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Auction 49: Lower 700 MHz Band

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Fact Sheet

Date:

Auction 49 began on 5/28/2003 and closed on 6/13/2003.

Round 86 (See PN DA 03-1978)

Spectrum:

MSA/RSA Block C: (710-716, 740-746 MHz)

EAG Block D: (716-722 MHz)

Bandwidth:

Block C: 12 MHz (2 x 6 MHz paired)

Block D: 6 MHz (unpaired)

Winning Bidders:

35 bidders won 251 licenses (5 EAG & 246 CMAs)

Rounds:

86

Qualified Bidders:

56

Licenses Won:

251

Total Licenses:

256

Net Bids:

\$56,815,960

Gross Bids:

\$62,983,100

General information and associated licensing parameters are provided below. Public Notices provide specific information regarding this auction. This fact sheet includes:

- Key Dates
- Licenses Offered
- Permissible Operations
- License Period
- Bidding Credits
- Tribal Land Bidding Credits
- Incumbents
- Licensing Rules

Key Dates

Event	Date
Pre-Auction Seminar	4/2/2003
Form 175 (Short Form) Application Filing Deadline	4/11/2003
Upfront Payments Deadline	5/2/2003
Mock Auction	5/22/2003
Auction Start	5/28/2003
Auction Closed	6/13/2003

Licenses Offered

Auction No. 49 included 256 licenses in the Lower 700 MHz band C block (710-716/740-746 MHz) and D block (716-722 MHz). The auction included 251 C block and five D block licenses that remained unsold in Auction No. 44, which closed on September 18, 2002. The C block is a 12-megahertz block consisting of a pair of 6-megahertz segments, which is licensed over various MSA/RSAs. The D block is a 6-megahertz unpaired spectrum block, which is licensed over five 700 MHz Economic Area Groupings ("700 MHz EAGs").

For a complete list of licenses available for for Auction No. 49, see Attachment A of Public Notice DA 03-567.

Permissible Operations

Flexible fixed, mobile, and broadcast uses, including mobile and other digital new broadcast operations, fixed and mobile wireless commercial services (including FDD- and TDD-based services), as well as fixed and mobile wireless uses for private, internal radio needs. Could also include two-way interactive, cellular, and mobile television broadcasting services.

License Period

License expiration date is January 1, 2015 for Lower 700 MHz band licenses. This expiration date was set for eight years after the earliest date that incumbent broadcasters may be required to vacate the Lower 700 MHz band. For licensees that elect to commence new broadcast operations prior to 1/1/07, their renewal deadline will be set at the end of an eight-year term following commencement of such broadcast operations. All licensees meeting the substantial service requirements will be deemed to have met renewal expectancy regardless of which construction option the licensee chooses.

Bidding Credits

Bidding credits are available to small and very small businesses and entrepreneurs or consortia thereof, (as defined in 47 C.F.R. § 1.2110(f), 27.702. A bidding credit represents the amount by which a bidder's winning bids are discounted. The size of the bidding credit depends on the average annual gross revenues for the preceding three years of the bidder, its affiliates, its controlling interests, and the affiliates of its controlling interests:

- A bidder with attributed average annual gross revenues of not more than \$40 million for the preceding three years ("small business") receives a 15 percent discount on its winning bids for the Lower 700 MHz band licenses
- A bidder with attributed average annual gross revenues of not more than \$15 million for the preceding three years ("very small business") receives a 25 percent discount on its winning bids for the Lower MHz band licenses.
- A bidder with attributed average annual gross revenues of not more than \$3 million for the preceding three years ("entrepreneur") receives a 35 percent discount on its winning bids for the MSA/RSA licenses in the Lower 700 MHz band. This definition applies only with respect to licenses in Block C (710-716 MHz and 740-746 MHz) as specified in 47 C.F.R. § 27.5(c)(1).

A bidder that qualifies as an entrepreneur may bid on EAG licenses in Block D, but will only receive a 25 percent bidding credit on any EAG license that it wins. Bidding credits are not cumulative; a qualifying applicant receives either the 15 percent, 25 percent or the 35 percent bidding credit on its winning bid, but only one credit per license.

Tribal Land Bidding Credits

A winning bidder that intends to use its license(s) to deploy facilities and provide services to federally-recognized tribal lands that are unserved by any telecommunications carrier or that have a telephone service penetration rate equal to or below 70 percent is eligible to receive a tribal land bidding credit as set forth in 47 C.F.R. § 1.2107 and 1.2110(f). A tribal land bidding credit is in addition to, and separate from, any other bidding credit for which a winning bidder may qualify.

Unlike other bidding credits that are requested prior to the auction, a winning bidder applies for the tribal land bidding credit after winning the auction when it files its long-form application (FCC Form 601). In order for a winning bidder to be awarded a tribal land bidding credit, it must provide specific certifications regarding the servicing of tribal lands and is subject to specific performance criteria as set forth in 47 C.F.R. § 1.2110(f).

Additional information on the tribal land bidding credit, including how the amount of the credit is calculated, can be found on the Commission's web site by going to Tribal Land Bidding Credits.

Incumbents

Bidders are reminded that there are a number of incumbent broadcasters already licensed and operating on frequencies that will be subject to the upcoming auction. 698-746 MHz licensees in accordance with the Commission's Rules must protect such incumbents from harmful interference. These limitations may restrict the ability of such geographic area licensees to use certain portions of the electromagnetic spectrum or provide service to certain regions in their geographic license areas.

To aid potential bidders, the Bureau issued a Due Diligence Announcement ((PN DA 03-845) listing incumbent licensees operating in these bands. The Commission makes no representations or guarantees that the matters listed in this Due Diligence Announcement are the only pending matters that could affect spectrum availability in these services.

Licensing Rules

1. Non-commercial educational broadcasters are not eligible to apply for initial licenses for new services in the Lower 700 MHz band.
2. Applicants may aggregate Lower 700 MHz band spectrum. See Reallocation and Service Rules for the 698-746 Spectrum MHz Band (Television Channels 52-59), GN Docket 01-74, Report and Order, 17 FCC Rcd 1022, at 1074 136, 17 FCC Rcd at 1076 142 (2002).
3. Incumbent licensees are present in the band.
4. Partitioning and/or disaggregation is permitted.

Federal Communications Commission
45 L Street NE
Washington, DC 20554

Phone: 1-888-225-5322

ASL Video Call: 1-844-432-2275

Fax: 1-866-418-0232

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