



# PUBLIC NOTICE

FEDERAL COMMUNICATIONS COMMISSION  
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DA 98-1796  
September 4, 1998

## AUCTION OF 156-162 MHz VHF PUBLIC COAST STATION SERVICE LICENSES

### Auction Notice and Filing Requirements for 42 Geographic Area Licenses Scheduled for December 3, 1998

#### Minimum Opening Bids and Other Procedural Issues

Report No. AUC-98-20-B (Auction No. 20)

#### 1. INTRODUCTION

This Public Notice announces the procedures and minimum opening bids for the upcoming 156-162 MHz VHF Public Coast Station Service ("VHF Public Coast Service") auction. On July 23, 1998, the Wireless Telecommunications Bureau ("Bureau") released a Public Notice,<sup>1</sup> seeking comment on the establishment of reserve prices or minimum opening bids for the VHF Public Coast Service auction, in accordance with the Balanced Budget Act of 1997.<sup>2</sup> In addition, the Bureau also sought comment on a number of procedures to be used in the VHF Public Coast Service auction.<sup>3</sup> The Bureau received one comment in response to the *VHF Public Coast Public Notice* from WJG MariTEL Corporation. ("MariTEL").

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<sup>1</sup> See "156-162 MHz VHF Public Coast Station Spectrum Auction Scheduled for December 3, 1998; Comment Sought on Reserve Prices or Minimum Opening Bids and Other Auction Procedural Issues," *Public Notice*, DA 98-1469 (rel. July 23, 1998) ("*VHF Public Coast Public Notice*"), 63 FR 40906 (July 31, 1998).

<sup>2</sup> Section 3002(a), Balanced Budget Act of 1997, Pub. L. 105-33, 111 Stat. 251 (1997) ("Budget Act"); 47 U.S.C. § 309(j)(4)(F). The Commission's authority to establish a reserve price or minimum opening bid is set forth in 47 C.F.R. § 1.2104(c) and (d).

*VHF Public Coast Service Public Notice* at 2.

***The VHF Public Coast Service Licenses to Be Auctioned:***

The Federal Communications Commission ("FCC" or "Commission") will hold an auction for 42 licenses to operate in the 156-162 MHz band. These licenses encompass the United States, the Northern Mariana Islands, Guam, American Samoa, the United States Virgin Islands and Puerto Rico. Specifically, the licenses include: (1) one license in each of nine geographic areas known as Maritime VHF Public Coast Station Service Areas ("VPCs"), and (2) one license in each of 33 geographic areas known as Inland VPCs. The licenses include the following channels:

(1) <u>Maritime VPCs</u>	<u>Channel Pairs</u> (total kHz available)
Maritime Border VPCs: VPCs 1, 5, 7, 9	24, 25, 26, 27, 28, 84, 85, 86, 87, 88 (500 kHz)
Maritime Non-Border VPCs: VPCs 2, 3, 4, 6, 8	24, 25, 26, 27, 28, 84, 85, 86, 87 (450 kHz)
(2) <u>Inland VPCs</u>	<u>Channels</u>
Inland Border VPCs: VPCs 10, 11, 28, 29, 30	24, 26, 27, 28, 85, 86, 87, 88 (400 kHz)
Maritime Non-Border VPCs: VPCs 12-15, 23-27, 33-34, 36-39, 41-42	24, 26, 27, 28, 85, 86, 87 (350 kHz)
VPCs 16-22, 31-32, 35, 40	24, 26, 27, 28, 84, 86, 87 (350 kHz)

***Auction Date:*** The auction will commence on December 3, 1998. The initial schedule for bidding will be announced by public notice at least one week before the start of the auction. Unless otherwise announced, bidding will be conducted on each business day until bidding has stopped on all licenses.

***Auction Title:*** The 156-162 MHz VHF Public Coast Station Service - Auction No. 20.

***Bidding Methodology:*** Simultaneous multiple round bidding. Bidding will be permitted only from remote locations, either electronically (by computer) or telephonically.

***Pre-Auction Deadlines:***

- Auction Seminar . . . . . October 20, 1998
- Short Form Application (FCC Form 175) . . . . . November 2, 1998; 5:30 p.m. ET
- Upfront Payments (via wire transfer) . . . . . November 16, 1998; 6:00 p.m. ET
- Orders for Remote Bidding Software . . . . . November 17, 1998; 5:30 p.m. ET
- Mock Auction . . . . . December 1, 1998

**Telephone Contacts:**

- FCC National Call Center . . . . . (888) CALL-FCC ((888) 225-5322)  
*For Bidder Information Packages, General Auction Information, and Seminar Registration, press option #2 at the prompt. Hours of service: 8 a.m. - 5:30 p.m. ET.*
- FCC Technical Support Hotline . . . . . (202) 414-1250 (voice), (202) 414-1255 (text telephone (TTY))  
*Hours of service: 8 a.m. - 6 p.m. ET, Monday - Friday; 9 a.m. - 5 p.m. ET, weekend of October 31-November 1.*

**List of Attachments:**

- Attachment A Summary of 156-162 MHz VHF Public Coast Station Licenses to be Auctioned, Upfront Payments, Minimum Opening Bids
- Attachment B Guidelines for Completion of FCC Forms 175 and 159, . . . and Exhibits
- Attachment C Electronic Filing and Review of FCC Form 175
- Attachment D . . . . . Summary Listing of Documents from the Commission and the Wireless Telecommunications Bureau Addressing Application of . . . . . the Anti-Collusion Rules

**Background:** In July 1998, the Commission restructured the licensing framework that governs VHF Public Coast Stations.<sup>4</sup> Pursuant to the *Public Coast Third Report and Order*, site-specific licensing has been replaced with a geographic-based system, which will be used in the upcoming auction. This geographic-based licensing methodology is similar to that used in other commercial mobile radio services ("CMRS"). The geographic areas for the inland VPC licenses were based upon Economic Areas (EAs), developed by the Bureau of Economic Analysis of the U.S. Department of Commerce, and the geographic areas for the maritime VPC licenses were roughly based on U.S. Coast Guard Districts. Service and operational requirements for VHF Public Coast Stations are contained in Part 80 of the Commission's Rules.<sup>5</sup>

**Due Diligence:** Potential bidders are reminded that there are a number of incumbent VHF Public Coast Station licensees and Private Land Mobile Radio (PLMR) licensees already operating in the 156-162 MHz band. Such incumbents must be protected from harmful interference by VHF Public Coast Station geographic area licensees in accordance with the Commission's Rules.<sup>6</sup>

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*See Amendment of the Commission's Rules Concerning Maritime Services, Third Report and Order and Memorandum Opinion and Order, PR Docket No. 92-257, RM-7956, 8031, 8352, FCC 98-151, 63 FR 40059 (July 27, 1998) ("Public Coast Third Report and Order").*

*See 47 C.F.R. Part 80.*

*See 47 C.F.R. §§ 80.773, 90.723(i), 90.763(b)(1)(i). See also Public Coast Third Report and Order, ¶¶ 17-18.*

These limitations may restrict the ability of such VPC geographic area licensees to use certain portions of the electromagnetic spectrum or provide service to certain areas in their geographic license areas.

In addition, potential bidders seeking licenses for geographic areas that are near the Canadian border should be aware of agreements between the United States and Canada that affect the assignment and use of VHF frequencies in certain areas of Alaska, Washington State, the Great Lakes, and the east coast of the United States.<sup>7</sup> Potential bidders are solely responsible for investigating and evaluating the degree to which these matters may affect spectrum availability in areas where they seek maritime or inland border VPC licenses.

Licensing information is contained in the Commission's licensing database, which is available for inspection in the Wireless Telecommunications Bureau's Public Reference Rooms, located at 2025 M Street, N.W., Room 5608, Washington, D.C. 20554, and 1270 Fairfield Road, Gettysburg, PA 17325.

In addition, potential bidders may search for information regarding incumbent VHF Public Coast station and PLMR licensees on the World Wide Web at <http://www.fcc.gov/wtb>. In particular, information can be accessed by downloading databases by selecting "WTB Database Files" (<http://www.fcc.gov/wtb/databases.html>), or searching on-line by selecting "Search WTB Databases" (<http://gullfoss.fcc.gov:8080/cgi-bin/ws.exe/beta/genmen/index.htm>). Any telephone inquiries regarding these matters should be directed to the Technical Support Hotline at (202) 414-1250 (voice) or (202) 414-1255 (text telephone (TTY)).

**The Commission makes no representations or guarantees regarding the accuracy or completeness of information that has been provided by incumbent licensees and incorporated into the database. Potential bidders are strongly encouraged to physically inspect any sites located in or near the geographic area for which they plan to bid.**

***Participation:*** Those wishing to participate in the auction must:

- Submit a short form application (FCC Form 175) by the above-listed deadline.
- Submit a sufficient upfront payment and an FCC Remittance Advice Form (FCC Form 159) by the above-listed deadline.
- Comply with all provisions outlined in this Public Notice.

***Prohibition of Collusion:*** To ensure the competitiveness of the auction process, the Commission's Rules prohibit applicants for the same geographic license area from communicating with each other during the auction about bids, bidding strategies, or settlements. This prohibition begins with the filing of short-form applications, and ends on the down payment due date. In the VHF Public Coast Service auction, for example, the rule would apply to any

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*See 47 C.F.R. §§ 80.57, 80.371(c). See also Public Coast Third Report and Order, ¶ 8.*

applicants bidding for the same VPC. Therefore, applicants that apply to bid for "all markets" would be precluded from communicating with all other applicants after filing the FCC Form 175. However, applicants may enter into bidding agreements *before* filing their FCC Form 175 short-form applications, as long as they disclose the existence of the agreement(s) in their Form 175 short-form applications.<sup>8</sup> By signing their FCC Form 175 short form applications, applicants are certifying their compliance with Section 1.2105(c). In addition, Section 1.65 of the Commission's Rules requires an applicant to *maintain* the accuracy and completeness of information furnished in its pending application and to notify the Commission within 30 days of any substantial change that may be of decisional significance to that application.<sup>9</sup> Thus, Section 1.65 requires an auction applicant to notify the Commission of any violation of the anti-collusion rules upon learning of such violation. Bidders are therefore required to make such notification to the Commission immediately upon discovery.

***Bidder Information Package:*** More complete details about this auction are contained in a Bidder Information Package. The Commission will provide one copy to each company free of charge. Additional copies may be ordered at a cost of \$16.00 each, including postage, payable by Visa or Master Card, or by check payable to "Federal Communications Commission" or "FCC." To place an order, contact the FCC National Call Center at (888) CALL-FCC ((888) 225-5322, press option #2 at the prompt). Prospective bidders that have already contacted the FCC at this number expressing an interest in this auction will receive a Bidder Information Package in approximately four weeks, and need not call again unless they wish to order additional copies.

***Relevant Authority:*** Prospective bidders must familiarize themselves thoroughly with the Commission's Rules relating to the VHF Public Coast Service, contained in Title 47, Part 80 of the Code of Federal Regulations, and those relating to application and auction procedures, contained in Title 47, Part 1 of the Code of Federal Regulations.

Prospective bidders must also be thoroughly familiar with the procedures, terms and conditions contained in the *Public Coast Third Report and Order*, and in Sections I through III of Amendment of Part 80 of the Commission's Rules Concerning Maritime Communications, *Second Report and Order and Second Further Notice of Proposed Rulemaking*, PR Docket No. 92-257, RM-7956, 8031, 8352, FCC 97-217, 12 FCC Rcd 16949 (1997) ("*Public Coast Second Report and Order*").

The terms contained in the Commission's Rules, relevant orders, public notices and bidder information package are not negotiable. The Commission may amend or supplement the information contained in our public notices or the bidder information package at any time, and will issue public notices to convey any new or supplemental information to bidders. It is the responsibility of all prospective bidders to remain current with all Commission Rules and with all public notices pertaining to this auction. Copies of most Commission documents, including public

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*See* 47 C.F.R. § 1.2105(c).

*See* 47 C.F.R. § 1.65.

notices, can be retrieved from the FCC Internet node via anonymous ftp @ftp.fcc.gov or the FCC World Wide Web site at <http://www.fcc.gov/wtb/auctions>. Additionally, documents may be obtained for a fee by calling the Commission's copy contractor, International Transcription Service, Inc. (ITS), at (202) 857-3800. When ordering documents from ITS, please provide the appropriate FCC number (e.g., FCC 98-151 for the *Public Coast Third Report and Order* and FCC 97-217 for the *Public Coast Second Report and Order*).

***Bidder Alerts:*** All applicants must certify on their FCC Form 175 applications under penalty of perjury that they are legally, technically, financially and otherwise qualified to hold a license, and not in default on any payment for Commission licenses (including down payments) or delinquent on any non-tax debt owed to any Federal agency. 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, exclusion from participation in future auctions, and/or criminal prosecution.

**The FCC makes no representations or warranties about the use of this spectrum for particular services. Applicants should be aware that an FCC auction represents an opportunity to become an FCC licensee in this service, subject to certain conditions and regulations. An FCC auction does not constitute an endorsement by the FCC of any particular services, technologies or products, nor does an FCC license constitute a guarantee of business success. Applicants should perform their individual due diligence before proceeding as they would with any new business venture.**

As is the case with many business investment opportunities, some unscrupulous entrepreneurs may attempt to use the VHF Public Coast Service auction to deceive and defraud unsuspecting investors. Common warning signals of fraud include the following:

- The first contact is a "cold call" from a telemarketer, or is made in response to an inquiry prompted by a radio or television infomercial.
- The offering materials used to invest in the venture appear to be targeted at IRA funds, for example by including all documents and papers needed for the transfer of funds maintained in IRA accounts.
- The amount of the minimum investment is less than \$25,000.
- The sales representative makes verbal representations that: (a) the Internal Revenue Service ("IRS"), Federal Trade Commission ("FTC"), Securities and Exchange Commission ("SEC"), FCC, or other government agency has approved the investment; (b) the investment is not subject to state or federal securities laws; or (c) the investment will yield unrealistically high short-term profits. In addition, the offering materials often include copies of actual FCC releases, or quotes from FCC personnel, giving the appearance of FCC knowledge or approval of the solicitation.

Information about deceptive telemarketing investment schemes is available from the FTC at (202) 326-2222 and from the SEC at (202) 942-7040. Complaints about specific deceptive telemarketing investment schemes should be directed to the FTC, the SEC, or the National Fraud Information Center at (800) 876-7060. Consumers who have concerns about specific VHF Public Coast Service proposals may also call the FCC National Call Center at (888) CALL-FCC ((888) 225-5322).

## **NATIONAL ENVIRONMENTAL POLICY ACT (NEPA) REQUIREMENTS**

Licensees must comply with the Commission's rules regarding the National Environmental Policy Act (NEPA). The construction of a wireless antenna facility is a federal action and licensees must comply with the Commission's NEPA rules for each wireless facility. See 47 C.F.R. §§ 1.1305-1.1319. The Commission's NEPA rules require that, among other things, licensees consult with expert agencies having NEPA responsibilities including the U.S. Fish and Wildlife Service, the State Historic Preservation Office, the Army Corp of Engineers and the Federal Emergency Management Agency (through the local authority with jurisdiction over floodplains). Licensees must prepare environmental assessments for wireless facilities that may have a significant impact in or on wilderness areas, wildlife preserves, threatened or endangered species or designated critical habitats, historical or archaeological sites, Indian religious sites, floodplains, and surface features. Licensees must also prepare environmental assessments for wireless facilities that include high intensity white lights in residential neighborhoods or excessive radiofrequency emission.

## **2. ELIGIBILITY FOR SMALL AND VERY SMALL BUSINESS PROVISIONS**

### **A. General Eligibility Criteria**

As described above, this auction offers one license in each of nine geographic areas known as Maritime VPCs, and one license in each of 33 geographic areas known as Inland VPCs. Our goal in adopting special small business provisions is to promote and facilitate the participation of small businesses in the VHF Public Coast Service auction and in the provision of this and other CMRS services.

#### **(1) Determination of Revenues**

For purposes of determining which entities qualify as very small businesses or small businesses, the Commission will consider the gross revenues of the applicant, its controlling interests, and the affiliates of the applicant and its controlling interests. Therefore, the gross revenues of all of the above entities must be disclosed *separately and in the aggregate* as Exhibit C to an applicant's FCC Form 175. The Commission does not impose specific equity requirements on controlling interests. Once principals or entities with a controlling interest are determined, only the revenues of those principals or entities will be counted in determining small business eligibility. The term "controlling interest" includes both *de facto* and *de jure* control of the applicant. Typically, *de jure* control is evidenced by ownership of at least 50.1 percent of an

entity's voting stock. *De facto* control is determined on a case-by-case basis.<sup>10</sup> The following are some common indicia of control:

- the entity constitutes or appoints more than 50 percent of the board of directors or management committee;
- the entity has authority to appoint, promote, demote, and fire senior executives that control the day-to-day activities of the licensee; or
- the entity plays an integral role in management decisions.

## **(2) Very Small or Small Business Consortiums**

A consortium of small businesses or very small businesses is a conglomerate organization formed as a joint venture between or among mutually independent business firms, each of which *individually* satisfies the definition of very small or small business in Section 80.1252(b)(1) or (2). Thus, each consortium member must disclose its gross revenues along with those of its affiliates, controlling interests, and controlling interests' affiliates. We note that although the gross revenues of the consortium members will not be aggregated for purposes of determining eligibility for very small or small business credits, this information must be provided to ensure that each individual consortium member qualifies for any bidding credit awarded to the consortium.

## **(3) Application Showing**

Applicants should note that they will be required to file supporting documentation as Exhibit C to their FCC Form 175 short form applications to establish that they satisfy the eligibility requirements to qualify as a very small business or small business (or consortiums of very small or small businesses) for this auction.<sup>11</sup> Specifically, for the VHF Public Coast Service auction, applicants applying to bid as very small or small businesses (or consortiums of very small or small businesses) will be required to file as Exhibit C to their FCC Form 175 short form applications, all information required under Sections 1.2105(a) and Section 1.2112(a). In addition, these applicants must disclose, *separately and in the aggregate*, the gross revenues for the preceding three years of each of the following: 1) the applicant; 2) the applicant's affiliates; 3) the applicant's attributable investors; and 4) the affiliates of the applicant's attributable investors. Certification that the average gross revenues for the preceding three years do not exceed the applicable limit is not sufficient. A statement of the total gross revenues for the preceding three

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For further guidance on the issue of control, see the Commission's affiliation rule at 47 C.F.R. § 1.2110(b)(4). *See also Ellis Thompson Corp.*, 76 Rad. Reg. 2d (P & F) 1125, 1127-28 (1994), in which the Commission identified the following factors used to determine control of a business: (1) use of facilities and equipment; (2) control of day-to-day operations; (3) control of policy decisions; (4) personnel responsibilities; (5) control of financial obligations; and (6) receipt of monies and profits; *Intermountain Microwave*, 24 Rad. Reg. (P & F) 983 (1963).

*See* 47 C.F.R. §§ 80.1252 and 1.2105.



years is also insufficient. The applicant must provide a schedule of gross revenues for *each* of the preceding three years, as well as a statement of total average gross revenues for the three-year period. **If the applicant is applying as a consortium of very small or small businesses, each consortium member must provide this information.**

## **B. Bidding Credits**

Qualifying VHF Public Coast Service applicants are eligible for bidding credits. The size of a VHF Public Coast Service bidding credit depends on the average gross revenues for the preceding three years of the bidder and its controlling interests and affiliates:

- A bidder with average gross revenues not to exceed \$15 million for the preceding three years receives a 25 percent discount on its winning bids for VHF Public Coast Service licenses; and,
- A bidder with average gross revenues not to exceed \$3 million for the preceding three years receives a 35 percent discount on its winning bids for VHF Public Coast Service licenses.

Bidding credits are not cumulative: qualifying applicants receive either the 25 percent or the 35 percent bidding credit, but not both. The definitions of very small business and small business (or consortiums of very small or small businesses) (including calculation of gross annual revenue) are set forth in 47 C.F.R. § 80.1252(b)(1)(2) and (5).

VHF Public Coast Service bidders should note that unjust enrichment provisions apply to winning bidders that use bidding credits and subsequently assign or transfer control of their licenses to an entity not qualifying for the same levels of bidding credits.<sup>12</sup> Finally, VHF Public Coast Service bidders should also note that there are no installment payment plans in the VHF Public Coast Service auction.

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*See* 47 C.F.R. § 1.2111.

### 3. PRE-AUCTION PROCEDURES

#### A. Short-Form Application (FCC Form 175) -- Due November 2, 1998

In order to be eligible to bid in this auction, applicants must first submit an FCC Form 175 application. **This application must be received at the Commission by 5:30 p.m. ET on November 2, 1998.** Late applications will not be accepted.

There is no application fee required when filing an FCC Form 175. However, to be eligible to bid, an applicant must submit an upfront payment. *See 3.C, infra.*

##### (1) Filing Options

Auction applicants are strongly encouraged to file their applications electronically in order to take full advantage of the greater efficiencies and convenience of electronic filing, bidding and access to bidding data. For example, electronic filing enables the applicant to: (a) receive interactive feedback while completing the application; and (b) receive immediate acknowledgment that the FCC Form 175 has been submitted for filing. In addition, only those applicants that file electronically will have the option of bidding electronically. However, manual filing (via hard copy) is also permitted. **Please note that manual filers will not be permitted to bid electronically and must bid telephonically, unless the FCC Form 175 is amended electronically prior to the resubmission date for incomplete or deficient applications.** The following is a brief description of each filing method.

##### (a) Electronic Filing

Applicants wishing to file electronically may generally do so on a 24-hour basis beginning October 12, 1998. The window for filing the FCC Form 175 electronically will remain open until 5:30 p.m. ET on November 2, 1998. Applicants are strongly encouraged to file early, and applicants are responsible for allowing adequate time for filing their applications. Applicants may update or amend their electronic applications until the filing deadline of November 2, 1998. Applicants who file electronically must press the "Submit Form 175" button on the "Submit" page to successfully submit their FCC Form 175s. Information about installing and running the FCC Form 175 application software is included in Attachment D to this Public Notice. Technical support is available at (202) 414-1250 (voice) or (202) 414-1255 (text telephone (TTY)); the hours of service are 8 a.m. - 6 p.m. ET, Monday - Friday, and 9 a.m. - 5 p.m. ET, the weekend of October 31 - November 1.

##### (b) Manual Filing

Auction applicants will be permitted to file their FCC Form 175 applications in hard copy. When any manually filed FCC Form 175 and 175-S exceeds five pages in length, the FCC requires that all attachments be submitted on a 3.5-inch diskette, or the entire application be filed in a microfiche version. **Manual filers must use the August 1998 version of FCC Form 175 and FCC Form 175-S (if necessary). Earlier versions of the FCC Form 175 will not be accepted**

**for filing.** Copies of the FCC Form 175 can be obtained by calling the Commission's Forms Distribution Center at (800) 418-FORM ((800) 418-3676) (outside Washington, D.C.) or (202) 418-FORM ((202) 418-3676) (in the Washington area). Copies of the FCC Form 175 can also be obtained via Fax-On-Demand at (202) 418-0177 (the document retrieval number for the FCC Form 175 is 000175, and 001751 for the FCC Form 175-S), or downloaded from the Commission's World Wide Web site at <http://www.fcc.gov/formpage.html>. If applicants have any questions concerning availability of the FCC Form 175, they should call the FCC Records Management Branch at (202) 418-0210.

Manual applications may be submitted by hand delivery (including private "overnight" courier) or by U.S. mail (certified mail with return receipt recommended), addressed to:

FCC Form 175 Filing, Auction No. 20  
Federal Communications Commission  
Wireless Telecommunications Bureau  
Auctions & Industry Analysis Division  
1270 Fairfield Road  
Gettysburg, PA 17325-7245

**NOTE: Manual applications delivered to any other location will not be accepted.**

## **(2) Completion of the FCC Form 175**

Applicants should carefully review 47 C.F.R. § 1.2105, and must complete all items on the FCC Form 175 (and Form 175-S, if applicable). Instructions for completing the FCC Form 175 are in Attachment B of this Public Notice. Applicants who file electronically must press the "Submit Form 175" button on the "Submit" page to successfully submit their FCC Form 175.

Failure to sign a manually filed FCC Form 175 will result in dismissal of the application and loss of the ability to participate in the auction. **Only original signatures will be accepted for manually filed applications.**

## **(3) Electronic Review of FCC Form 175**

The FCC Form 175 review software may be used to review and print applicants' FCC Form 175 applications. In other words, applicants that file electronically may review their own completed FCC Form 175. Applicants may also view other applicants' completed FCC Form 175s after the filing deadline has passed and the FCC has issued a public notice explaining the status of the applications. **For this reason, it is important that applicants do not include their Taxpayer Identification Numbers (TINs) on any Exhibits to their FCC Form 175 applications.** There is a fee of \$2.30 per minute for accessing this system. *See* Attachment C for details.

## **B. Application Processing and Minor Corrections**

After the deadline for filing the FCC Form 175 applications has passed, the FCC will process all timely applications to determine which are acceptable for filing, and subsequently will issue a public notice identifying: (1) those applications accepted for filing (including FCC account numbers and the licenses for which they applied); (2) those applications rejected; and (3) those applications which have minor defects that may be corrected, and the deadline for filing such corrected applications.

As described more fully in the Commission's Rules, after the November 2, 1998, short form filing deadline, applicants may make only minor corrections to their FCC Form 175 applications. Applicants will not be permitted to make major modifications to their applications (*e.g.*, change their license selections, change the certifying official or change control of the applicant). *See* 47 C.F.R. § 1.2105.

## **C. Upfront Payments -- Due November 16, 1998**

In order to be eligible to bid in the auction, applicants must submit an upfront payment accompanied by an FCC Remittance Advice Form (FCC Form 159). **Manual filers must use the July 1997 version of FCC Form 159. Electronic filers of the FCC Form 175 will have access to an electronic version of Form 159 after completing the FCC Form 175. Earlier versions of this form will not be accepted.** All upfront payments must be received at Mellon Bank in Pittsburgh, PA, by 6:00 p.m. ET on November 16, 1998.

Please note that:

- **All payments must be made in U.S. dollars.**
- **All payments must be made by wire transfer.**
- **Upfront payments for Auction No. 20 go to a lockbox number different from the ones used in previous FCC auctions, and different from the lockbox number to be used for post-auction payments.**
- **Failure to deliver the upfront payment by the November 16, 1998 deadline will result in dismissal of the application and disqualification from participation in the auction.**

### **(1) Making Auction Payments by Wire Transfer**

Wire transfer payments must be received **by 6:00 p.m. ET on November 16, 1998**. To avoid untimely payments, applicants should discuss arrangements (including bank closing schedules) with their banker several days before they plan to make the wire transfer, and allow sufficient time for the transfer to be initiated and completed before the deadline. Applicants will need the following information:

ABA Routing Number: 043000261  
Receiving Bank: Mellon Pittsburgh  
BNF: FCC/AC 911-6878  
OBI Field: (Skip one space between each information item)  
"AUCTIONPAY"  
TAXPAYER IDENTIFICATION NO. (same as FCC Form 159, block 26)  
PAYMENT TYPE CODE (enter "APWU")  
FCC CODE 1 (same as FCC Form 159, block 23A: "20")  
PAYER NAME (same as FCC Form 159, block 2)  
LOCKBOX NO. # 358400

**NOTE: The BNF and Lockbox number are specific to the upfront payments for this auction; do not use BNF or Lockbox numbers from previous auctions.**

Applicants must fax a completed FCC Form 159 to Mellon Bank at (412) 236-5702 at least one hour before placing the order for the wire transfer (but on the same business day). On the cover sheet of the fax, write "Wire Transfer - Auction Payment for Auction Event No. 20." Bidders may confirm receipt of their upfront payment at Mellon Bank by contacting their sending financial institution.

### **(2) FCC Form 159**

Each upfront payment must be accompanied by a completed FCC Remittance Advice Form (FCC Form 159). Proper completion of FCC Form 159 is critical to ensuring correct credit of upfront payments. Detailed instructions for completion of FCC Form 159 are included in Attachment B to this Public Notice and will also be included in the Bidder Information Package.

### **(3) Amount of Upfront Payment**

In the *Part 1 Order, Memorandum Opinion and Order, and Notice of Proposed Rule Making*, the Commission delegated to the Bureau the authority and discretion to determine an appropriate upfront payment for each license being auctioned.<sup>13</sup> In the *VHF Public Coast Public Notice*, we proposed for the VHF Public Coast Service auction an upfront payment of  $\$.0007 * \text{MHz} * \text{Pop}$  (rounded up to the next dollar and with a minimum upfront payment of \$2,500) for Maritime VPC licenses, and an upfront payment of  $\$.0075 * \text{MHz} * \text{Pop}$  (rounded up to the next dollar and with a minimum upfront payment of \$2,500) for Inland VPC licenses.<sup>14</sup> We received no comments on these formulae. We continue to believe that these amounts are appropriate and will adopt our proposed upfront payments. These upfront payment amounts, based upon the data

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Amendment of Part 1 of the Commission's Rules -- Competitive Bidding Proceeding, WT Docket No. 97-82, *Order, Memorandum Opinion and Order and Notice of Proposed Rule Making*, 12 FCC Rcd. 5686, 5697-5698, ¶ 16 (1997).

*See VHF Public Coast Public Notice at 7.*

in Attachment A, will be the amounts required to bid on Maritime and Inland VPC license(s) in Auction No. 20.

Please note that upfront payments are not attributed to specific licenses, but instead will be translated to bidding units to define the bidder's maximum bidding eligibility. For Auction No. 20, the amount of the upfront payment will be translated into bidding units on a one-to-one basis, *e.g.*, a \$25,000 upfront payment provides the bidder with 25,000 bidding units. The total upfront payment defines the maximum amount of bidding units on which the applicant will be permitted to bid (including standing high bids) in any single round of bidding. Thus, an applicant does not have to make an upfront payment to cover all licenses for which the applicant has applied, but rather to cover the maximum number of bidding units associated with licenses the bidder wishes to place bids on and hold high bids on at any given time. In order to be able to place a bid on a license, in addition to having specified that license on the FCC Form 175, a bidder must have an eligibility level that meets or exceeds the number of bidding units assigned to that license. At a minimum, an applicant's total upfront payment must be enough to establish eligibility to bid on at least one of the licenses applied for on the FCC Form 175, or else the applicant will not be eligible to participate in the auction.

In calculating the upfront payment amount, an applicant should determine the maximum number of bidding units it may wish to bid on in any single round, and submit an upfront payment covering that number of bidding units. **Bidders should check their calculations carefully as there is no provision for increasing a bidder's maximum eligibility after the upfront payment deadline.**

**NOTE: 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 bidding units reflected in its upfront payment.**

#### **(4) Applicant's Wire Transfer Information for Purposes of Refunds**

Because experience with prior auctions has shown that in most cases wire transfers provide quicker and more efficient refunds than paper checks, the Commission will use wire transfers for all Auction No. 20 refunds. To avoid delays in processing refunds, applicants should include wire transfer instructions with any refund request they file; they may also provide this information in advance by faxing it to the FCC Billings and Collections Branch, ATTN: Linwood Jenkins or Geoffrey Idika, at (202) 418-2843. **Please include the following information:**

- Name of Bank
- ABA Number
- Account Number to Credit
- Correspondent Bank (if applicable)
  - ABA Number
  - Account Number
- Contact and Phone Number

(Applicants should also note that implementation of the Debt Collection Improvement Act of 1996 requires the FCC to obtain a Taxpayer Identification Number (TIN) before it can disburse refunds.) Eligibility for refunds is discussed in 5.D., *infra*.

#### **D. Auction Registration**

Approximately ten days before the auction, the FCC will issue a public notice announcing all qualified bidders for the auction. Qualified bidders are those applicants whose FCC Form 175 applications have been accepted for filing and that have timely submitted upfront payments sufficient to make them eligible to bid on at least one of the licenses for which they applied.

All qualified bidders are automatically registered for the auction. Registration materials will be distributed prior to the auction by two separate overnight mailings, each containing part of the confidential identification codes required to place bids. **These mailings will be sent only to the contact person at the applicant address listed in the FCC Form 175.**

Applicants that do not receive both registration mailings will not be able to submit bids. Therefore, any qualified applicant that has not received both mailings **by noon on Wednesday, November 25, 1998** should contact the FCC National Call Center at (888) CALL-FCC ((888) 225-5322, press option #2 at the prompt). Receipt of both registration mailings is critical to participating in the auction and each applicant is responsible for ensuring it has received all of the registration material.

**Qualified bidders should note that lost login codes, passwords or bidder identification numbers can be replaced only by appearing in person at the FCC Auction Headquarters located at 2 Massachusetts Avenue, N.E., Washington, D.C. 20002. Only an authorized representative or certifying official, as designated on an applicant's FCC Form 175, may appear in person with two forms of identification (one of which must be a photo identification) in order to receive replacement codes.**

#### **E. Remote Electronic Bidding Software**

Qualified bidders that file or amend the FCC Form 175 electronically are allowed to bid electronically, but must purchase remote electronic bidding software for \$175.00 **by November 17, 1998**. (Auction software is tailored to a specific auction, so software from prior auctions will not work for Auction No. 20.) A software order form is included in the Bidder Information Package.

#### **F. Auction Seminar**

On October 20, 1998, the FCC will sponsor a seminar for the VHF Public Coast Service auction in Washington, D.C. The seminar will provide attendees with information about pre-auction procedures, conduct of the auction, FCC remote bidding software, and the VHF Public Coast Service and auction rules.

To register, complete the registration form to be included in the upcoming Bidder Information Package. The registration form will include details about the time and location of the seminar. Registrations are accepted on a first-come, first-served basis.

## **G. Mock Auction**

All applicants whose FCC Form 175 and 175-S have been accepted for filing will be eligible to participate in a mock auction beginning **December 1, 1998**. The mock auction will enable applicants to become familiar with the electronic software prior to the auction. Free demonstration software will be available for use in the mock auction. Participation by all bidders is strongly recommended. Details will be announced by public notice.

## **4. AUCTION EVENT**

The first round of the auction will begin on December 3, 1998. The initial round schedule will be announced in a Public Notice listing the qualified bidders, to be released approximately 10 days before the start of the auction.

### **A. Auction Structure**

#### **(1) Simultaneous Multiple Round Auction**

In the *VHF Public Coast Public Notice*, we proposed to award the 42 licenses in the VHF Public Coast Service in a single, simultaneous multiple round auction.<sup>15</sup> MariTEL supports the proposal to hold a single auction of all VHF public coast station licenses.<sup>16</sup> We conclude that the 42 VHF Public Coast Service licenses, including Maritime and Inland VPC licenses, will be awarded through a single, simultaneous multiple round auction. Unless otherwise announced, bids will be accepted on all licenses in each round of the auction. This approach, we believe, allows bidders to take advantage of any synergies that exist among licenses and is most administratively efficient.

#### **(2) Maximum Eligibility and Activity Rules**

In the *VHF Public Coast Public Notice*, we proposed that the amount of the upfront payment submitted by a bidder would determine the initial maximum eligibility (as measured in bidding units) for each bidder.<sup>17</sup> We received no comments on this issue.

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*VHF Public Coast Public Notice* at 4.

MariTEL Comments at 4-5.

*VHF Public Coast Public Notice* at 7.



For the VHF Public Coast Service auction we will adopt this proposal. The amount of the upfront payment submitted by a bidder determines the initial maximum eligibility (in bidding units) for each bidder. Upfront payments are not attributed to specific licenses, but instead will be translated into bidding units to define a bidder's initial maximum eligibility. The total upfront payment defines the maximum number of bidding units on which the applicant will initially be permitted to bid. We note that there is no provision for increasing a bidder's maximum eligibility during the course of an auction.

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 the end before participating. Bidders are required to be active on a specific percentage of their maximum eligibility during each round of the auction.

A bidder is considered active on a license in the current round if it is either the high bidder at the end of the previous bidding round and does not withdraw the high bid in the current round, or if it submits an acceptable bid in the current round (see "Minimum Accepted Bids" in Part 4.B.(3), *infra*). A bidder's activity level in a round is the sum of the bidding units associated with licenses on which the bidder is active. The minimum required activity level is expressed as a percentage of the bidder's maximum bidding eligibility, and increases as the auction progresses. Because these procedures have proven successful in maintaining the pace of previous auctions as set forth under "Auction Stages" in Part 4.A.(4) and "Stage Transitions" in Part 4.A.(5), *infra*, we adopt them for the VHF Public Coast Service auction.

### **(3) Activity Rule Waivers and Reducing Eligibility**

In the *VHF Public Coast Public Notice*, we proposed that each bidder in the auction would be provided five activity rule waivers that may be used in any round during the course of the auction.<sup>18</sup>

Based upon our experience in previous auctions, we adopt our proposal and each bidder will be provided five activity rule waivers that may be used in any round during the course of the auction. Use of an activity rule waiver preserves the bidder's current bidding 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 and not to a particular license.

The FCC auction system assumes that bidders with insufficient activity would prefer to use an activity rule waiver (if available) rather than lose bidding eligibility. Therefore, the system will automatically apply a waiver (known as an "automatic waiver") at the end of any round where a bidder's activity level is below the minimum required unless: (1) there are no activity rule waivers available; or (2) the bidder overrides the automatic application of a waiver by reducing eligibility, thereby meeting the minimum requirements.

A bidder with insufficient activity that wants to reduce its bidding eligibility rather than use an activity rule waiver must affirmatively override the automatic waiver mechanism during the

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*VHF Public Coast Public Notice* at 8.

round by using the reduce eligibility function in the software. In this case, the bidder's eligibility is permanently reduced to bring the bidder into compliance with the activity rules as described in "Auction Stages," Part 4.A.(4). Once eligibility has been reduced, a bidder will not be permitted to regain its lost bidding eligibility.

Finally, a bidder may proactively use an activity rule waiver as a means to keep the auction open without placing a bid. If a bidder submits a proactive waiver (using the proactive waiver function in the bidding software) during a round in which no bids are submitted, the auction will remain open and the bidder's eligibility will be preserved. An automatic waiver invoked in a round in which there are no new valid bids or withdrawals will not keep the auction open.

#### **(4) Auction Stages**

In the *VHF Public Coast Public Notice*, we proposed to conduct the auction in stages and employ an activity rule. We further proposed that, in each round of Stage One, a bidder desiring to maintain its current eligibility would be required to be active on licenses encompassing at least 60 percent of its current bidding eligibility. In each round of Stage Two, a bidder desiring to maintain its current eligibility would be required to be active on at least 80 percent of its current bidding eligibility. Finally, we proposed that a bidder in Stage Three, in order to maintain eligibility, would be required to be active on 98 percent of its current bidding eligibility.<sup>19</sup> We received no comments on these proposals.

We conclude that the auction will be composed of three stages, which are each defined by an increasing activity rule. We will modify our proposal by changing the activity rules for Stage One to 80 percent, and for Stage Two to 90 percent. Below are the proposed activity levels for each stage of the auction. The FCC reserves the discretion to further alter the activity percentages before and/or during the auction.

**Stage One:** In each round of the first stage of the auction, a bidder desiring to maintain its current eligibility is required to be active on licenses encompassing at least 80 percent of its current bidding eligibility. Failure to maintain the requisite activity level will result in a reduction in the bidder's bidding eligibility in the next round of bidding (unless an activity rule waiver is used). During Stage One, reduced eligibility for the next round will be calculated by multiplying the current round activity by five-fourths (5/4).

**Stage Two:** In each round of the second stage, a bidder desiring to maintain its current eligibility is required to be active on 90 percent of its current bidding eligibility. During Stage Two, reduced eligibility for the next round will be calculated by multiplying the current round activity by ten-ninths (10/9).

**Stage Three:** In each round of the third stage, a bidder desiring to maintain its current eligibility is required to be active on 98 percent of its current bidding eligibility. In this final stage,

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*Id.* at 5.

reduced eligibility for the next round will be calculated by multiplying the current round activity by fifty-fortyninths (50/49).

**CAUTION:** Since activity requirements increase in each auction stage, bidders must carefully check their current activity during the bidding round of the first round following a stage transition. This is especially critical for bidders that have standing high bids and do not plan to submit new bids. In past auctions, some bidders have inadvertently lost bidding eligibility or used an activity rule waiver because they did not reverify their activity status at stage transitions. Bidders may check their activity against the required minimum activity level by using the bidding software's bidding module.

Because the foregoing procedures have proven successful in maintaining proper pace in previous auctions, we will adopt them for the VHF Public Coast Service auction.

### **(5) Stage Transitions**

In the *VHF Public Coast Public Notice*, we proposed that the auction would advance to the next stage (*i.e.*, from Stage One to Stage Two, and from Stage Two to Stage Three) when, in each of three consecutive rounds of bidding, the high bid has increased on 10 percent or less of the licenses being auctioned (as measured in bidding units). However, we further proposed that the Bureau would retain the discretion to accelerate the auction by announcement. This determination, we proposed, would be based on a variety of measures of bidder activity, including, but not limited to, the auction activity level, the percentages of licenses (as measured in bidding units) on which there are new bids, the number of new bids, and the percentage increase in revenue.<sup>20</sup> We received no comments on this issue.

We adopt our proposal. Thus, the auction will start in Stage One. Under the FCC's general guidelines it will advance to the next stage (*i.e.*, from Stage One to Stage Two, and from Stage Two to Stage Three) when, in each of three consecutive rounds of bidding, the high bid has increased on 10 percent or less of the licenses being auctioned (as measured in bidding units). However, the Bureau will retain the discretion to regulate the pace of the auction by announcement. This determination will be based on a variety of measures of bidder activity, including, but not limited to, the auction activity level, the percentages of licenses (as measured in bidding units) on which there are new bids, the number of new bids, and the percentage increase in revenue. We believe that these stage transition rules, having proven successful in prior auctions, are appropriate for use in the VHF Public Coast Service auction.

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*Id.* at 4.

## (6) Auction Stopping Rules

In the *VHF Public Coast Public Notice* we proposed to retain the discretion to keep the auction open, even if no new acceptable bids or proactive waivers are submitted and no previous high bids are withdrawn. In addition, we proposed that the Bureau reserve the right to 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 final round(s) only for licenses on which the high bid increased in at least one of the preceding specified number of rounds. We proposed to exercise this option only in circumstances such as where the auction is proceeding very slowly, where there is minimal overall bidding activity or where it appears likely that the auction will not close within a reasonable period of time.<sup>21</sup> We received no comments on this issue.

Barring extraordinary circumstances, bidding will remain open on all licenses until bidding stops on every license. Thus, the auction will close for all licenses when one round passes during which no bidder submits a new acceptable bid on any license, applies a proactive waiver, or withdraws a previous high bid.

The Bureau retains the discretion, however, to keep an auction open even if no new acceptable bids or proactive waivers are submitted, and no previous high bids are withdrawn. In this event, the effect will be the same as if a bidder had submitted a proactive waiver. Thus, the activity rule will apply as usual, and a bidder with insufficient activity will either lose bidding eligibility or use an activity rule waiver (if it has any left).

Further, in its discretion, the Bureau reserves the right to declare that the auction will end after a specified number of additional rounds ("special stopping rule"). If the FCC invokes this special 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 specified number of rounds. The FCC intends to exercise this option only in extreme circumstances, such as where the auction is proceeding very slowly, where there is minimal overall bidding activity, or where it appears likely that the auction will not close within a reasonable period of time. Before exercising this option, the FCC is likely to attempt to increase the pace of the auction by, for example, moving the auction into the next stage (where bidders would be required to maintain a higher level of bidding activity), increasing the number of bidding rounds per day, and/or increasing the amount of the minimum bid increments for the limited number of licenses where there is still a high level of bidding activity.

Adoption of these rules, we believe, is most appropriate for the VHF Public Coast Service auction because our experience in prior auctions demonstrates that the simultaneous stopping rule balanced the interests of administrative efficiency and maximum bidder participation. The substitutability between and among licenses in different geographic areas and the importance of preserving the ability of bidders to pursue backup strategies support the use of a simultaneous stopping rule.

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*Id.* at 10.

## **(7) Auction Delay, Suspension, or Cancellation**

In the *VHF Public Coast Public Notice*, we proposed 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, evidence of an auction security breach, unlawful bidding activity, administrative or weather necessity, or for any other reason that affects the fair and competitive conduct of competitive bidding.<sup>22</sup> We received no comments on this proposal.

Because this approach has proven effective in resolving exigent circumstances in previous auctions, we will adopt our proposed auction cancellation rules. 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, evidence of an auction security breach, unlawful bidding activity, administrative or weather necessity, or for any other reason that affects the fair and competitive 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. We emphasize 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**

### **(1) Round Structure**

The initial bidding schedule will be announced by public notice at least one week before the start of the auction, and will be included in the registration mailings. The round structure for each bidding round contains a single bidding round followed by the release of the round results.

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 FCC 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.

### **(2) Reserve Price or Minimum Opening Bid**

#### **a. Background**

The Balanced Budget Act of 1997 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

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*Id.*

Commission determines that a reserve price or minimum opening bid is not in the public interest.<sup>23</sup> Consistent with this mandate, the Commission has directed the Wireless Telecommunications Bureau ("Bureau") to seek comment on the use of a minimum opening bid and/or reserve price prior to the start of each auction.<sup>24</sup> The Bureau was directed to seek comment on the methodology to be employed in establishing each of these mechanisms. 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 valuation of the spectrum being auctioned.<sup>25</sup> The Commission concluded that the Bureau should have the discretion to employ either or both of these mechanisms for future auctions.<sup>26</sup>

In the *VHF Public Coast Public Notice*, the Bureau proposed to establish minimum opening bids for the VHF Public Coast Service auction and to retain discretion to lower the minimum opening bids.<sup>27</sup> Specifically, the Bureau proposed the following formulae for calculating minimum opening bids on a license-by-license basis in Auction No. 20:

1. Maritime VPC Licenses:  $\$.001 * \text{MHz} * \text{Pop}$  (rounded up to the next dollar) with a minimum of no less than \$2,500 per license.
2. Inland VPC Licenses:  $\$.011 * \text{MHz} * \text{Pop}$  (rounded up to the next dollar) with a minimum of no less than \$2,500 per license.

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.<sup>28</sup>

## b. Comments

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Budget Act, *see supra* note 2.

*See* Amendment of Part 1 of the Commission's Rules -- Competitive Bidding Procedures, WT Docket No. 97-82, *Third Report and Order and Second Further Notice of Proposed Rule Making*, 13 FCC Rcd. at 455-456, ¶ 141 (1998) ("*Part 1 Third Report and Order*").

*Id.*

*Id.*

*VHF Public Coast Public Notice* at 2.

*Id.* at 3.

MariTEL, the sole commenter, opposes the establishment of an unpublished reserve price.<sup>29</sup> MariTEL supports the Bureau's proposed distinction between the minimum opening bids for Maritime and Inland VPC licenses, but asks that the Bureau provide a more detailed explanation of its rationale for the distinction.<sup>30</sup>

### c. Discussion

We adopt minimum opening bids for each of the licenses in the VHF Public Coast Service auction that are reducible at the discretion of the Bureau. Congress has enacted a presumption that unless the Commission determines otherwise, minimum opening bids or reserve prices are in the public interest.<sup>31</sup> Based on our experience in using minimum opening bids in the 800 MHz SMR auction and the LMDS auction, we believe that minimum opening bids promote efficient allocation of licenses and speed the course of the auction while ensuring that valuable assets are not sold for nominal prices.<sup>32</sup> We also adopt our proposed formulae for calculating minimum opening bids, as follows:

1. Maritime VPC Licenses:  $\$.001 * \text{MHz} * \text{Pop}$  (rounded up to the next dollar) with a minimum of no less than \$2,500 per license.
2. Inland VPC Licenses:  $\$.011 * \text{MHz} * \text{Pop}$  (rounded up to the next dollar) with a minimum of no less than \$2,500 per license.

By distinguishing between Maritime and Inland VPC licenses, the formulae presented here best meet the objectives of our auction authority in establishing a reasonable minimum opening bid. The available VHF Public Coast Service channels are narrow, and we recognize that the Maritime licenses are more substantially encumbered than are the Inland licenses. We have formulated our minimum opening bids accordingly. Setting the level of the minimum opening bids is a difficult task, especially where the channels are narrow, encumbered and the potential uses of the band remain to be explored. To address this concern, the minimum opening bids adopted here are reducible. This will allow the Bureau flexibility to adjust the minimum opening bids if circumstances warrant. We emphasize, however, that such discretion will be exercised sparingly and early in the auction, *i.e.*, before bidders lose all waivers and begin to lose eligibility. During

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MariTEL Comments at 4.

*Id.* at 3.

<sup>31</sup> Section 3002(F) of the Budget Act directs the Commission to "prescribe methods by which a reasonable reserve price will be required, or a minimum bid established, to obtain any license or permit being assigned pursuant to the competitive bidding, unless the Commission determines that such a reserve price or minimum bid is not in the public interest."

<sup>32</sup> 47 U.S.C. 309(j)(3)(C).

the course of the auction, the Bureau will not entertain any bidder requests to reduce the minimum opening bid on specific licenses.

### **(3) Minimum Accepted Bids**

In the *VHF Public Coast Public Notice*, we proposed to use an exponential smoothing methodology to calculate minimum bid increments.<sup>33</sup> We further proposed to retain the discretion to change the minimum bid increment if circumstances so dictate.<sup>34</sup> We received no comments on this proposal.

Because these techniques have proven effective in prior auctions, we adopt our proposal for the VHF Public Coast Service auction.<sup>35</sup> Once there is a standing high bid on a license, a bid increment will be applied to that license to establish a minimum acceptable bid for the following round. For the VHF Public Coast Service auction, we will utilize, as described immediately below, an exponential smoothing methodology to calculate minimum bid increments. The Bureau retains the discretion to change the minimum bid increment if it determines that circumstances so dictate. The exponential smoothing methodology has been used in previous auctions, including the LMDS auction, and will be used in the upcoming 220 MHz auction.

### **Exponential Smoothing**

The exponential smoothing formula calculates the bid increment based on a weighted average of the activity received on each license in the current and all previous rounds. This methodology will tailor the bid increment for each license based on activity, rather than setting a global increment for all licenses. For every license that receives a bid, the bid increment for the next round for that license will be established as a percentage increment that is determined using the exponential smoothing formula.

Using exponential smoothing, the calculation of the percentage bid increment for each license will be based on an activity index, which is calculated as the weighted average of the current activity and the activity index from the previous round. The activity index at the start of the auction (round 0) will be set at 0. The current activity index is equal to a weighting factor times the number of new bids received on the license in the current bidding period plus one minus the weighting factor times the activity index from the previous round. The activity index is then used to calculate a percentage increment by multiplying a minimum percentage increment by one plus the activity index with that result being subject to a maximum percentage increment. The

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<sup>33</sup> *VHF Public Coast Public Notice* at 5.

*Id.*

We note that the exponential smoothing formula that appears *infra* is a corrected version of the formula that appeared in the *VHF Public Coast Public Notice*, which contained a typographical error that did not affect how the formula operates. We received no comments on this formula.



Commission will initially set the weighting factor at 0.5, the minimum percentage increment at 0.1, and the maximum percentage increment at 0.2.

### Equations

$$A_i = (C * B_i) + ((1-C) * A_{i-1})$$

$$I_i = \text{smaller of } ((1 + A_i) * N) \text{ and } M$$

where,

$A_i$  = activity index for the current round (round i)

C = activity weight factor

$B_i$  = number of bids in the current round (round i)

$A_{i-1}$  = activity index from previous round (round i-1),  $A_0$  is 0

$I_i$  = percentage bid increment for the current round (round i)

N = minimum percentage increment

M = maximum percentage increment

Under the exponential smoothing methodology, once a bid has been received on a license, the minimum acceptable bid for that license in the following round will be the new high bid plus the dollar amount associated with the percentage increment (variable  $I_i$  from above times the high bid). This result will be rounded to the nearest thousand if it is over 10,000 or to the nearest hundred if it is under 10,000.

### Examples

License 1

$$C=0.5, N = 0.1, M = 0.2$$

Round 1 (2 new bids, high bid = \$1,000,000)

1. Calculation of percentage increment using exponential smoothing:

$$A_1 = (0.5 * 2) + (0.5 * 0) = 1$$

The smaller of  $I_1 = (1 + 1) * 0.1 = 0.2$  or 0.2 (the maximum percentage increment)

2. Minimum bid increment using the percentage increment ( $I_1$  from above)

$$0.2 * \$1,000,000 = \$200,000$$

3. Minimum acceptable bid for round 2 = 1,200,000

Round 2 (3 new bids, high bid = \$2,000,000)

1. Calculation of percentage increment using exponential smoothing:

$$A_2 = (0.5 * 3) + (0.5 * 1) = 2$$

The smaller of  $I_2 = (1 + 2) * 0.1 = 0.3$  or 0.2 (the maximum percentage increment)

2. Minimum bid increment using the percentage increment is ( $I_2$  from above)

$$0.2 * \$2,000,000 = \$400,000$$

3. Minimum acceptable bid for round 3 = \$2,400,000

Round 3 (1 new bid, high bid = \$2,400,000)

1. Calculation of percentage increment using exponential smoothing:

$$A_3 = (0.5 * 1) + (0.5 * 2) = 1.5$$

The smaller of  $I_3 = (1 + 1.5) * 0.1 = 0.25$  or 0.2 (the maximum percentage increment)

2. Minimum bid increment using the percentage increment ( $I_3$  from above)

$$0.2 * \$2,400,000 = \$480,000$$

3. Minimum acceptable bid for round 4 = \$2,880,000

#### **(4) High Bids**

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. The bidding software allows bidders to make multiple submissions in a round. As each bid is individually date and time-stamped according to when it was submitted, bids submitted by a bidder earlier in a round will have an earlier date- and time-stamp than bids submitted later in a round.

#### **(5) Bidding**

During a bidding round, a bidder may submit bids for as many licenses for which it is eligible, as well as withdraw high bids from previous bidding rounds, remove bids placed in the same bidding round, or permanently reduce eligibility. Bidders also have the option of making multiple submissions and withdrawals in each bidding round. If a bidder submits multiple bids for a single license in the same round, the system takes the last bid entered as that bidder's bid for the round, and the date- and time-stamp of that bid reflect the latest time the bid was submitted.

Please note that all bidding will take place either through the automated bidding software or by telephonic bidding. (Telephonic bid assistants are required to use a script when handling bids placed by telephone. Telephonic bidders are therefore reminded to allow sufficient time to bid, by placing their calls well in advance of the close of a round, because four to five minutes are necessary to complete a bid submission.) There will be no on-site bidding during Auction No. 20.

A bidder's ability to bid on specific licenses in the first round of the auction is determined by two factors: (1) the licenses applied for on FCC Form 175; and (2) the upfront payment amount deposited. The bid submission screens will be tailored for each bidder to include only those licenses for which the bidder applied on its FCC Form 175. A bidder also has the option to further tailor its bid submission screens to call up specified groups of licenses.

The bidding software requires each bidder to login to the FCC auction system during the bidding round using the FCC account number, bidder identification number, and the confidential security codes provided in the registration materials. Bidders are strongly encouraged to download and print bid confirmations after they submit their bids.

The bid entry screen of the Automated Auction System software for the VHF Public Coast Service auction allows bidders to place multiple increment bids which will let bidders increase high bids from one to nine bid increments. A single bid increment is defined as the difference between the standing high bid and the minimum acceptable bid for a license.

To place a bid on a license, the bidder must enter a whole number between **1** and **9** in the bid increment multiplier (Bid Mult) field. This value will determine the amount of the bid (Amount Bid) by multiplying the bid increment multiplier by the bid increment and adding the result to the high bid amount according to the following formula:

$$\text{Amount Bid} = \text{High Bid} + (\text{Bid Mult} * \text{Bid Increment})$$

Thus, bidders may place a bid that exceeds the standing high bid by between one and nine times the bid increment. For example, to bid the minimum acceptable bid, which is equal to one bid increment, a bidder will enter "1" in the bid increment multiplier column and press submit.

For any license on which the FCC is designated as the high bidder (*i.e.*, a license that has not yet received a bid in the auction or where the high bid was withdrawn and a new bid has not yet been placed), bidders will be limited to bidding only the minimum acceptable bid. In both of these cases no increment exists for the licenses, and bidders should enter "1" in the Bid Mult field. Note that any whole number between **1** and **9** entered in the multiplier column will result in a bid value at the minimum acceptable bid amount. Finally, bidders are cautioned in entering numbers in the Bid Mult field because, as explained in the following section, a high bidder that withdraws its standing high bid from a previous round, even if mistakenly or erroneously made, is subject to bid withdrawal payments.

## **(6) Bid Removal and Bid Withdrawal**

In the *VHF Public Coast Public Notice*, we proposed bid removal and bid withdrawal rules.<sup>36</sup> With respect to bid withdrawals, we proposed limiting each bidder to withdrawals in no more than two rounds during the course of the auction. The two rounds in which withdrawals are

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*See VHF Public Coast Public Notice at 8-9.*

utilized, we proposed, would be at the bidder's discretion. We received no comments on this proposal.

#### **a. Procedures**

Before the close of a bidding round, a bidder has the option of removing any bids placed in that round. By using the remove bid function in the software, a bidder may effectively "unsubmit" any bid placed within that round. A bidder removing a bid placed in the same round is not subject to withdrawal payments. Removing a bid will affect a bidder's activity for the round in which it is removed. This procedure, about which we received no comments, will enhance bidder flexibility and, we believe, may serve to expedite the course of the auction. Therefore, we will adopt these procedures for the VHF Public Coast Service auction.

Once a round closes, a bidder may no longer remove a bid. However, in the next round, a bidder may withdraw standing high bids from previous rounds using the withdraw bid function (assuming that the bidder has not exhausted its withdrawal allowance). A high bidder that withdraws its standing high bid from a previous round is subject to the bid withdrawal payments specified in 47 C.F.R. §§ 1.2104(g) and 1.2109. The procedure for withdrawing a bid and receiving a withdrawal confirmation is essentially the same as the bidding procedure described in "High Bids," Part 4.B.(4).

In previous auctions, we have detected bidder conduct that, arguably, may have constituted strategic bidding through the use of bid withdrawals. While we continue to recognize the important role that bid withdrawals play in an auction, *i.e.*, reducing risk associated with efforts to secure various geographic area licenses in combination, we conclude that, for the VHF Public Coast Service auction, adoption of a limit on their use to two rounds is the most appropriate outcome. By doing so we believe we strike a reasonable compromise that will allow bidders to use withdrawals. Our decision on this issue is based upon our experience in prior auctions, particularly the PCS D, E and F block auction, 800 MHz SMR auction, and LMDS auction, and is in no way a reflection of our view regarding the likelihood of any speculation or "gaming" in the VHF Public Coast Service auction.

The Bureau will therefore limit the number of rounds in which bidders may place withdrawals to two rounds. These rounds will be at the bidder's discretion and there will be no limit on the number of bids that may be withdrawn in either of these rounds. Withdrawals will still be subject to the bid withdrawal payments specified in 47 C.F.R. §§ 1.2104(g), and 1.2109. **Bidders should note that abuse of the Commission's bid withdrawal procedures could result in the denial of the ability to bid on a market.**

If a high bid is withdrawn, the license will be offered 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, without any bid increment. The FCC will serve as a "place holder" on the license until a new acceptable bid is submitted on that license.

#### **b. Calculation**

Generally, a bidder that withdraws a standing high bid during the course of an auction will be subject to a payment equal to the lower of: (1) the difference between the net withdrawn bid and the subsequent net winning bid; or (2) the difference between the gross withdrawn bid and the subsequent gross winning bid for that license. *See* 47 C.F.R. §§ 1.2104(g), and 1.2109. No withdrawal payment will be assessed if the subsequent winning bid exceeds the withdrawn bid.

### **(7) Round Results**

The bids placed during a round are not published until the conclusion of that bidding period. After a round closes, the FCC will compile reports of all bids placed, bids withdrawn, current high bids, new minimum accepted bids, and bidder eligibility status (bidding eligibility and activity rule waivers), and post the reports for public access.

Reports reflecting bidders' identities and bidder identification numbers for Auction No. 20 will be available before and during the auction. Thus, bidders will know in advance of this auction the identities of the bidders against which they are bidding.

### **(8) Auction Announcements**

The FCC will use auction announcements to announce items such as schedule changes and stage transitions. All FCC auction announcements will be available on the FCC remote electronic bidding system, as well as the Internet and the FCC Bulletin Board System.

### **(9) Other Matters**

As noted in 3.B., after the short-form filing deadline, applicants may make only minor changes to their FCC Form 175 applications. For example, permissible minor changes include deletion and addition of authorized bidders (to a maximum of three) and revision of exhibits. Filers should make these changes on-line, and submit a letter to Amy Zoslov, Chief, Auctions and Industry Analysis Division, Wireless Telecommunications Bureau, Federal Communications Commission, 2025 M Street, N.W., Room 5202, Washington, D.C. 20554 (and mail a separate copy to Anne Napoli, Auctions and Industry Analysis Division), briefly summarizing the changes. Questions about other changes should be directed to Anne Napoli of the FCC Auctions and Industry Analysis Division at (202) 418-0660.

## **5. POST-AUCTION PROCEDURES**

### **A. Down Payments and Withdrawn Bid Payments**

After bidding has ended, the Commission will issue a public notice declaring the auction closed, identifying the winning bids and bidders for each license, and listing withdrawn bid payments due.

Within ten business days after release of the auction closing notice, each winning bidder must submit sufficient funds (in addition to its upfront payment) to bring its total amount of money on deposit with the Government to 20 percent of its net winning bids (actual bids less any applicable bidding credits). *See* 47 C.F.R. § 1.2107(b). In addition, by the same deadline all bidders must pay any withdrawn bid amounts due under 47 C.F.R. § 1.2104(g), as discussed in "Bid Removal and Bid Withdrawal," Part 4.B.(6). (Upfront payments are applied first to satisfy any withdrawn bid liability, before being applied toward down payments.)

### **B. Long-Form Application**

Within ten business days after release of the auction closing notice, winning bidders must submit a properly completed long-form application and required exhibits for each VHF Public Coast Service license won through the auction. Winning bidders that are small businesses or very small businesses must include an exhibit demonstrating their eligibility for bidding credits. *See* 47 C.F.R. § 1.2112(b). Further filing instructions will be provided to auction winners at the close of the auction.

### **C. Default and Disqualification**

Any high bidder that defaults or is disqualified after the close of the 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) will be subject to the payments described in 47 C.F.R. § 1.2104(g)(2). In such event the Commission may re-auction the license or offer it to the next highest bidders (in descending order) at their final bids. *See* 47 C.F.R. § 1.2109(b) and (c). 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* 47 C.F.R. § 1.2109(d).

### **D. Refund of Remaining Upfront Payment Balance**

All applicants that submitted upfront payments but were not winning bidders for a VHF Public Coast Service license may be entitled to a refund of their remaining upfront payment balance after the conclusion of the auction. No refund will be made unless there are excess funds on deposit from that applicant after any applicable bid withdrawal payments have been paid.

Bidders that drop out of the auction completely may be eligible for a refund of their upfront payments before the close of the auction. However, bidders that reduce their eligibility and remain in the auction are not eligible for partial refunds of upfront payments until the close of the auction. Qualified bidders that have exhausted all of their activity rule waivers, have no remaining bidding eligibility, and have not withdrawn a high bid during the auction must submit a written refund request which includes wire transfer instructions, a Taxpayer Identification Number ("TIN"), and a copy of their bidding eligibility screen print, to:

Federal Communications Commission  
Billings and Collections Branch  
Attn: Regina Dorsey or Linwood Jenkins  
1919 M Street, N.W., Room 452  
Washington, D.C. 20554

Bidders can also fax their request to the Billings and Collections Branch at (202) 418-2843. Once the request has been approved, a refund will be sent to the address provided on the FCC Form 159.

NOTE: Refund processing generally takes up to two weeks to complete. Bidders with questions about refunds should contact Linwood Jenkins or Geoffrey Idika at (202) 418-1995.

Media Contact: Meribeth McCarrick at (202) 418-0654  
Auctions and Industry Analysis Division: Jeff Garretson, Operations; Bob Reagle, Auctions Analysis; and Anne Napoli, Legal at (202) 418-0660  
Public Safety and Private Wireless Division: Scot Stone at (202) 418-0680

**- FCC -**

# ATTACHMENT A

## Summary of VHF Public Coast ("VPC") licenses to be Auctioned

A	B	C	D	E	F	G	
1	VPC Area	Description (Includes EAs)	License No.	Population *	Upfront Payment per license**	Minimum Opening Bid per license ***	
2		<b>500 KHz Maritime Border VPCs (10 channel pairs)</b>					
3	VPC001	Northern Atlantic	PCVPC001	34,307,483	\$12,008.00	\$17,154.00	
4	VPC005	Great Lakes	PCVPC005	34,806,473	\$12,183.00	\$17,404.00	
5	VPC007	Northern Pacific	PCVPC007	7,858,465	\$2,751.00	\$3,930.00	
6	VPC009	Alaska	PCVPC009	550,043	\$2,500.00	\$2,500.00	
7		<b>450 KHz Maritime Non-Border VPCs (9 channel pairs)</b>					
8	VPC002	Mid-Atlantic	PCVPC002	27,769,440	\$9,720.00	\$12,497.00	
9	VPC003	Southern Atlantic	PCVPC003	24,433,236	\$8,552.00	\$10,995.00	
10	VPC004	Mississippi River	PCVPC004	74,971,624	\$26,241.00	\$33,738.00	
11	VPC006	Southern Pacific	PCVPC006	29,834,997	\$10,443.00	\$13,426.00	
12	VPC008	Hawaii	PCVPC008	1,331,499	\$2,500.00	\$2,500.00	
13		<b>400 KHz Inland Border VPCs (8 channel pairs)</b>					
14	VPC010	Grand Forks, ND-MN	PCVPC010	240,827	\$2,500.00	\$2,500.00	
15	VPC011	Minot, ND	PCVPC011	116,054	\$2,500.00	\$2,500.00	
16	VPC028	Billings, MT-WY	PCVPC028	362,513	\$2,500.00	\$2,500.00	
17	VPC029	Great Falls, MT	PCVPC029	163,284	\$2,500.00	\$2,500.00	
18	VPC030	Missoula, MT	PCVPC030	333,984	\$2,500.00	\$2,500.00	
19		<b>350 KHz Inland Non-Border VPCs (7 channel pairs)</b>					
20	VPC012	Bismarck, ND-MT-SD	PCVPC012	172,204	\$2,500.00	\$2,500.00	
21	VPC013	Aberdeen, SD	PCVPC013	84,696	\$2,500.00	\$2,500.00	
22	VPC014	Rapid City, SD-MT-NE-ND	PCVPC014	199,782	\$2,500.00	\$2,500.00	
23	VPC015	North Platte, NE-CO	PCVPC015	60,432	\$2,500.00	\$2,500.00	
24	VPC016	Western Oklahoma, OK	PCVPC016	144,847	\$2,500.00	\$2,500.00	
25	VPC017	Abilene, TX	PCVPC017	213,430	\$2,500.00	\$2,500.00	
26	VPC018	San Angelo, TX	PCVPC018	189,093	\$2,500.00	\$2,500.00	
27	VPC019	Odessa-Midland, TX	PCVPC019	382,517	\$2,500.00	\$2,500.00	
28	VPC020	Hobbs, NM-TX	PCVPC020	185,128	\$2,500.00	\$2,500.00	
29	VPC021	Lubbock, TX	PCVPC021	357,092	\$2,500.00	\$2,500.00	
30	VPC022	Amarillo, TX-NM	PCVPC022	448,258	\$2,500.00	\$2,500.00	
31	VPC023	Santa Fe, NM	PCVPC023	208,689	\$2,500.00	\$2,500.00	
32	VPC024	Pueblo, CO-NM	PCVPC024	247,124	\$2,500.00	\$2,500.00	
33	VPC025	Denver-Boulder-Greeley, CO-KS-NE	PCVPC025	3,031,140	\$7,957.00	\$13,338.00	
34	VPC026	Scottsbluff, NE-WY	PCVPC026	91,975	\$2,500.00	\$2,500.00	
35	VPC027	Casper, WY-ID-UT	PCVPC027	382,095	\$2,500.00	\$2,500.00	
36	VPC031	Idaho Falls, ID-WY	PCVPC031	263,379	\$2,500.00	\$2,500.00	
37	VPC032	Twin Falls, ID	PCVPC032	136,831	\$2,500.00	\$2,500.00	
38	VPC033	Boise City, ID-OR	PCVPC033	408,246	\$2,500.00	\$2,500.00	
39	VPC034	Reno, NV-CA	PCVPC034	511,004	\$2,500.00	\$2,500.00	
40	VPC035	Salt Lake City-Ogden, UT-ID	PCVPC035	1,635,998	\$4,295.00	\$7,199.00	
41	VPC036	Las Vegas, NV-AZ-UT	PCVPC036	943,702	\$2,500.00	\$4,153.00	
42	VPC037	Flagstaff, AZ-UT	PCVPC037	299,753	\$2,500.00	\$2,500.00	
43	VPC038	Farmington, NM-CO	PCVPC038	150,155	\$2,500.00	\$2,500.00	
44	VPC039	Albuquerque, NM-AZ	PCVPC039	762,814	\$2,500.00	\$3,357.00	
45	VPC040	El Paso, TX-NM	PCVPC040	807,501	\$2,500.00	\$3,554.00	
46	VPC041	Phoenix-Mesa, AZ-NM	PCVPC041	2,365,002	\$6,209.00	\$10,407.00	
47	VPC042	Tucson, AZ	PCVPC042	794,180	\$2,500.00	\$3,495.00	
48		<b>VPC Totals</b>		252,556,989	\$180,359.00	\$224,647.00	
49							
50		* All population figures are from the 4/1/90 U.S. Census, U.S. Department of Commerce, Bureau of the Census.					
51		** Upfront Payments:					
52							
53		1. <b>Maritime VPC Licenses:</b> License Population * Block size (in MHz) * \$0.0007 (rounded up to the next dollar)					
54							
55		2. <b>Inland VPC Licenses:</b> License Population * Block size (in MHz) * \$0.0075 (rounded up to the next dollar).					
56							
57		*** Minimum Opening Bid Calculations:					
58							
59		1. <b>Maritime VPC Licenses:</b> License Population * Block size (in MHz) * \$.001 (rounded up to the next dollar) with a minimum of no less than \$2,500 per license.					
60							
61		2. <b>Inland VPC Licenses:</b> License Population * Block size (in MHz) * \$.011 (rounded up to the next dollar) with a minimum of no less than \$2,500 per license.					
62							
63							
64							
65							



**ATTACHMENT B**

**GUIDELINES FOR COMPLETION  
OF FCC FORMS 175 AND 159, AND EXHIBITS**

**A. FCC Form 175**

Because of the significance of the FCC Form 175 application to the auction, bidders should especially note the following:

**Paper form version: Manual filers must use the August 1998 edition of the FCC Form 175 and the FCC Form 175-S (if necessary).** Earlier versions of the FCC Form 175 will not be accepted. Copies of the FCC Form 175 can be obtained by calling the Commission's Forms Distribution Center at (800) 418-FORM (800-418-3676) (outside Washington, D.C.) or (202) 418-FORM (202-418-3676) (in the Washington area). Copies of the FCC Form 175 can also be obtained via Fax-On-Demand at (202) 418-0177, (the document retrieval number for the FCC Form 175 is 000175, and 001751 for the FCC Form 175-S), or downloaded from the Commission's World Wide Web site at <http://www.fcc.gov/formpage.html>. If applicants have any questions concerning availability of the FCC Form 175, they should call the FCC Records Management Branch at (202) 418-0210.

**Manual Filing Address:** Manual applications may be submitted by hand delivery (including private "overnight" courier) or by U.S. mail (certified mail with return receipt recommended), address to:

FCC Form 175 Filing, Auction No. 20  
Federal Communications Commission  
Wireless Telecommunications Bureau  
Auctions & Industry Analysis Division  
1270 Fairfield Road  
Gettysburg, PA 17325-7245

**NOTE: Manual applications delivered to any other location will not be accepted.**

**Items 2-5:** Give a street address (not a Post Office box number) for the applicant, suitable for mail or private parcel delivery. The FCC will send all registration materials and other written communications to the applicant at this address.

**Item 6:** The VHF Public Coast Service auction will be the twentieth auction conducted by the FCC. For "Auction No." in item 6 of the FCC Form 175, enter "20."

**Item 7:** Applicants must enter their nine-digit Taxpayer Identification Number (TIN). The taxpayer identification number will be your Employer Identification Number (EIN) or Social

Security Number (SSN) as reported to the Internal Revenue Service. **However, applicants should not list their TIN Numbers on any Exhibits to their FCC Form 175s.**

Each applicant must include this same TIN when submitting amendments, additional information, or other correspondence or inquiries regarding its application, and must include this same number on each FCC Form 159 (FCC Remittance Advice Form) accompanying required auction deposits or payments. With the exception of the TIN, any information provided on this form will be available for public inspection.

**Item 8:** Applicants must indicate their legal classification. The August 1998 version of FCC Form 175 requires the applicant to classify itself as an individual, joint venture, partnership, trust, corporation, consortium, association, limited liability company (LLC) or government entity.

**Item 10:** Be advised that this is the sole opportunity applicants have to elect small business status and bidding credit level (if applicable), and there is no opportunity to change the election once the short-form filing deadline passes. Applicants are also requested to indicate their status as a rural telephone company, minority-owned business and/or women-owned business, so that the FCC can monitor its performance in promoting economic opportunities for these designated entities.

- Very small business or small business applicants should enter the applicable bidding credit in Item 10. Applicants should be aware that this is the sole opportunity that they will have to elect the appropriate bidding credit.

**Item 11:** For each license on which they seek bidding eligibility, applicants must identify the license number in the "Market No." column (*e.g.*, PCVPC 001). The license number for each VPC license is listed in Attachment A. If filing manually, the FCC Form 175 provides space to list only five license numbers, and applicants should use one or more FCC Forms 175-S to list any additional license numbers. Applicants filing manually or electronically that wish to bid on all licenses should check the "ALL" box in the Market No. column. For the VHF Public Coast Service auction, applicants do not need to complete any information in the "Frequency Block/Channel No." section of Item 11.

Applicants should identify in Item 11 all licenses on which they want to be eligible to bid in the auction. Be advised that there is no opportunity to change this list once the short-form filing deadline passes. The FCC auction system will not accept bids on licenses for which an applicant has not applied on its FCC Form 175.

**Item 12:** Applicants must list the name(s) of the person(s) (no more than three) authorized to represent them at the auction. Only those individuals listed on the FCC Form 175 will be authorized to place or withdraw bids for the applicant during the auction. **Note: Applicants may only share a common authorized bidder(s) if each applicant has selected separate markets. See 47 CFR § 1.2105(c).**

**Certifications:** Applicants should carefully read the list of certifications on the FCC Form 175. 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 an FCC Form 175 application constitutes a representation by the certifying official that he or she is an authorized representative of the applicant, has read the form's instructions and certifications, and that the contents of the application and its attachments are true and correct. Submission of a false certification to the Commission may result in penalties, including monetary forfeitures, license forfeitures, ineligibility to participate in future auctions, and/or criminal prosecution.

**Contact person:** If the Commission wishes to communicate with the applicant by telephone or fax, those communications will be directed to the contact person identified on the FCC Form 175. Space is provided for a telephone number, fax number, and e-mail address. All written communication and registration information will be directed to the applicant's contact person at the address specified on the FCC Form 175. Applicants must provide a street address; no P.O. Box addresses may be used.

**Signature:** Manually filed FCC Forms 175 must bear an original signature. Absence of an original signature will result in dismissal of the application and disqualification of the applicant from participating in the auction. Faxed FCC Form 175s are not acceptable. Applicants filing electronically should type the name of the certifying official in the Name of Person Certifying block.

**Paper or Diskette Copies:** For this auction the FCC will accept, in lieu of paper copies, a 3.5-inch diskette which contains files of all exhibit documentation attached to the FCC Form 175. Applicants may use a variety of file formats including Word, Word Perfect, Adobe PDF, Excel, Lotus, and ASCII text and should verify that the files contain all exhibit information.

**Completeness:** Applicants must submit all information required by the FCC Form 175 and by applicable rules, including a certifying signature on manual filings. **Failure to submit required information by the resubmission date will result in dismissal of the application and inability to participate in the auction.** *See* 47 C.F.R. § 1.2105(b).

**NOTE: Applicants who file electronically must press the "Submit Form 175" button on the "Submit" page to successfully submit their FCC Form 175.**

**Continuing Accuracy:** Each applicant is responsible for the continuing accuracy and completeness of information furnished in the FCC Form 175 and its exhibits. *See* 47 C.F.R. § 1.65. It is the FCC's position that during the conduct of an auction, ten business days from a reportable change is a reasonable period of time. Applicants are reminded that Certification 6 on the FCC Form 175 includes consent to be audited.

## B. Exhibits and Attachments

In addition to the FCC Form 175 itself, applicants must submit additional information required by the FCC's rules. Although the FCC does not require a particular format for this information, it has developed the following guidelines that will facilitate the processing of short-form applications. The FCC encourages applicants filing both electronically and manually to submit this information using the following format.

*When electronically uploading attachments in the FCC Form 175 Submission, applicants may use a variety of file formats including Word, Wordperfect, Adobe PDF, Excel, Lotus, and ASCII text and should verify that the files contain all exhibit information. Graphics file uploads (e.g., .bmp, .tiff, .jpg) are not supported, and graphics images should not be imported into any word processing files that are uploaded.*

*If you find that an attachment has not converted properly to Adobe PDF format, take the following steps:*

- 1. Re-upload the attachment.*
- 2. Simplify the formatting of the file. For example, if using a Table structure in a Wordperfect document, remove the Table structure and leave the contents of the table, and then re-upload*

**NOTE: Applicants should not list their TIN numbers on any Exhibits to their FCC Form 175s.**

**Exhibit A -- Applicant Identity and Ownership Information:** 47 C.F.R. § 1.2105(a)(2)(ii) requires each applicant to fully disclose the real party or parties-in-interest in an exhibit to its FCC Form 175 application. Each member of an applicant applying to bid as very small or small business consortium must provide this information. The following information is required:

### 1. General Information

<i>Applicant Status</i>	<i>Required Information</i>
General Partnership	Name, citizenship, and address of all partners, and the share or interest participation of each partner
Limited Partnership	Name, citizenship, and address of each limited partner whose interest in the applicant is equal to or greater than 10 percent (as calculated according to the percentage of equity paid in and the percentage of distribution of profits and losses)
Corporation	Corporate name and address, and name, title, and citizenship of a responsible officer or director

Limited Liability Corporation	Corporate name and address, and name, address, and citizenship of all members
Trust	Name, citizenship, and address of trustee
None of the above	Name, citizenship, title or other relation to the applicant, and address of a principal or other responsible person

## 2. Ownership Information

<i>Applicant Status</i>	<i>Required Information</i>
All applicants	Name, citizenship, and address of all controlling interests of the applicant as defined in Section 80.1252(c)
All applicants	Name, citizenship, and address of all parties holding 10 percent or more of each class of stock, warrants, options or debt securities and the amount and percentage held
All applicants	Name of all parties holding a 10 percent or greater interest in the applicant and the specific amount held
All applicants	List of any FCC-licensed entity or applicant for an FCC license, in which <ul style="list-style-type: none"> <li>a. the applicant;</li> <li>b. any party with a 10 percent or greater interest in the applicant; or</li> <li>c. a controlling interest (as defined in Section 80.1252(c) of the Commissions Rules) of the applicant owns a 10 percent or greater interest or 10 percent or more of any class of stock, warrants, options or debt securities. This list must include a description of each such entities' principal business and a description of each such entities' relationship to the applicant.</li> </ul> <p><i>Example of a.</i> The applicant owns 10 percent of Company A (an FCC-licensed entity or an applicant for an FCC license). The applicant must list Company A on its Form 175 Exhibit and provide the required information.</p> <p><i>Example of b.</i> Company A owns 10 percent of the applicant and 10 percent of Company B (an FCC-licensed entity or an</p>

applicant for an FCC license). The applicant must list both Company A and Company B on its Form 175 Exhibit A and provide the required information.

*Example of c.* A owns 55% of the applicant and owns 10 percent of Company B (an FCC-licensed entity or an applicant for an FCC license). The applicant must list both A and Company B on its Form 175 Exhibit A and provide the required information.

All applicants List of all parties holding indirect ownership interests in the applicant as determined by successive multiplication of the ownership percentages in each link of the vertical ownership chain, that equals 10 percent or more of the applicant, except that if the ownership percentage for any link in the chain exceeds 50 percent or represents actual control, it shall be reported as if it were a 100 percent interest.

Company C  
Company applicant's applicant Company B would be on

*Example.* A owns 10% of Company B, which owns 60% of Company C, which owns 25% of the applicant. Company B's interest in the applicant would be 25% (the same as Company C's interest since Company B's interest in exceeds 50%), and A's interest in the applicant would be 2.5% ( $0.1 * 0.25$ ). Under the 10% attribution benchmark, B's interest in the applicant must be reported on the FCC Form 175 Exhibit A, while A's interest in the need not be reported. However, if A owned 40% of in the above example, then A's interest in the applicant 10% ( $0.4 * 0.25$ ), and the applicant would need to report it the applicant's FCC Form 175 Exhibit A.

**Exhibit B -- Agreements with Other Parties/Joint Bidding Arrangements:** Applicants must attach an exhibit identifying all parties with which they have entered into any agreements, arrangements or understandings which relate in any way to the licenses being auctioned, including any relating to the post-auction market structure. See 47 C.F.R. § 1.2105(a)(2)(viii).

Be aware that pursuant to Certification (4) on the FCC Form 175, the applicant certifies that it will not enter into any explicit or implicit agreements or understandings of any kind with parties not identified in the application regarding bid amounts, bidding strategies, or the particular licenses the applicant will or will not bid. See 47 C.F.R. § 1.2105(a)(2)(ix). *To prevent collusion, the Commission's Rules generally prohibit communication among applicants for the same license areas between the initial short-form applications filing deadline and the down payment*

on licenses won, when such communications concern bids, bidding strategies, or settlements. 47 C.F.R. § 1.2105(c).

**Exhibit C -- Status as a Very Small Business or Small Business:** Applicants claiming status as a very small business or small business must attach an exhibit providing the following information regarding this status.

<b>Entity</b>	<b>Required Information</b>
Applicant	Average gross revenues for the preceding three years set forth <i>both separately</i> (e.g., for each of the three preceding three years individually) <i>and in the aggregate</i> (for all of the preceding three years combined). Certification that the average gross revenues for the preceding three years do not exceed the required limit, or providing average gross revenues for the 3-year period without providing the gross revenues for each of the preceding three years, is <b>insufficient</b> .

Applicant's Affiliates <i>see</i> 47 CFR § 1.2110(b)(4)	same information required as discussed above
--	--

Applicant's Controlling Interests <i>see</i> 47 CFR § 80.1252(c)	same information required as discussed above
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*Example.* The applicant had gross revenues of \$500,000 in 1995, \$1,000,000 in 1996, and \$3,000,000 in 1997, with average gross revenues for that time period of \$1,500,000. The applicant owns 60% of Company A, making Company A an affiliate of the applicant under Section 1.2110(b)(4)(i)(B), and Company B owns 52% of the applicant (making Company B a controlling interest of the applicant under Section 80.1252(c)(1)). The applicant's Exhibit C would look like this:

Applicant Name	
1995 gross revenues	\$ 500,000
1996 gross revenues	\$ 1,000,000
1997 gross revenues	\$ 3,000,000
Average gross revenues for the preceding 3 years	\$ 1,500,000

Company A (an affiliate of Applicant)

1995 gross revenues           \$   enter amount  
1996 gross revenues           \$   enter amount  
1997 gross revenues           \$   enter amount

Average gross revenues  
for the preceding 3 years       \$   enter amount

Company B (has a controlling interest in Applicant)

1995 gross revenues           \$   enter amount  
1996 gross revenues           \$   enter amount  
1997 gross revenues           \$   enter amount

Average gross revenues  
for the preceding 3 years       \$   enter amount

TOTAL:                               combined average gross revenues  
  for the preceding three years of the  
  applicant, the applicant's affiliates  
  and controlling interests

**NOTE: Each member of an applicant that is applying to bid as a consortium of small or very small businesses must provide this information and qualify for the claimed status.**

**Exhibit D -- Information Requested of Designated Entities:** Applicants owned by minorities or women, as defined in 47 C.F.R. § 1.2110(b), or that are rural telephone companies, may attach an exhibit regarding this status. This information, in conjunction with the information in Item 10, will assist the Commission in monitoring the participation of these "designated entities" in its auctions.

**Exhibit E -- Miscellaneous Information:** Applicants wishing to submit additional information should include it in Exhibit E.

Applicants are reminded that all information required in connection with applications to participate in spectrum auctions is necessary to determine the applicants' qualifications, and as such will be available for public inspection. Required proprietary information may be redacted, or confidentiality may be requested, following the procedures set forth in 47 C.F.R. § 0.459. Such requests must be submitted in writing to Amy Zoslov, Chief, Auctions and Industry Analysis Division, Wireless Telecommunications Bureau, Federal Communications Commission, 2025 M Street, N.W., Room 5202, Washington, D.C. 20554 (with a separate copy mailed to Anne Napoli, Auctions and Industry Analysis Division), in which case the applicant must indicate in



Exhibit E that it has filed a confidentiality request. Because the required information bears on applicants' qualifications, the FCC envisions that confidentiality requests will not be routinely granted.

**Waivers:** Applicants requesting waiver of any rules must submit a statement of reasons sufficient to justify the waiver sought. *See* 47 CFR § 1.3.

# AUCTION-SPECIFIC INSTRUCTIONS FCC REMITTANCE ADVICE, FCC FORM 159

## UPFRONT PAYMENTS

The following information supplements the standard instructions for FCC Form 159, and is provided to help ensure correct completion of FCC Form 159 for upfront payments for VHF Public Coast Service auction (Auction No. 20). Applicants need to complete FCC Form 159 carefully, since:

- Mistakes may affect their bidding eligibility; and
- Lack of consistency between information set forth in FCC Form 159, FCC Form 175, long-form application, and correspondence about an application may cause processing delays.

Therefore appropriate cross-references between the FCC Form 159 Remittance Advice and the FCC Form 175 Short Form Application are described below.

<u>Block Number</u>	<u>Required Information</u>
1	LOCKBOX # - Enter "358400"
2	Payer Name - Enter the name of the person or company making the payment. If the applicant itself is the payer, this entry would be the same as FCC Form 175.
3	Total Amount Paid Enter the amount of the upfront payment associated with the FCC Form 159.
4-8	Street Address, City, State, ZIP Code Enter the street mailing address (not Post Office box number) where mail should be sent to the payer. If the applicant is the payer, these entries would be the same as FCC Form 175, blocks 2 through 5.
9	Daytime Telephone Number Enter the telephone number of a person knowledgeable about this upfront payment.
10	Country Code For addresses outside the United States, enter the appropriate postal country code (available from the Mailing Requirements Department of the U.S. Postal Service).
20A	Payment Type Code Enter "APWU"

- 21A Quantity Enter the number "1"
- 22A Amount Due Enter the total upfront payment due.
- 23A FCC Code 1 Enter the number "20" (indicating Auction No. 20).
- 26 Applicant TIN - Same as FCC Form 175, block 7.

- NOTES:
- Do not use Remittance Advice (Continuation Sheet), FCC Form 159-C, for upfront payments.
  - If applicant is different from the payer, complete blocks 11 through 18 for the applicant, using the same information shown on FCC Form 175. Otherwise leave them blank.
  - Since credit card payments will not be accepted for this auction, leave this area blank.

**AUCTION-SPECIFIC INSTRUCTIONS  
FCC REMITTANCE ADVICE, FCC FORM 159**

**DOWN PAYMENTS AND FINAL PAYMENTS**

Specific information regarding down payments and final payments will be included in a post-auction Public Notice announcing the winning bidders.

## ATTACHMENT C

### A. ELECTRONIC FILING AND REVIEW OF THE FCC FORM 175

The Commission has implemented a remote access system to allow applicants to submit their FCC Form 175 applications electronically. This system will generally be available 24 hours per day beginning **October 12, 1998**. FCC Form 175 applications that are filed electronically must be submitted and confirmed by **5:30 p.m. ET on November 2, 1998**. Late applications or unconfirmed submissions of electronic data will not be accepted. Applicants who file electronically must press the **Submit Form 175 button** on the *Submit* page to successfully submit their FCC Form 175. **Failure to press the Submit Form 175 button will result in an unsubmitted FCC Form 175 application that will not be acceptable for filing.** The electronic filing process consists of an initial filing period and a resubmission period to make minor corrections. During each filing period, submitted applications may be updated and amended multiple times until the filing deadline.

Applicants who wish to file their FCC Form 175 electronically or review other FCC Form 175 applications on-line will need to meet the following minimum hardware and software requirements:

#### 1. Minimum Hardware Requirements

- CPU: Intel Pentium or above
- RAM: 16 MB (more recommended if you have multiple applications open)
- Modem: v.32bis 14.4kbps Hayes compatible modem or faster
- Monitor: VGA or above
- Mouse or other pointing device

#### 2. Minimum Software Requirements

- Operating System: Microsoft Windows 95/98

*Note: The FCC no longer supports Windows 3.1x*

- PPP (Point-to-Point Protocol) Dialer: Use the Dial-Up Networking feature included with Windows 95/98
- Web Browser: Netscape Communicator 4.05 with JDK 1.1 or a higher version of Netscape (available at <http://www.netscape.com>)
- PDF Viewer: Adobe Acrobat Reader 3.0 or higher (available at <http://www.adobe.com>)

- If you wish to use the download feature in the Form 175 Review, you will need a .tar file extraction utility, e.g., Winzip (available at <http://www.winzip.com>) or Pkzip for Windows (available at <http://www.hotfiles.com>).

### 3. Connecting to the FCC Network

To file or review applications electronically, you must first connect to the FCC Network using Dial-Up Networking.

Parties submitting FCC Form 175 applications electronically will connect to a toll-free 800 number telephone service.

Similarly, parties reviewing FCC Form 175 applications electronically will connect to a 900 number telephone service at a charge of \$2.30 per minute. The first minute of connection time to the 900 number service will be at no charge.

Dial-Up Networking establishes a point-to-point connection from your PC to the FCC Network. *This point-to-point connection is not routed through the Internet.*

For instructions on how to connect to the FCC Network using Dial-Up Networking, see the *Accessing the FCC Network Using Windows 95/98* section, Part B. below.

### 4. Submitting or Reviewing FCC Form 175 Applications

After you have connected to the FCC Network, start your Netscape Web browser. In your browser's *Location* field, enter one of the following locations:

- For Form 175 Submit, enter <http://wtbwww04.fcc.gov> and then click **Form 175 Submit**
- For Form 175 Review, enter <http://wtbwww03.fcc.gov> and then click **Form 175 Review**

When electronically uploading attachments in FCC Form 175 Submission, applicants may use a variety of file formats including Word, WordPerfect, Adobe PDF, Excel, Lotus, and ASCII text and should verify that the files contain all exhibit information. Graphics file uploads (e.g., .bmp, .tiff, .jpg) are not supported, and graphics images should not be imported into any word processing files that are uploaded.

After you upload an attachment, check to see if it converted properly by selecting the PDF filename in the rightmost column. If you are unable to read this file, please do the following:

1. Re-upload the attachment.

2. If the file still has not converted properly, then simplify the formatting of the file. For example, if using a Table structure in a WordPerfect document, remove the Table structure and leave the contents of the table, then re-upload the attachment.

After you have successfully re-uploaded an attachment, please delete the old, unreadable attachment files.

Applicants who file electronically must press the **Submit Form 175** button on the *Submit* page to successfully submit their FCC Form 175. During each filing period, submitted applications may be updated and amended multiple times until the filing deadline.

When you have finished, exit your Web browser, then disconnect from the FCC Network.

### **Help**

For technical assistance with installing or using FCC software, contact the FCC Technical Support Hotline at (202) 414-1250 (voice) or (202) 414-1255 (text telephone (TTY)). The FCC Technical Support Hotline is generally available Monday through Friday, from 8 a.m. to 6 p.m. ET. *All calls to the FCC Technical Support Hotline are recorded.*

## B. ACCESSING THE FCC NETWORK USING WINDOWS 95/98

This describes how to access the FCC Network from a system that is running the Microsoft Windows 95 or Microsoft Windows 98 operating system. This involves configuring dial-up network access and then performing the dial-up procedure.

### Conventions

The instructions in this section use the following typographical conventions:

- bold** Represents objects on the screen that you click with the mouse pointer, including buttons, Internet links, icons, tabs, menu items (e.g., **Cancel** button, **Auctions** link, **Save** option in the File menu).
- italic* Represents field names or areas of a screen (e.g., *Applicant* field, *Selected Licenses* area of a screen).
- bold italic** Represents characters that you must type exactly as they appear in the instructions. For example, if you are instructed to type ***http://wtbwww03.fcc.gov***, you should type all of the characters shown in bold italic exactly as they are printed.
- SMALL CAPS Represents keys on the keyboard (e.g., ENTER, CTRL, ESC).

**Note:** Throughout these instructions, “enter” means to type the appropriate information and then press the ENTER key.

## Configuring Dial-Up Networking

1. To start dial-up networking:
  - a. Click the Windows 95/98 **Start** button.
  - b. Click the **Programs** option to display the Programs menu.
  - c. Click the **Accessories** option to display the Accessories menu.
  - d. In Windows 95, click **Dial-Up Networking**.  
In Windows 98, click **Communications**, then **Dial-Up Networking**.

If Dial-Up Networking is not an option on your Accessories menu, you should install it from your Windows 95/98 CD or diskettes.

2. When the Dial-Up Networking window appears, double-click the **Make New Connection** icon.



3. The Make New Connection window appears.

If you are connecting to submit FCC Form 175 applications, type **FCC Auctions 800#** in the field titled *Type a name for the computer you are dialing*.

If you are connecting to review FCC Form 175 applications or to use the FCC Remote Access System, type **FCC Auctions 900#** in the field titled *Type a name for the computer you are dialing*.

**Note:** If you connect to the FCC's 900# telephone service, there is a charge of \$2.30 per minute. The first minute of connection time to the 900 number service is at no charge.

4. In Windows 95, click the down arrow at the right of the *Select a modem* field and select your modem from the menu of available modems.

In Windows 98, click the down arrow at the right of the *Select a device* field and select your modem from the menu of available devices.

If your modem does not appear on this list, you must install your modem driver according to the modem manufacturer installation procedures, which are usually described in your modem's user manual.

5. Click the **Next** button.

6. If you are connecting to submit FCC Form 175 applications, type **800** and **378-7435** in the *Area Code* and *Telephone Number* fields, respectively.

If you are connecting to review FCC Form 175 applications or to use the FCC Remote Access System, type **900** and **555-5335** in the *Area Code* and *Telephone Number* fields, respectively.

7. Verify that the correct country is selected in the *Country code* field.

If necessary, click the down arrow at the right of the *Country code* field and select the appropriate country from the menu of available countries.

8. Click the **Next** button.

9. Click the **Finish** button.

An icon labeled either **FCC Auctions 800#** or **FCC Auctions 900#** appears in the Dial-Up Networking window.

10. Verify that properties are configured correctly before attempting a dial-up session. Put the mouse pointer on the FCC Auctions icon that you wish to configure and click the *right* mouse button to display a menu. Click **Properties** from the menu.
11. Click the **Configure** button. Click the **Options** tab at the top of the Properties window.
12. In the *Connection control* area of the Options tab, verify that *neither* option is selected. If either option is selected, click the check box at the left of the option to deselect it. Then click **OK**.
13. In Windows 95, click the **Server Type...** button.  
  
In Windows 98, click the **Server Types** tab at the top of the Properties window.
14. In the *Advanced Options* area, verify that only *Enable software compression* is selected. If it is not selected, click the check box at the left of the option to select it. If either of the other options is selected, click the check box to deselect it.
15. In the *Allowed Network Protocols* area, verify that only *TCP/IP* is selected.  
  
If it is not selected, click the check box at the left of the option to select it. If either of the other options is selected, click the check box to deselect it.
16. Click the **TCP/IP Settings** button and select *Specify name server addresses*.
17. Type **165.135.22.249** as the Primary DNS.
18. Click **OK** on the TCP/IP Settings window and the Server Type window.

## **Dial-Up Procedure**

1. If the Dial-Up Networking window is not currently open, do the following:
  - a. Click the Windows 95/98 **Start** button.
  - b. Click the **Programs** option to display the Programs menu.
  - c. Click the **Accessories** option to display the Accessories menu.
  - d. In Windows 95, click **Dial-Up Networking**  
In Windows 98, click **Communications**, then **Dial-Up Networking**.

The Dial-Up Networking window appears.

2. In the Dial-Up Networking window, double-click the **FCC Auctions 800#** or **FCC Auctions 900#** icon.

**Note:** If you connect to the FCC's 900 number telephone service, there is a charge of \$2.30 per minute. The first minute of connection time to the 900 number service is at no charge.

3. Click the **Connect** button on the window. *Do not enter User name and Password.*

The Connection window appears, indicating the status of your connection as your modem dials into the system. This window must remain running during your dial-up session. You may minimize the window, if you wish.

If your modem fails to establish a connection, please see the *Troubleshooting* section below.

4. Once the connection is established, open your Web browser.
5. In your browser's *Location* field, enter the appropriate Universal Resource Locator (URL) as follows:
  - For FCC Form 175 Submit, enter *http://wtbwww04.fcc.gov*
  - For FCC Form 175 Review or the FCC Remote Access System, enter *http://wtbwww03.fcc.gov*

If nothing appears in your Web browser, please see the *Troubleshooting* section below.

6. When you have finished, exit the Web browser, then click the **Disconnect** button on the Connection window to end your dial-up session.

## Troubleshooting

Following are problems you may encounter and possible solutions for resolving or isolating them.

### *Modem does not respond*

1. Confirm that all physical connections for the modem are present.
2. Confirm that the phone line is active by connecting it to a telephone and checking for a dial tone.
3. If you are dialing the 900 number service, check for a 900 number telephone block. If the volume settings are low, the modem may be dialing but not connecting. Check for this by trying to connect to the 800 number, or by dialing the 900 number on that line using a telephone.

4. Confirm that the correct modem driver is installed for your modem.

***Modem dials but does not connect***

1. If you are dialing the 900 number service, check for a 900 number telephone block. Check for this by dialing the 800 number to see if you connect, or by dialing the 900 number on that line using a telephone.
2. Confirm that the number the modem is dialing is correct.
3. Confirm that the modem prefix, if any, is correct.

***Modem dials and connects, but nothing appears when you enter the Location in the Web browser***

1. If your Internet Service Provider adds numbers to the *DNS Server Search Order* list in your Dial-Up Adapter's TCP/IP protocol, you will need to add the FCC's Primary DNS number as well. Do the following:
  - a. Click the Windows 95/98 *Start* button, then click the *Settings* option to display the Settings menu.
  - b. Click *Control Panel* and then double-click the *Network* icon.
  - c. Highlight the TCP/IP Protocol and click *Properties*. If there are multiple TCP/IP protocols, highlight TCP/IP --> Dial-Up Adapter and click *Properties*.
  - d. Click the *DNS Configuration* tab.
  - e. If *Enable DNS* is selected, type **165.135.22.249** in the DNS Server Search Order box and click the *Add* button.
  - f. Click *OK* on the TCP/IP Properties windows, then click *OK* on the Network windows.
  - g. If you are prompted to restart your computer, click *Yes* to restart, then reconnect to the FCC Network.
2. Verify the properties in your dial-up networking icon, particularly that the Primary DNS is set to 165.135.22.249 and that TCP/IP is the only selected protocol.
3. Confirm that your Web browser is not using proxies.

***Receive an Internal Server error in the Web browser***

1. Confirm that the *Location* is correct.
2. Confirm that *JavaScript* is enabled in your Web browser.

## **Help**

For technical assistance with installing or using FCC software, contact the FCC Technical Support Hotline at (202) 414-1250 (voice) or (202) 414-1255 (text telephone (TTY)). The FCC Technical Support Hotline is generally available Monday through Friday, from 8 a.m. to 6 p.m. ET. *All calls to the FCC Technical Support Hotline are recorded.*

## ATTACHMENT D

### SUMMARY LISTING OF DOCUMENTS FROM THE COMMISSION AND THE WIRELESS TELECOMMUNICATIONS BUREAU ADDRESSING APPLICATION OF THE ANTI-COLLUSION RULES

Many of the following documents can be found at an FCC web site:  
<http://www.fcc.gov/wtb/auctions/collusio/collusio.html>

#### Commission Decisions:

*Second Report and Order* in PP Docket No. 93-253, FCC 94-61, 9 FCC Rcd 2348 (1994), paragraphs 221-226.

*Fifth Report and Order* in PP Docket No. 93-253, FCC 94-178, 9 FCC Rcd 5532 (1994), paragraphs 91-92.

*Second Memorandum Opinion and Order* in PP Docket No. 93-253, FCC 94-215, 9 FCC Rcd 7245 (1994), paragraphs 48-55.

*Fourth Memorandum Opinion and Order* in PP Docket No. 93-253, FCC 94-264, 9 FCC Rcd 6858 (1994), paragraphs 47-60.

*Memorandum Opinion and Order* in PP Docket No. 93-253, FCC 94-295, 9 FCC Rcd 7684 (1994), paragraphs 8-12.

In re Commercial Realty St. Pete, *Notice of Apparent Liability for Forfeiture*, 10 FCC Rcd 4277 (1995), paragraphs 19-20; In re Commercial Realty St. Pete, *Memorandum Opinion and Order*, 11 FCC Rcd 15374 (1996).

In the Matter of Amendment of Part 1 of the Commission's Rules -- Competitive Bidding Procedures, Allocation of Spectrum Below 5 GHz Transferred from Federal Government Use, 4660-4685 MHz, *Third Report and Order and Second Further Notice of Proposed Rule Making*, WT Docket No. 97-82, ET Docket No. 94-32, FCC 97-413 (rel. December 31, 1997), paragraphs 155-166.

In re Applications of U S West Communications, Inc. for Facilities in the Broadband PCS D, E and F Blocks, *Notice of Apparent Liability for Forfeiture*, FCC 98-41, 13 FCC Rcd 8286 (1998).

In re Applications of Western PCS BTA I Corp. for Facilities in the Broadband PCS D, E and F Blocks, *Notice of Apparent Liability for Forfeiture*, FCC 98-42, 13 FCC Rcd 8305 (1998).

In re Application of Mercury PCS II, L.P. for Facilities in the Broadband PCS D, E and F Blocks, *Memorandum Opinion and Order*, FCC 98-203 (rel. August 28, 1998) (rescinded NAL on

procedural grounds while notifying public that similar, future conduct will subject bidders to sanctions); In re Application of Mercury PCS II, L.P. for Facilities in the Broadband PCS D, E and F Blocks, *Notice of Apparent Liability for Forfeiture*, FCC 97-388, 12 FCC Rcd 17970 (1997)

### **Wireless Telecommunications Bureau Decisions:**

Amendment of Parts 21 and 74 of the Commission's Rules with Regard to Filing Procedures in the Multipoint Distribution Service and in the Instructional Television Fixed Service, *Order*, in PP Docket No. 93-253 and MM Docket No. 94-131, DA 95-2292, 9 FCC Rcd 7665 (Wireless Tel. Bur. 1995).

In re Applications of GWI PCS, Inc. For Authority to Construct and Operate Broadband PCS Systems Operating on Frequency Block C, *Memorandum Opinion and Order*, DA 96-674, 12 FCC Rcd 6441 (Wireless Tel. Bur. 1997).

In re Applications of Mercury PCS II, LLC for Authority to Construct and Operate Broadband PCS Systems on Frequency Blocks D, E, and F, *Memorandum Opinion and Order*, DA 97-1782, 13 FCC Rcd 21316 (Wireless Tel. Bur. 1997).

In re Application of Mercury PCS II, LLC for Authority to Construct and Operate Broadband PCS Systems on Frequency Blocks D, E, and F, *Memorandum Opinion and Order and Order on Reconsideration*, DA 97-2324, 12 FCC Rcd 18093 (Wireless Tel. Bur. 1997)

In re Applications of Nextel License Acquisition Corp. for New 800 MHz Specialized Mobile Radio Licenses, *Memorandum Opinion and Order*, DA 98-1138, 13 FCC Rcd 11983 (Wireless Tel. Bur. 1998).

### **Public Notices:**

"FCC Staff Clarifies Application of Anti-Collusion Rule to Broadband PCS 'C' Block Reaction," *Public Notice*, DA 96-929, 11 FCC Rcd 7031 (1996).

"Wireless Telecommunications Bureau Clarifies Spectrum Auction Anti-Collusion Rules," *Public Notice*, DA 95-2244, 11 FCC Rcd 9645 (1995).

"Wireless Telecommunications Bureau Provides Guidance on the Anti-Collusion Rule for D, E and F Block Bidders," *Public Notice*, DA 96-1460, 11 FCC Rcd 10134 (1996).

### **Letters from the Office of General Counsel and Wireless Telecommunications Bureau:**

*Letter to Gary M. Epstein and James H. Barker from William E. Kennard, General Counsel, Federal Communications Commission* (released October 25, 1994).

*Letter to Alan F. Ciamporzero from William E. Kennard, General Counsel, Federal Communications Commission* (released October 25, 1996).

*Letter to R. Michael Senkowski from Rosalind K. Allen, Acting Chief, Commercial Radio Division, Wireless Telecommunications Bureau* (released December 1, 1994).

*Letter to Leonard J. Kennedy from Rosalind K. Allen, Acting Chief, Commercial Radio Division, Wireless Telecommunications Bureau* (released December 14, 1994).

*Letter to Jonathan D. Blake and Robert J. Rini from Kathleen O'Brien Ham, Chief, Auctions Division, Wireless Telecommunications Bureau, DA 95-2404, 10 FCC Rcd 13783* (1995).

*Letter to Mark Grady from Kathleen O'Brien Ham, Chief, Auctions Division, Wireless Telecommunications Bureau, DA 96-587, 11 FCC Rcd 10895* (1996).

*Letter to David L. Nace from Kathleen O'Brien Ham, Chief, Auctions Division, Wireless Telecommunications Bureau, DA 96-1566, 11 FCC Rcd 11363* (1996).

*Letter to Mark J. Tauber and Mark J. O'Conner from Kathleen O'Brien Ham, Chief, Auctions Division, Wireless Telecommunications Bureau, DA 97-603* (1997).

*Letter to Elliott J. Greenwald from Christopher J. Wright, General Counsel, Federal Communications Commission* (released April 6, 1998).

### **Miscellaneous:**

Many of these documents can be retrieved from the FCC web site (<http://www.fcc.gov/wtb/auctions/collusio/collusio.html>), where documents may be located by using our search engine (select the link "search"). All of these documents can be ordered in hard copy from the Commission's contractor, International Transcription Service, Inc. at (202) 857-3800. Copies of these documents will also be available for public inspection at the Wireless Telecommunications Bureau Public Reference Room, 2025 M St., Room 5608, Washington, D.C. 20054.

Documents retrieved from the FCC web site are available in more than one format: .pdf, .txt, and .wp. (The key to the extensions is the following: .pdf = Acrobat Reader, .txt = Text, and .wp = Word Perfect.) In order to review a document in its entirety, including footnotes, it is necessary to access the document in Word Perfect or Acrobat Reader.