancy: \$79
(includes complementary breakfast)

Moderate first class hotel--located one block from Union Station and five miles from National Airport.

Grand Hyatt
1000 H Street, NW
Washington, D.C. 20001
1-800-233-1234

Weekday Rates

Single Occupancy: \$195
Double Occupancy: \$220

Weekend Rates

Single Occupancy: \$99
Double Occupancy: \$124

Deluxe 12-story, atrium-style convention hotel--located across from the Washington Convention Center. Direct underground access to Metro, six blocks from Union Station and 5 1/2 miles from National Airport.

Hyatt Regency Hotel
400 New Jersey Avenue, NW
Washington, D.C. 20001
1-800-233-1234

Single Occupancy: \$189
Double Occupancy: \$214

Moderate deluxe, 11-story convention hotel--located downtown and built around a five-story glass atrium lobby. Two blocks from Union Station and 10 miles from National Airport.

**** Rates and availability are subject to change ****

Marriott Metro Center

775 12th Street, NW
Washington, D.C. 20005
1-800-228-9290

Single/Double Occupancy: \$179

First class, new 14-story hotel built in 1989--located 1/2 block from Metro red line, 12 blocks from Union Station and four miles from National Airport.

Phoenix Park Hotel

520 North Capitol Street, NW
Washington, D.C. 20001
1-800-824-5419

Single Occupancy: \$159
Double Occupancy: \$219

First class, classic hotel housed in restored (1984) turn-of-the-century building, adjacent to Union Station and five miles from National Airport.

Washington Court Hotel

525 New Jersey Avenue, NW
Washington, D.C. 20001
1-800-321-3010

Single Occupancy: \$199
Double Occupancy: \$219

Deluxe, business-oriented hotel--located two blocks from Union Station and seven miles from National Airport.

Washington D.C. Renaissance Hotel

999 9th Street, NW
Washington, D.C. 20001
1-800-228-9898

Single Occupancy: \$185
Double Occupancy: \$205

Superior first class, ultra-modern convention hotel--located one block from Metro Center, nine blocks from Union Station and seven miles from National Airport.

***** Rates and availability are subject to change *****

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Federal Communications Commission
MTA Broadband PCS Auction
Begins December 5, 1994

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- 2) Procedures, Terms and Conditions
- 3) FCC Public Notice, Report No. AUC-94-04 (dated September 19, 1994): Auction Notice and Filing Requirements for 99 MTA Licenses Located in the A and B Blocks for Personal Communications Services in the 2 GHz Band
- 4) FCC Fifth Report and Order in PP Docket No. 93-253
- 5) FCC Second Memorandum Opinion and Order in PP Docket No. 93-253
- 6) FCC Rules adopted pursuant the FCC Fifth Report and Order and Second Memorandum Opinion and Order in PP Docket No. 93-253 (the "Final Rules")
- 7) Short-Form Application to Participate in an FCC Auction (FCC Form 175), blank form and sample form correctly completed, along with instructions
- 8) FCC Remittance Advice (FCC Form 159 with supplemental Form 159-C), blank form and sample forms correctly completed for both upfront payment and down payment, along with instructions
- 9) FCC Bidder Online Information Package and Order Form for remote online bidding access
- 10) Long-Form Application (FCC Form 401), blank form and sample form correctly completed, along with instructions
- 11) FCC Public Notice, Report No. CW-94-02 (dated September 22, 1994): Listing of counties in each BTA and BTAs in each MTA



Summary of Licenses to be Auctioned

1

THE UNIVERSITY OF CHICAGO PRESS

SUMMARY OF LICENSES TO BE AUCTIONED

In each of the 51 MTAs, 30 MHz broadband PCS licenses on frequency block A (1850-1865 MHz/1930-1945 MHz) and frequency block B (1870-1885 MHz/1950-1965 MHz) will be auctioned, except in the New York, Los Angeles-San Diego, and Washington-Baltimore MTAs, in which only the block B license will be offered. Portions of the offered spectrum are currently being used by incumbent microwave licensees, and PCS licensees may incur costs associated with relocating these incumbent users to other frequency bands.

The market numbers of the 51 MTAs are as follows:

M-1	New York	M-27	Phoenix
M-2	Los Angeles-San Diego	M-28	Memphis-Jackson
M-3	Chicago	M-29	Birmingham
M-4	San Francisco-Oakland-San Jose	M-30	Portland
M-5	Detroit	M-31	Indianapolis
M-6	Charlotte-Greensboro-Greenville-Raleigh	M-32	Des Moines-Quad Cities
M-7	Dallas-Fort Worth	M-33	San Antonio
M-8	Boston-Providence	M-34	Kansas City
M-9	Philadelphia	M-35	Buffalo-Rochester
M-10	Washington-Baltimore	M-36	Salt Lake City
M-11	Atlanta	M-37	Jacksonville
M-12	Minneapolis-St. Paul	M-38	Columbus
M-13	Tampa-St. Petersburg-Orlando	M-39	El Paso-Albuquerque
M-14	Houston	M-40	Little Rock
M-15	Miami-Ft. Lauderdale	M-41	Oklahoma City
M-16	Cleveland	M-42	Spokane-Billings
M-17	New Orleans-Baton Rouge	M-43	Nashville
M-18	Cincinnati-Dayton	M-44	Knoxville
M-19	St. Louis	M-45	Omaha
M-20	Milwaukee	M-46	Wichita
M-21	Pittsburgh	M-47	Honolulu
M-22	Denver	M-48	Tulsa
M-23	Richmond-Norfolk	M-49	Alaska
M-24	Seattle (excluding Alaska)	M-50	Guam-N. Mariana Islands
M-25	Puerto Rico-U.S. Virgin Islands	M-51	American Samoa
M-26	Louisville-Lexington-Evansville		

The population of each MTA and the upfront payment amount associated with a 30 MHz license in each MTA may be found in the Appendix to the FCC's September 19, 1994 Public Notice, which is included in this Bidder's Information Package.

A listing of the counties contained in each BTA and of the BTAs contained in each MTA can be found at Section 11 of this Bidder's Information Package.



Procedures, Terms & Conditions

PROCEDURES, TERMS AND CONDITIONS OF AUCTION

I. INTRODUCTION

The Federal Communications Commission ("FCC") will hold a simultaneous multiple round auction for 99 licenses to provide Personal Communications Services (PCS) in the 2 GHz band ("broadband PCS"). These licenses will authorize service on 30 MHz of spectrum over the 51 major trading areas ("MTAs") in the United States and will be on frequency blocks A and B. Frequency block A is 1850-1865 MHz paired with 1930-1945 MHz. Frequency block B is 1870-1885 MHz paired with 1950-1965 MHz.

The FCC plans to begin the auction at 12:00 noon Eastern Time on Monday, December 5, 1994. Bidding will end at 7:00 P.M. that day and will resume at 12:00 noon and end at 7:00 P.M. each business day thereafter, unless otherwise announced, until bidding has closed on all licenses. If the auction continues into the holiday season, the FCC anticipates that it will suspend the auction from the close of bidding on Wednesday, December 21, 1994 through Tuesday, January 3, 1995.

The auction will be held at The Postal Square Building, 2 Massachusetts Avenue, N.E., Washington, D.C. (adjacent to Union Station). (The FCC will announce in a later Public Notice whether bidders will be able to place bids through remote access.) Limited space will be available at the auction for members of the public to observe the auction.

Those wishing to participate in the auction must submit an FCC Form 175 in accordance with the Commission's rules, its September 19, 1994 Public Notice (included in this Bidder's Information Package) and the instructions contained in Section II.A of these Procedures, Terms and Conditions. **The FCC Form 175 must be received no later than 5:30 P.M. ET on Friday, October 28, 1994 and transmitted pursuant to the instructions set forth in Section II.A.2 of these Procedures, Terms and Conditions.** Applicants will be required to submit an upfront payment (in U.S. dollars) calculated on the basis of the maximum number of "MHz-pops" upon which the bidder intends to bid in any single round of bidding. (The term "MHz-pops" is defined as the product derived from multiplying the number of megahertz associated with a license by the population of the license's service area.) As detailed in Section II.B of these Procedures, Terms and Conditions, the upfront payment must be made by wire transfer or cashier's check payable to the Federal Communications Commission or "FCC" and must be received on or before Friday, November 18, 1994 at the Mellon Bank in Pittsburgh, Pennsylvania. **No other form of payment will be accepted.**

In each of the 51 MTAs, 30 MHz licenses on both block A and block B will be offered for bid, except in the New York, Los Angeles-San Diego, and Washington-Baltimore MTAs, in which only the block B license will be offered. Portions of the offered spectrum are currently being used by incumbent microwave licensees, and PCS licensees may incur costs associated with relocating these incumbent users to other frequency bands. The attached Appendix lists the market number and population of each MTA, as well as the upfront payment amount associated with licenses in each market.

Prospective bidders must thoroughly familiarize themselves with the procedures, terms and conditions (collectively, "Terms"), contained in the Second Report and Order in PP Docket No. 93-253, FCC 94-61, 9 FCC Rcd 2348 (1994); the Fifth Report and Order in PP Docket No. 93-253, FCC 94-178, 59 Fed. Reg. 37566 (July 22, 1994); and the Second Memorandum Opinion and Order in PP Docket No. 93-253, FCC 94-215, 59 Fed. Reg. 44272 (August 26, 1994) (collectively referred to as "the Relevant Orders"). Copies of the Relevant Orders are available for a fee by calling International Transcription Services, Inc. at (202) 857-3800. **The Terms contained in the Relevant Orders and in this Bidder Package are not negotiable.** Prospective bidders should review these auction documents thoroughly prior to the auction to make certain that they understand all of the provisions and are willing to be bound by all of the Terms before making any bid.

The information contained in this Bidder Package may be amended or supplemented. The FCC will issue Public Notices to convey the new or supplemental information to prospective bidders. In addition, prospective bidders should be aware that the FCC is currently considering petitions for reconsideration of the Fifth Report and Order and that some of the rules pertaining to this auction may change. It is the responsibility of all prospective bidders to remain current with all FCC Rules and with all Public Notices pertaining to this auction. Copies of FCC documents, including Public Notices, may be obtained for a fee by calling International Transcription Services, Inc. at (202) 857-3800.

II. BIDDER ELIGIBILITY

In order to be eligible to bid in the auction bidders must submit (i) a short-form license application on FCC Form 175 (and Form 175-S if necessary) and (ii) an upfront payment (accompanied by an FCC Remittance Advice, FCC Form 159) in compliance with applicable FCC Rules and Regulations. As more fully described below, the status of applications will be announced in a series of Public Notices.

A. Short Form Application (FCC Form 175)

The FCC Form 175 may be submitted anytime after the release of the September 19, 1994 Public Notice but must be received no later than 5:30 P.M. Eastern Time, Friday, October 28, 1994. The Auction No. for this auction is "4." Only the person or persons identified on FCC Form 175 as authorized to make or withdraw a bid ("authorized representatives") will be permitted to do so at the auction.

1. Completion of Form 175.

Applicants are required to complete all the items on FCC Form 175. Applicants should carefully review §§1.2105(a)(2), 24.705 and 24.813 of the Final Rules which are included in the Bidder's Information Package, prior to completing FCC Form 175. In completing FCC Form 175, bidders should note the following:

a. Applicants should apply for all licenses they want to be eligible to bid on in the auction. Bids will not be accepted for licenses for which an applicant has not applied on its FCC Form 175.

b. In item 6 of FCC Form 175 -- "Auction No." -- applicants should enter "4".

c. Item 7 requires applicants to create a ten-digit FCC Account Number, which the Commission will use to identify and track applications. Applicants must create this FCC account number by using their taxpayer identification number (TIN) with a prefix of "0", i.e., 0123456789. If, and only if, an applicant does not have a taxpayer identification number, the applicant may use its ten-digit area code and telephone number (i.e., 5552345678). Each applicant must use this same number when submitting additional information or material regarding its application, including on its FCC Form 159 (FCC Remittance Advice) accompanying any required auction deposits or payments submitted to the Commission. This number also must be used whenever an applicant writes, calls, or otherwise inquires about its application. Applicants will also need this number to register for the auction.

d. Items 9 and 10, which are used to determine whether the applicant is claiming eligibility for any provisions established for small businesses and businesses owned by minorities and women, should be left blank because no such provisions are available in Auction No. 4.

e. In Item 11, applicants should identify the market number and Frequency Block number for each broadband PCS license on which they want to bid. The market number for each MTA is listed in the attached Appendix. In the first column of Item 11 (labeled "Market No."), applicants should list the market number for each MTA in which they are interested in bidding on a license. Across from the market number in Item 11, applicants should enter "A" and/or "B" in the Frequency Block column to indicate whether they wish to be eligible to bid on one or the other, or both, of the licenses offered in that market. (Note that in the New York, Los Angeles-San Diego, and Washington-Baltimore MTAs (Market Nos. M-1, M-2 and M-10, respectively), only the license on frequency block B is being offered for bid.) If an applicant wants to be eligible to bid on licenses in more than five markets, it must complete FCC Form 175-S for the additional markets, except that if an applicant want to be eligible to bid on all 99 licenses available in this auction, it may apply for all 99 licenses by writing the word "ALL" in the frequency block section of FCC Form 175. Applicants applying for all licenses need not list all of the market numbers in the first column.

f. In Item 12, applicants should list the name(s) of the person(s) authorized to represent them at the auction. Only those individuals listed in item 12 will be authorized to place or withdraw bids for the applicant at the auction.

g. Applicants should read the "Certifications" listed on the FCC Form 175 carefully before signing the application. These certifications help to ensure a fair and competitive auction and require, among other things, disclosure to the Commission of certain information

on applicant ownership and agreements or arrangements concerning the auction. **Submission of a false certification to the Commission may result in penalties, including monetary forfeitures, license forfeitures, and ineligibility to participate in future auctions, and/or criminal prosecution.**

h. If the Commission wishes to communicate with the applicant by telephone or fax, such communications will be directed to the contact person identified in the signature block. Please include both a telephone number and a fax number in the space provided. All written communications will be directed to the applicant at the address specified in items 1 through 5 of FCC Form 175. (Applicants must provide a street address; no P.O. box addresses should be used.)

i. Section 24.813 of the Commission's Rules requires each applicant to submit certain ownership information as an exhibit to its FCC Form 175 application. Specifically, applicants must attach:

(1) A list of its subsidiaries, if any. Subsidiary means any business five percent or more whose stock, warrants, options or debt securities are owned by the applicant or an officer, director, stockholder or key management personnel of the applicant. This list must include a description of each subsidiary's principal business and a description of each subsidiary's relationship to the applicant.

(2) A list of its affiliates, if any. Affiliates means any business which holds a five percent or more interest in the applicant, or any business in which a five percent or more interest is held by another company which holds a five percent interest in the applicant (e.g., Company A owns 5% of Company B and 5% of Company C; Companies B and C are affiliates).

(3) A list of the names, addresses, citizenship and principal business of any person holding five percent or more of each class of stock, warrants, options or debt securities together with the amount and percentage held, and the name, address, citizenship and principal place of business of any person on whose account, if other than the holder, such interest is held. If any of these persons are related by blood or marriage, include such relationship in the statement.

(4) In the case of partnerships, the name and address of each partner, each partner's citizenship and the share or interest participation in the partnership. This information must be provided for all partners, regardless of their respective ownership interests in the partnership. A signed and dated copy of the partnership agreement must be included in the application.

j. Applicants must attach an exhibit identifying all parties with whom they have entered into any consortium arrangements, joint ventures, partnerships or other agreements or understandings which relate in any way to the competitive bidding process of Auction No. 4.

k. Microfiche copies of the FCC Form 175 and 175-S are required for all submissions in excess of five pages in accordance with Section 24.806(e) of the Commission's rules.

Failure to sign the FCC Form 175 or to submit the required ownership information will result in dismissal of the application and inability to participate in the auction. Only original signatures will be accepted.

2. Where to Send the FCC Form 175.

In order to be eligible to bid, applicants must submit an FCC Form 175 application to the Commission. **This application must be received by 5:30 P.M., Eastern Time on Friday, October 28, 1994. Late applications will not be accepted.** Applications may be submitted by hand delivery, certified U.S. mail (return receipt requested) or private courier. Whether mailed, hand delivered or sent by private courier, applications must be addressed to:

Office of the Secretary
Attn: Auction 4 Short-Form Processing
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Applications will not be accepted if delivered to any other location.

3. Application Fee.

No application fee or FCC Form 159 need accompany the FCC Form 175 for the auction.

4. Procedures after FCC Form 175 Applications are Filed and Process for Minor Corrections.

After the deadline for filing FCC Form 175 applications has passed, the Commission will process all applications to determine whether they are acceptable for filing. The Commission will issue a Public Notice listing all applications which are accepted for filing, those that are rejected, and those which have minor defects that may be corrected. The Public Notice will also announce the deadline for filing corrected applications. **As described more fully in the Commission's general auction rules, applicants may only make minor corrections to their FCC Form 175 applications. Applicants will not be permitted to make major modifications to their applications. Failure to sign an FCC Form 175 or failure to submit the ownership information required by Section 24.813 of the Commission's rules cannot be corrected and will cause the application to be dismissed and the applicant will be ineligible to participate in the auction. See Section 1.2105 of the Commission's Rules, 47 C.F.R. §1.2105.**

After the deadline for resubmitting corrected applications, the Commission will release another Public Notice announcing all applications that have been accepted for filing, including applicants who have corrected defective applications.

B. Upfront Payments

In order to be eligible to bid at the auction, applicants must submit an upfront payment together with an FCC Remittance Advice, FCC Form 159, in accordance with the Instructions for Making Auction Payments contained in Section VI of these Procedures, Terms and Conditions. A sample FCC Form 159 and further instructions for making auction payments are included in this Bidder Package.

All payments must be made in U.S. dollars, must be in the form of a wire transfer or cashier's check, and must be made payable to the "Federal Communications Commission" or "FCC." No other form of payment will be accepted. Cashier's checks must be drawn on a financial institution whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). All payments, whether by wire transfer or cashier's check, must be made to the Mellon Bank in Pittsburgh, Pennsylvania. Payments made by cashier's check must be received by 11:59 P.M. Eastern Time, Friday, November 18, 1994. Payments made by wire transfer must be received by 6:00 P.M. Eastern Time, Friday, November 18, 1994. Bidders making payments by wire transfer should initiate the transfer so as to allow sufficient time for the transfer to be received by Mellon Bank by the deadline.

Failure to deliver the upfront payment in a timely manner will result in dismissal of the application and inability to participate in the auction.

The upfront payment is calculated based on \$0.02 per MHz-pop for the largest combination of MHz-pops upon which a bidder wishes to bid in a single round of bidding. The upfront payment associated with each license is listed in the Appendix to the FCC September 19, 1994 Public Notice, a copy of which is included in this Bidder Package. The upfront payment submitted by each applicant will define the maximum amount of MHz-pops on which the applicant will be permitted to bid in any single round of bidding. The upfront payment amounts for the licenses to be auctioned in each MTA are listed in the attached Appendix. However, the upfront payment is not attributed to specific licenses, but instead will be translated to MHz-pops to define the bidder's maximum eligibility.

In calculating the upfront payment amount, an applicant should determine the maximum number of MHz-pops on which it wishes to bid in any single round and submit an upfront payment covering that number of MHz-pops. In this auction, all of the licenses are for 30 MHz of spectrum. Thus, if an applicant wants to be eligible to bid in any single bidding round on licenses in MTAs with a maximum total population of 20 million persons, the applicant must submit an upfront payment of \$12,000,000 (30 MHz times 20,000,000 persons times \$0.02). The minimum acceptable upfront payment is \$28,200. However, an

applicant who submits an upfront payment of \$28,200 will be eligible to bid only on a 30 MHz license in the American Samoa MTA.

An applicant may on its FCC Form 175 apply for every license being offered, but its actual bidding in any round will be limited by the MHz-pops reflected in its upfront payment. As explained in Section IV.D below, bidders will be required to remain active in each round of the auction on a specified percentage of the MHz-pops reflected in their upfront payments in order to retain their eligibility.

No later than five (5) business days before the auction, the Commission will issue a Public Notice announcing all qualified bidders for the MTA broadband PCS auction. A qualified bidder is an applicant whose FCC Form 175 application has been accepted for filing and who has timely submitted an upfront payment sufficient to make it eligible to bid on at least one of the licenses being offered.

Upfront payments of bidders who are not the high bidder on any license will be refunded as soon as possible after the auction. **The FCC is not statutorily authorized to pay interest on any funds on deposit.**

C. Registration at the Auction

On-Site Registration

All qualified bidders must register in order to bid. Only designated representatives identified on Form 175 will be permitted to register for the auction. On-site registration will be held from 1:00 P.M. until 9:00 P.M. on Sunday, December 4, 1994 and from 9:00 A.M. until 11:30 A.M. on Monday, December 5, 1994. The location for on-site registration will be announced in a future Public Notice. All applicants registering on-site will be required to submit two forms of identification: one form of photo identification (e.g., a valid driver's license or passport) and one additional form of identification. A bidder identification number, login code and password will be provided to each qualified applicant during the on-site registration.

Registration for Remote Access Bidders

In a future Public Notice, the FCC will announce whether it will allow bidders to place bids via a remote access network. **Applicants who are interested in the remote access bidding option should complete and return the FCC BIDDER ONLINE order form included in Section 9 of this Bidder's Information Package on or before November 15, 1994.** If the FCC decides to offer the remote bidding access option, applicants that have submitted this order form will not be required to register for the auction in person. As described more fully below, applicants may indicate on the order form by what method they would like to receive their FCC BIDDER ONLINE Set-Up Kit: Federal Express, UPS Overnight or Pick-Up by Authorized Company Representative. If sent to the applicant, the

Set-Up Kit, login code and password will only be delivered to the address specified on the FCC Form 175 application. If the pick-up option is chosen, an authorized representative of the applicant may pick up the Set-Up Kit, login code and password from 9:00 A.M. until 6:00 P.M., Monday through Friday, at the following location:

FCC BIDDER ONLINE
c/o Business Information Network
9400 Livingston Road, Suite 420
Fort Washington, Maryland 20744
(800) 366-9246

All authorized representatives will be required to submit two forms of identification: one form of photo identification (e.g., a valid driver's license or passport) and one additional form of identification before they will be given the Set-Up Kit. Bidder identification numbers will be provided to all qualified remote access bidders by the same method that the Set-Up Kit was provided. In order to facilitate communications between prospective bidders and the FCC, we recommend that all applicants who are interested in the remote access bidding option designate at least one individual who is present in Washington, D.C. as one of their authorized bidding representatives on the Form 175 application.

III. AUCTION EVENT AND BIDDING ROUNDS

The Auction will begin at 12:00 noon Eastern Time on Monday, December 5, 1994 and bidding on that day will end at 7:00 P.M. Bidding will resume at 12:00 noon and end at 7:00 P.M. each business day thereafter, unless otherwise announced, until bidding has closed on all licenses.

Generally bids will be submitted once each day. The Commission may, however, increase or decrease the amount of time for bid submission as well as the length of the bidding day and/or the number of rounds per day depending upon the bidding activity level and the aggregate amount of high bids.

IV. AUCTION PROCEDURES

The MTA broadband PCS licenses will be awarded through a simultaneous multiple round auction. Bids will be accepted at the same time on all licenses in each round of the auction. High bid amounts will be posted after the end of the bid submission period in each round of bidding. Information regarding all valid bids submitted in each round also will be provided.

A. Number of Licenses that May be Acquired

Ultimately, broadband PCS applicants will be permitted to aggregate licenses up to a total of 40 MHz in any geographic area. However, persons holding 20 percent or more of the equity of a cellular licensee generally may not hold a 5 percent or more interest in a broadband PCS licensee of more than 10 MHz of spectrum if the cellular service area overlaps ten percent or more of the population of the PCS service area.

B. Bid Submission and Withdrawal Procedures

1. Bid Submission

Bidders will be able to place their bids at the auction site. Bidders may also be allowed to place their bids by remote access (assuming the FCC is convinced of the operational integrity and security required for such a network). Each bidder will be required to log-in to the computer using an assigned, confidential password unique to that bidder and must provide a bidder number and FCC account number in order to place or withdraw a bid. Each bidder may enter bids only one time in each round. All accepted bids for each license and the minimum valid minimum bid amount for the next round will be announced after the conclusion of the bid withdrawal period in each round. Bidders may receive a hard copy or electronically downloaded bid confirmation after they have submitted their bids.

2. Bid Withdrawals

A high bidder who wants to withdraw one or more of its high bids during the course of the auction may do so subject to the bid withdrawal penalty specified in Section 24.704(a)(1) of the Commission's Rules, 47 C.F.R. § 24.704(a)(1). A bid may be withdrawn only during the bid withdrawal period which follows the announcement of the high bids in each round. If a high bid is withdrawn, the license will be offered (without a minimum bid increment) in the next round at the second highest bid price, which may be less than or equal to (in the case of tie bids) the amount of the withdrawn bid. The FCC will be identified as the high bidder on withdrawn license until a new valid bid is submitted on that license. In addition, to prevent a bidder from strategically delaying the close of the auction, the FCC retains the discretion to limit the number of times that a bidder may re-bid on a license from which it has withdrawn a high bid.

C. Minimum Bid Increments and Tie Bids

The minimum bid increment is the amount or percentage by which a bid must be raised above the previous high bid in order to be accepted as a valid bid in the current round. The amount of the minimum valid bid for each license (the sum of the minimum bid increment and the high bid from the previous round) will be announced at the beginning of each round. The Commission generally will raise the amount of the minimum bid increments early in the auction and when bidding activity is high. Conversely, the Commission will

generally lower the minimum bid increments towards the end of the auction or when bidding activity is low, based on the following formula:

<u>Stage</u>	<u>Greater of</u>	
	<u>Percent of High Bid</u>	<u>Amount Per MHz-pop</u>
Stage 1	5%	\$0.020
Stage 2	2%	\$0.010
Stage 3	1%	\$0.050

The Commission retains the discretion, however, to raise or lower the amount of the minimum bid increment at any time during the auction. The FCC expects that minimum bid increments will be higher in the early rounds of the auction when bidding activity is high and lower in later round as the number of active bidders declines. Generally, the FCC would only raise the minimum bid increment to increase the pace of the auction if there is a high level of bidding activity. The FCC would generally only lower the amount of the minimum bid increment when bidding activity slows and the auction appears to be nearing a close. The lowering of minimum bid increments in this situation would allow bidders to express small differences in valuations.

Each bid will be date and time stamped when it is entered into the computer system. In the event of tie bids, the Commission will identify the high bidder on the basis of the order in which bids are received by the Commission, starting with the earliest bid.

D. Activity Rule

In order to ensure that the auction closes within a reasonable period of time and to increase the amount of information conveyed by bid prices during the auction, the Commission will impose an activity rule to discourage bidders from waiting until the end of the auction before participating. The activity rule provides for three stages with increasing levels of activity required in each stage.

A bidder will be considered "active" if it is either the high bidder from the previous round or submits a bid which meets or exceeds the minimum valid bid. The minimum required activity levels for each stage of the auction are as follows:

Stage One: During the first stage of the auction, a bidder who wishes to maintain its current eligibility is required to be active on licenses encompassing at least one-third of the MHz-pops for which it is eligible. Failure to maintain the requisite activity level will result in a reduction in the amount of MHz-pops upon which a bidder will be eligible to bid in the next round of bidding. During the first stage bidders will lose three MHz-pops in eligibility for each MHz-pop by which their bids fall below the minimum required activity level.

Stage Two: In the second stage, a bidder who wishes to maintain its current eligibility is required to be active on two-thirds of the MHz-pops for which it is eligible in that particular round. Failure to maintain the required activity level in stage two will result in loss of 1.5 MHz-pops in eligibility for each MHz-pop by which a bidder's bids fall below the minimum required activity level.

Stage Three: In the third stage, a bidder who wishes to maintain its current eligibility is required to be active on licenses encompassing 100 percent of the MHz-pops for which it is eligible in that particular round. Failure to maintain the required activity level in stage three will result in loss of one MHz-pop in eligibility for each MHz-pop by which a bidder's bids fall below required activity level. Thus, in the final stage, each bidder retains eligibility (for the next round) equal to the MHz-pops for which it is an active bidder in the current round.

Bidders will be permitted one waiver from the activity rule in each stage of the auction. **An unused waiver cannot be carried over to a subsequent auction stage.** An activity rule waiver applies to an entire round of bidding and not to a particular license. Automatic waivers will retain a bidder's eligibility from the previous round even though its bidding activity in the current round falls below the required level. Bidders will be afforded an opportunity to override the automatic waiver mechanism when they place a bid if they intentionally wish to reduce their bidding eligibility and do not want to use a waiver to retain their eligibility at its current level. If a bidder overrides the automatic waiver mechanism, its eligibility will be permanently reduced and it will not be permitted to regain its bidding eligibility from a previous round. **An automatic waiver invoked in a round in which there are no new valid bids will not keep the auction open.**

Bidders will have the option of proactively entering an activity rule waiver during the bid submission period. If a bidder submits a proactive waiver in a round in which no other bidding activity occurs, **the auction will remain open.** Therefore in the later rounds of the auction, if a bidder does not intend to bid but wants to ensure that the auction does not close, it should enter a proactive waiver in place of a bid. The submission of a proactive waiver under these circumstances will prevent the auction from closing.

E. Stopping Rules

Bidding will remain open on all licenses until bidding stops on every license. The auction will close if one round passes in which no bidder submits a new acceptable bid on any license or a proactive waiver. Thus, bidding will stop on all licenses simultaneously.

The Commission, however, may declare at any time after 40 rounds that the auction will end after a specified number of additional rounds. If the Commission invokes this stopping rule, it will accept bids in the final round(s) only for licenses on which the high bid increased in at least one of the preceding three rounds.

The Commission does not intend to exercise this option except in extreme circumstances such as where the auction is proceeding very slowly, there is minimal overall bidding activity and it appears unlikely that the auction will close within a reasonable period of time. Before exercising this option, however, the Commission would first attempt to increase the pace of the auction by announcing that the auction will move into the next stage, where bidders would be required to maintain a higher level of bidding activity. Under these circumstances, the Commission may also first increase the number of bidding rounds per day and increase the amount of the minimum bid increments for those limited number of licenses (and close substitutes) where there is still a high level of bidding activity.

F. Delay, Suspension or Cancellation of the Auction

The Commission may, by Public Notice or by announcement during the auction, delay, suspend or cancel the auction in the event of natural disaster, technical obstacle, evidence of an auction security breach, unlawful bidding activity, administrative necessity, or for any other reason that affects the fair and competitive conduct of competitive bidding. In such cases, the Commission may, in its sole discretion, resume the auction starting from the beginning of the current or some previous round or cancel the auction in its entirety.

G. Default and Disqualification Penalties

Any high bidder who defaults by failing to remit the required down payment within the prescribed time or is disqualified after bidding is declared closed will be subject to the penalties described in Section 24.704(a)(2) of the Commission's Rules, 47 C.F.R. § 24.704(a)(2). In addition, if a default or disqualification involves gross misconduct, misrepresentation or bad faith by an applicant, the Commission may declare the applicant and its principals ineligible to bid in future auctions, and may take any other action that it deems necessary, including institution of proceedings to revoke any existing licenses held by the applicant. See Second Report and Order at ¶ 198.

H. Releasing Bidder Identities

Bidders' identities and bidder identification numbers will be disclosed prior to the auction. Thus, bidders will know in advance of the auction the identities of the bidders against whom they are bidding.

I. Electronic Access to Auction Data

The FCC will make all bids in each round available of the Internet network. Interested parties can download the high bids and all bids submitted in each round by accessing the FCC Internet node via anonymous FTP@fcc.gov. The round results and other auction announcements also will be available in both ASCII text and DBF formats through the FCC BIDDER ONLINE network described in Section 9 of this Bidder's Information Package.

V. POST-AUCTION PROCEDURES FOR HIGH BIDDERS

A. Down Payment

The winning bidder for each license must submit sufficient additional funds (a "down payment") to bring the amount of money on deposit with the government to 20 percent of their winning bid amount within five (5) business days after bidding is declared closed and the high bidders are announced.

Winning bidders who do not submit the required down payment by the specified deadline will be considered in default and the licenses will be re-auctioned at a later date. An entity in default will be assessed a penalty equal to the difference between its winning bid and the winning bid the next time the license is offered by the Commission. An additional penalty equal to three percent of the lesser of the subsequent winning bid or the defaulting bidders' winning bid will also be assessed. See Section 24.704 of the Commission's Rules, 47 C.F.R. § 24.704.

B. Submission of Long-Form Application (FCC Form 401) and Award of Licenses

As detailed in the broadband PCS rules and the general auction rules, winning bidders must timely submit a properly completed FCC application for a broadband PCS license (FCC Form 401) within ten (10) business days after bidding is declared closed and the high bidders are announced. The FCC Form 401 must be sent to:

Office of the Secretary
Attn: Broadband PCS Processing Section
Federal Communications Commission
1919 M St., N.W., Room 222
Washington, D.C. 20554

Once a high bidder has submitted its down payment and filed the FCC Form 401 long-form application, the Commission will conduct a preliminary review of the application. If it is acceptable, the Commission will release a Public Notice announcing the acceptable for filing of the FCC Form 401. The release of this Public Notice will trigger the initiation of the petition to deny process in which other interested parties will have the opportunity to file petitions challenging an auction winner's qualifications to become a licensee. The acceptance of an application for filing does not preclude subsequent return, dismissal or denial of that application.

After a detailed review of the FCC Form 401 and conclusion of the petition to deny process, the FCC will determine whether there are any reasons why the license should not be granted; if there are none, it will grant the license. Each grantee will be required to pay

the remainder of its winning bid amount within five (5) business days after grant of the license. All license grants will be conditioned on timely payment in full of the bid price.

VI. INSTRUCTIONS FOR MAKING AUCTION PAYMENTS

All payments must be made in U.S. dollars, must be in the form of a wire transfer or cashier's check, and must be made payable to the "Federal Communications Commission" or "FCC".

All payments, whether made by wire transfer or cashier's check, must be accompanied by a complete FCC Remittance Advice, FCC Form 159. A sample FCC Remittance Advice is included at Section 8 of this Bidder's Information Package.

A. FCC Remittance Advice, FCC Form 159

Applicants making upfront payments and high bidders making down payments or final payments must submit an FCC Form 159 to the Commission's lockbox bank. The purpose of the FCC Form 159 is to identify to the FCC who is paying, how much they are paying, and for what they are paying. This form allows the bank to accurately process your remittance. **Failure to accurately complete your FCC Form 159 could result in a delay in processing your remittance.**

Before completing an FCC Form 159, read the "Instructions For Using FCC Form 159" in Section 8 of this Bidder's Information Package.

1) You must complete all of the blocks in the Payor Information Section (Blocks 1 through 10).

NOTE: The FCC Account Number established when submitting FCC Form 175 (Application to Participate in an FCC Auction) must be used throughout the entire application process. This same FCC Account Number **must** be entered on the FCC Form 159 whenever any auction-related payment is made. This procedure is critical due to the time-sensitive nature of these payments. Failure to include the correct FCC Account Number on FCC Form 159 could delay the proper crediting of an auction payment to your account.

2) You must complete blocks 11, 13, 19, 20 and 21 for each "Item Number" in accordance with the "Instruction For Using FCC Form 159" if the name of the applicant (in Item 11) for that Item Number and that of the payor (in Item 3) are different.

3) You must provide the "auction-unique" information in blocks 14 and 17. These blocks will be used to identify the particular auction event in which you are participating. Payment Type Code identifies for the FCC the type of payment being made (*i.e.*, for what purpose is the payment being made). The Payment Type Code for the December 5, 1994

auction is "ACHU". FCC Code 1 (Block 17) corresponds to the Auction Event Number indicated on the Public Notice announcing the auction event. The auction event number for the December 5, 1994 auction is "4".

Block 14 (Payment Type Code): ACHU

Block 17 (FCC Code 1): 4

B. Making Auction Payments by Cashier's Check

Each cashier's check and corresponding FCC Remittance Advice, FCC Form 159, must be in an individual envelope and specifically addressed to:

Mellon Bank
Attention: Auction Payment
P.O. Box 358850
Pittsburgh, PA 15251-5850

If delivering an auction payment in person or by courier, the check and FCC Remittance Advice, FCC Form 159, must be delivered to:

Mellon Bank
Attention: Wholesale Lockbox Shift Supervisor
27th Floor (153-2713)
3 Mellon Bank Center
525 William Penn Way
Pittsburgh, PA 15259-0001

NOTE: Please indicate on the inside envelope "Lockbox No. 358850".

C. Making Auction Payments by Wire Transfer

If making an auction payment by wire transfer, you must fax a completed FCC Remittance Advice, FCC Form 159, to Mellon Bank at (412) 236-5702 at least one hour prior to placing the order for the wire transfer (but on the same business day). On the cover sheet of the fax, indicate "Wire Transfer - Auction Payment for Auction Event #4". When submitting funds by wire transfer, you will need the following information:

ABA Routing Number: 043000261
Receiving Bank: Mellon Pittsburgh
BNF: FCC/AC--9116106f
OBI Field: (Skip one space between each information item)
"AUCTIONPAY"
FCC ACCOUNT NO. (As it appears on Form 159, Block 1)

PAYMENT TYPE CODE (As it appears on Form 159, Block 14)
FCC CODE 1 (As it appears on Form 159, Block 17)
PAYOR NAME (As it appears on Form 159, Block 3)
LOCKBOX NO. 358850

Please direct any questions to Regina Dorsey, Chief, Billings and Collections Branch,
at (202) 418-1995.

VII. BIDDER ALERT

The Terms contained in the Commission's Report and Orders, Public Notices and in the Bidder's Information Packages are not negotiable. Prospective bidders should review these auction documents thoroughly prior to the auction to make certain that they understand all of the provisions and are willing to be bound by all of the Terms before making any bid.

All applicants must certify under penalty of perjury on their FCC Form 175 applications that they are legally, technically and financially qualified. Prospective bidders are reminded that submission of a false certification to the Commission is a serious matter that may result in severe penalties including monetary forfeitures, license revocations, being barred from participating in future auctions, and/or criminal prosecution.