Reverse Auction (Auction 1001) Workshop

Applying to Participate—FCC Form 177

December 8, 2015
Disclaimer

Nothing herein is intended to supersede any provision of the Commission's rules or public notices. These slides should not be used as a substitute for a prospective applicant's review of the Commission's relevant orders, rules, and public notices. Prospective applicants must familiarize themselves thoroughly and remain current with the Commission's rules relating to the Incentive Auction, application and auction procedures, and the procedures, terms and conditions contained in auction public notices.
### Auction 1001 Dates and Deadlines

<table>
<thead>
<tr>
<th>Event</th>
<th>Date/Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Auction Process Tutorial Available (via Internet)</td>
<td>November 20, 2015</td>
</tr>
<tr>
<td>FCC Form 177 Filing Window Opens</td>
<td>December 8, 2015; 12:00 noon Eastern Time (ET)</td>
</tr>
<tr>
<td>FCC Form 177 Filing Window Closes</td>
<td>January 12, 2016; 6:00 PM ET</td>
</tr>
<tr>
<td>Initial Commitment Deadline</td>
<td>March 29, 2016; 6:00 PM ET</td>
</tr>
</tbody>
</table>
### Auction 1001 Dates and Deadlines (continued)

<table>
<thead>
<tr>
<th>Event</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Clearing Target and Band Plan Announced</td>
<td>Three to four weeks after the initial commitment deadline</td>
</tr>
<tr>
<td>Mock Auction(s)</td>
<td>Specific date to be provided to each applicant that is qualified to bid by confidential status letter after the initial clearing target is announced</td>
</tr>
<tr>
<td>Bidding in the Reverse Auction Clock Rounds Begins</td>
<td>Specific date to be provided to each applicant that is qualified to bid by confidential status letter after the initial clearing target is announced</td>
</tr>
</tbody>
</table>
Tools to Help You Meet the 177 Deadline

The Commission's Auction 1001 webpage, www.fcc.gov/auctions/1001, has three tools to help you meet the first deadline.

Accessible through a web browser with Adobe Flash Player
## Path to the Reverse Auction

### Step 1: Submit an application prior to 6 PM ET, January 12, 2016

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Review</strong></td>
<td>FCC staff review applications that were submitted prior to the 6 PM ET deadline, Jan. 12, 2016.</td>
</tr>
<tr>
<td><strong>First Letter</strong></td>
<td>First confidential status letter notifies applicant of its application status generally and with respect to each station selected, whether complete, incomplete or otherwise defective.</td>
</tr>
<tr>
<td><strong>Window</strong></td>
<td>Filing resubmission window is opened to permit applicants to correct minor defects or make minor amendments.</td>
</tr>
<tr>
<td><strong>Second Letter</strong></td>
<td>Second confidential status letter notifies applicant of its application status generally and with respect to each station selected, whether complete, incomplete or otherwise defective.</td>
</tr>
</tbody>
</table>
Path to the Reverse Auction (continued)

Initial Commitment
- If an applicant’s application is deemed “complete,” it must commit to a preferred relinquishment option for each complete station that it would like to bid for in the clock rounds of the reverse auction. The deadline for making an initial commitment is March 29, 2016.

Clearing Target
- Using the commitments made by broadcasters, the auction system will determine an initial spectrum clearing target and will designate stations to an initial relinquishment option.

Final Letter
- Final Confidential Status Letter notifies the bidder of the final status of any of its “complete” stations.

Clock Rounds
- After an opportunity to participate in a “mock auction,” bidders with “qualified” stations will begin bidding in the clock rounds. A bidder may drop out whenever the offered price drops below the price it is willing to accept for the station.
Five Sections of the FCC Form 177

1. Applicant Information
   • Legal Classification
   • Applicant and Address
   • Contact Details
   • Responsible Party
   • Authorized Bidders

2. Station Selection
   • Call Sign/Facility ID Number/Channel/Facility Type
   • Pending Proceedings
   • Relinquishment Options
   • Channel Sharing Information
   • Station-Specific Certifications

3. Ownership
   • Disclosable Interest Holders

4. Summary
   • Application Error Summary

5. Certify and Submit
   • Application Certifications
Legal Classification

Applicant = Licensee that may relinquish the spectrum usage rights

Questions marked with an asterisk are required

The navigation pane displays the sections of the FCC Form 177
Name and Address

- Licensee name should be the same name listed in the LMS database for the station(s)
- Name will be used as the Bidder Name throughout the auction
- Don’t use a PO Box!
Responsible Party

- This screen is not always displayed
- For corporations, the responsible party should be an officer or director
- For partnerships, the responsible party should be a natural person
- For trusts, the responsible party should be a trustee
Contact Information

- The FCC will communicate only with the Contact Individual
- The FCC will mail all correspondence to the Contact Address
  - No PO Boxes!
- You can change the contact individual and address if necessary
  - It is important to keep all contact information up-to-date

Federal Communications Commission
### Authorized Bidders

- **Up to 3 authorized bidders**
- These are the people that are allowed to bid for the applicant during the auction
- You can change them if necessary
- Yes, you may bid electronically or telephonically regardless of which you select
  - Select your primary method

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Associated Stations

You will see the eligible full power and Class A stations associated with your FRN.

Some stations may be listed as not needed.

You SHOULD SELECT EACH STATION YOU MAY WISH TO BID FOR IN THE REVERSE AUCTION.

You cannot change your mind and add a station after the 6 PM ET filing deadline on Jan. 12, 2016.
When you select a station you will see pre-filled station information.

You must indicate for a full-power station whether it is a non-commercial educational station, and if so, if it operates on a reserved or non-reserved channel.
### Pending License Validity Proceeding

You will also see checkboxes asking you to indicate whether the license for the station is:

- subject to a non-final revocation order;
- has expired or been cancelled and is now subject to a non-final license cancellation order; and,
- for a Class A station, whether the license is subject to a non-final downgrade order.

You should check all that apply.

Checking any of these boxes will require the applicant to certify that it agrees with the Commission’s procedures to withhold any incentive payment for the station pending the final outcome of the relevant proceeding.

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**Station Selection**

| Call Sign | TEST-3 |
| Facility ID | 429 |
| Channel | 32 |
| Facility Type | Class A Station |

Check all that apply to the station:

- The license for the station is subject to a non-final revocation order.
- The license for the station has expired or been cancelled and is now subject to a non-final license cancellation order.
- The license for the station is subject to a non-final downgrade order.

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You are not obligated to bid on relinquishment options selected on the FCC Form 177

BUT

If you do not select a particular option for the selected station prior to the deadline on Jan. 12, 2016, that option will not be available for you to bid on during the auction—either as your initial commitment or in the clock bidding rounds for that station.
A Spotlight on Relinquishment Options

• You cannot add a relinquishment option after the FCC Form 177 filing deadline of 6 PM ET, Jan. 12, 2016

• Example: If an applicant selects only “Go Off-Air” on its auction application for a UHF station, “Go Off-Air” will be the only bid option available to that applicant for that station. It will not be able to bid to “Move to Low-VHF” or “Move to High-VHF” as an initial commitment or during the clock phase of the auction.

• Example: If an applicant selects only “Move to High-VHF” on its auction application for a UHF station, “Move to High-VHF” will be the only bid option available to that applicant for that station. It will not be able to commit to “Go Off-Air” as a fallback option when it makes an initial commitment for that station.
A Spotlight on Relinquishment Options (continued)

• You are not required to bid for the options you select on the FCC Form 177
  ▪ You will not be committed to relinquish any spectrum usage rights unless you choose to make an initial commitment prior to the deadline on March 29, 2016

• Example: An applicant for a UHF station selects all of its available relinquishment options on its FCC Form 177: “Go Off-Air,” “Move to High-VHF,” and “Move to Low-VHF.” That applicant later decides that it does not want to relinquish its spectrum usage rights at the opening price for any option. The applicant does not make an initial commitment for that station. The station will be subject to repacking in its pre-auction band.
Bidding Hierarchy – A Reminder

In the Bidding Procedures PN, released Aug. 11, 2015, the Commission adopted a bidding hierarchy for the relinquishment options.

If you don’t select an option on the FCC Form 177 for a particular station, it will not be available to bid on.

Remember, if you are planning to bid for multiple options in the auction, you cannot go backwards in the bidding hierarchy.

### Bidding Hierarchy

<table>
<thead>
<tr>
<th>UHF Station</th>
<th>High-VHF Station</th>
<th>Low-VHF Station</th>
</tr>
</thead>
<tbody>
<tr>
<td>UHF</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High-VHF</td>
<td>Move to High-VHF</td>
<td>Remain in High-VHF</td>
</tr>
<tr>
<td>Low-VHF</td>
<td>Move to Low-VHF</td>
<td>Move to Low-VHF</td>
</tr>
<tr>
<td>Off-Air</td>
<td>Go Off-Air</td>
<td>Go Off-Air</td>
</tr>
</tbody>
</table>

Federal Communications Commission
Pending Proceedings

If an applicant selects “Go Off-Air” it must also indicate whether the applicant itself will continue to control another broadcast station after the auction if it wins all of its “Go Off-Air” bids.

The FCC Form 177 will provide the applicant with certain required certifications based on its response.

An applicant must accept responsibility for any liabilities to the Commission with respect to its licenses and submit to the Commission's jurisdiction, whether or not it relinquishes the licenses and whether or not it remains a licensee.
Channel Sharing Agreements (CSAs)

You will be asked whether the station has a present intent to enter into a channel sharing agreement (CSA) as a sharee after the auction:

You will also be asked whether the station has entered into one or more executed CSAs as a sharee:

The questions and answers to them are independent of one another:

If the station is a sharee in one or more executed CSAs, you will be asked to provide information about all potential channel sharing partners for each executed CSA.
You must enter the licensee name and facility ID number for all potential channel sharing partners to any executed CSA

- This includes any back-up (contingent) CSA, if executed

The call sign and channel number of each licensee will auto-fill once you provide the station’s facility ID number.

### Channel Sharer Licensee Information

<table>
<thead>
<tr>
<th>Licensee Name</th>
<th>Call Sign</th>
<th>Facility ID</th>
<th>Channel Number</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test Licensee</td>
<td>TEST-4</td>
<td>520</td>
<td>49</td>
<td>Edit</td>
</tr>
</tbody>
</table>

For CSA agreements, you will need to enter the station’s facility ID number to auto-fill the call sign and channel number. This information helps in efficiently managing and tracking channel sharing agreements.
Channel Sharing Attachments

For each executed CSA, the applicant must upload two things:

1. An unredacted copy of the agreement
2. Certifications by all potential host stations, known as channel sharers

The executed CSA filed with the FCC Form 177 will not be public

Note: The auction algorithm does not have access to nor does it take into account any terms of a CSA
CSAs For Commonly-Held Stations

An applicant-sharee that intends to channel share with a host station with which it is commonly-owned or controlled may upload a statement demonstrating that the channel sharing stations are commonly-held in place of an executed channel sharing agreement. Such a statement must still be uploaded under the “Channel Sharing Agreement” type or the applicant-sharee will see an error when it tries to certify and submit its application.
Channel Sharer Certifications

Channel Sharer Certifications for Full Power Station Sharer

Licensee Name, Call Sign and Facility ID of Channel Sharer: __________________________

Licensee Name, Call Sign, and Facility ID of each Channel Sharee: __________________________

________________________

On behalf of the Channel Sharer, I certify the following:

1. that the channel sharing agreement is consistent with all Commission rules and policies, and that the Channel Sharer accepts any risk that the implementation of the channel sharing agreement may not be feasible for any reason, including any conflict with requirements for operation on the shared channel;

2. that the proposed channel sharing arrangement will not violate the multiple ownership rules, set forth in 47 C.F.R. § 73.3555, based on the facts at the time the application is submitted; and

3. that the channel sharing agreement submitted by the Channel Sharer reverse auction applicant(s) is a true, correct, and complete copy of the channel sharing agreement between the parties.

I declare, under penalties of perjury, that I am an authorized representative of the above named Channel Sharer, that I have read the instructions and the foregoing certifications and all matters and things stated in the channel sharing agreement and attachments are true and correct.

Printed Name: __________________________

Title / Relationship to Channel Sharer Licensee: __________________________

Signature: __________________________

Date: __________________________

• Channel sharers (hosts) must fill out the certifications template

  • Use Attachment 2 of the FCC Form 177 Instructions PN for Full-Power Certifications template

  • Use Attachment 3 of the FCC Form 177 Instructions PN for Class-A Certifications template

• Sharer should provide the signed certifications to the Sharee-Applicant

• Sharee-Applicant must upload channel sharer certifications for each potential channel sharer (host) in each executed CSA as part of its application

Federal Communications Commission
Channel Sharing Communications

What is the Channel Sharing Exception to the Prohibited Communications Rule?

• Applicants that file their executed CSA with their application may communicate with their channel sharing partner(s) regarding bids and bidding strategies for the specific stations subject to their agreement during the quiet period (between Jan. 12, 2016 and the end of the Incentive Auction, which will be announced by public notice)

• Stations that have not executed an agreement prior to the start of the quiet period may not continue to communicate regarding bids or bidding strategies after the filing deadline at 6 PM ET on Jan. 12, 2016

• Applicants that have a present intent to channel share after the auction but who do not submit an executed CSA prior to the filing deadline do not qualify for the exception

• If parties to an executed CSA do not intend to take advantage of the exception, the applicant may so indicate in an attachment to its FCC Form 177
Station Selection: Error Summary

- Once you have completed all of the station selection screens, you will see an Error Summary for that station.
- All errors must be corrected before you can complete the required station certifications.
- Each station that you select on your FCC Form 177 must be error-free and certified in order for you to submit your application.
Channel Sharing Sharee Certifications

Once the station summary is free of errors, the applicant will be directed to the station certification screens.

If an applicant-sharee indicated in its station selection responses that the station has entered into an executed CSA, it will need to make the required sharee certifications on the Channel Sharing Agreement Certifications screen.

An applicant that did not so indicate will not see the Channel Sharing Certifications screen for that station.
The FCC’s rules require several station specific certifications.

This is an example—the certifications that will appear on your application will vary based on your answers to the questions in the application.

The certifications must be certified to by a person with the authority to bind the applicant.
Once an applicant completes the required certifications for a station, the FCC Form 177 will return the applicant to the Station Selection Screen.

A red exclamation point indicates that a station has not been certified.

In order to be able to submit your application, you will need to either complete the station information and certifications, or “Remove” the station.
Ownership

• This is the first in the ownership section of the form
• To add disclosable interest holder ("DIH") information, you click the add button, which will open a series of screens where you can provide information for that particular disclosable interest holder
Disclosable Interest Holders

For purposes of the FCC Form 177, as laid out in Sections 1.2112(a)(1)-(6) and 1.2204(c)(1), a disclosable interest holder (DIH) includes real party(ies)-in-interest and any individual or entity that directly or indirectly controls and/or holds certain ownership interests including, but not limited to:

- any party holding 10 percent or more of stock in the applicant;
- in the case of a limited partnership, each limited partner whose interest in the applicant is 10 percent or greater;
- in the case of a general partnership, each partner;
- in the case of an limited liability company, each member whose interest in the applicant is 10 percent or greater;
- in the case of an NCE station, each member of the governing board and any educational institution or governmental entity with a controlling interest in the applicant;
- all parties holding indirect ownership interests in the applicant that equal 10 percent or more.
Disclosable Interest Holders (continued)

• Form 177 disclosure requirements differ in certain respects from those in broadcast ownership reports and licensing, assignment and transfer applications.

• Specifically, in the Form 177 you must disclose:
  - Parties holding 10 percent or more of the voting or nonvoting stock in the applicant;
  - Passive investors (even if they have an interest less than 20 percent) if they otherwise meet the disclosure threshold;
  - Individuals or entities with otherwise disclosable interests even where a single majority shareholder exists;
  - Parties insulated from attribution under the broadcast ownership rules if they otherwise meet the disclosure requirement threshold.

• Provision of a DIH’s FRN is not required.
Types of Disclosable Interest Holders

- Disclose officers, directors, key management personnel, or management contract only where the DIH has an interest in the applicant that requires disclosure under the rules.

- For example, an officer who controls the applicant or has a 10% or greater ownership interest in the applicant would report both interests.

- The category “Other” enables the applicant to disclose required interests not reflected in the Form 177. When “Other” is checked, a brief description can be provided in the available text box.
Types of Disclosable Interest Holders (continued)

- For “Disclosable Interest Holder Type Continued” the applicant should only make disclosures for a DIH that has an interest in the applicant that requires disclosure under the rules.

- It should disclose options to acquire equity and warrants only where the DIH has a present interest in the applicant that requires disclosure under the rules.
Disclosable Interest Holder Information

- DIHs with no equity or other relevant ownership interest in the applicant (such as an NCE board member) should put “0” in the “Percent of Interest” field.

- Information provided in the “Percent of Interest” field for each DIH should reflect its aggregate ownership interests in the applicant (both direct and indirect).
Indirect Disclosable Interest Holders

To determine whether you need to report an individual or entity as an indirect DIH:

• Successively multiply the ownership percentages for each link in the vertical ownership chain that equals 10 percent or more of the applicant;

• If the ownership percentage for an interest in the chain exceeds 50 percent or represents actual control (e.g., de facto control):
  ▪ Treat it and report it as if it were a 100 percent interest
  ▪ In some cases, the sum of all the percentages held by DIHs may exceed 100 percent
Indirect Disclosable Interest Holders—Attachment

If you add an indirect ownership interest, you must submit an “Indirect Ownership” attachment or you will receive an error when you try to submit your application.

The attachment may include any additional information you believe will assist Commission staff in reviewing the ownership information:

- For example, if the disclosed equity interests in a corporate applicant do not equal 100% because numerous shareholders have interests below the 10% threshold, you can explain this in the attachment.
- It can also include an ownership chart.

However, you are not required to provide additional information in the “Indirect Ownership” attachment:

- If you choose not to provide additional information, you should upload an “Indirect Ownership” attachment to the application that states: “Not applicable.”
FCC Regulated Businesses

• The Form asks each DIH to complete information about any other “FCC Regulated Business” (FRB) in which the DIH has an interest.

• Completion of fields related to FRBs is not required and they may be left blank.
Summary: Application Level Error Summary

You cannot submit your application if there are errors.

You may submit your application if there are warnings.

Until you have clicked the CERTIFY & SUBMIT button and received a confirmation number, your application has not been submitted.

Federal Communications Commission
Once you have reviewed your application and fixed the errors, you may Continue to Certify.

Just because the FCC Form 177 did not find errors does not mean that the application is complete. Commission staff will review for completeness.
Red Light Rule

- The red light rule is waived for the limited purpose of permitting any eligible broadcast licensee that is red lighted for debt owed to the Commission at the time it submits its FCC Form 177 to participate in the reverse auction.

- Each reverse auction applicant must make several certifications concerning any debt owed by the applicant to the Commission.

- We advise applicants to determine whether they owe debt to the Commission, and to do so periodically during the incentive auction.

- We also encourage applicants to resolve all outstanding debts to the Commission as soon as possible to avoid the accrual of interest, penalties, and costs on unpaid debt.

- The Commission’s Red Light Display system is accessible online at https://apps.fcc.gov/redlight/login.cfm
Certify & Submit

By clicking the "Certify & Submit" button below, I, the individual identified as the Applicant's certifying representative below, declare under penalties of perjury that, based on all the information available to the Applicant, all the information provided in or with this application, including the certification statements above, are true and correct.

Signature:
* First Name: 
Middle Initial: 
* Last Name: 
Suffix: 
Signature: 
* Title: 

If you do not see and click this button, you have not submitted your application!
Upon the successful submission of your application you will receive a unique confirmation number as well as the date and time of submission.

Applications must be submitted prior to 6:00 PM ET on Tuesday, January 12, 2016.

Late applications will not be accepted.
Changing a Submitted Application Prior to Jan. 12

You may make an unlimited number of changes to your application prior to 6 PM ET, Jan. 12, even if you have already submitted the application.

Remember, the information in the application is not submitted until you have clicked the CERTIFY & SUBMIT button and received a confirmation of submission.
If you make changes to a submitted application before the deadline, you must click to submit those changes.

The status will continue to read “Submitted,” but the new changes will not be included in your application unless you click on the Certify and Submit page and receive a new confirmation of submission.

Once you do that, the yellow warning will disappear.

Federal Communications Commission
Duty to Maintain Accuracy and Completeness

- Pursuant to sections 1.65 and 1.2204(d)(5) of the Commission’s rules, each applicant has a continuing obligation to maintain the accuracy and completeness of information in a pending application to participate in the reverse auction.

- An applicant must furnish additional or corrected information to the Commission within five days after a “significant” occurrence, or amend its FCC Form 177 no more than five days after the applicant becomes aware of the need for the amendment.

- Per section 1.65, “significant” or “substantial” changes require updating and the same standard applies under 1.2204(d)(4) and (5).
# Contact Information

| **FCC Auctions Hotline** | (888) 225-5322, option two; or (717) 338-2868  
| General Auction Questions | Hours of service: 8:00 a.m. – 5:30 p.m. ET, Monday through Friday  
| Auction Process and Procedures |  

| **Auctions and Spectrum Access Division,**  
| **Wireless Telecommunications Bureau** | Linda Sanderson at (717) 338-2868  
| For general auction questions: | Erin Griffith or Kathryn Hinton at (202) 418-0660  
| For Auction 1001 (reverse) auction legal questions: |  

| **Technical Support** | (877) 480-3201, option nine; or (202) 414-1250  
| Electronic Filing | (202) 414-1255 (TTY)  
| FCC Auction System (Hardware/Software Issues) | Hours of service: 8:00 a.m. – 6:00 p.m. ET, Monday through Friday |
Questions?

Send questions to auction1001@fcc.gov