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Auction 73: 700 MHz Band

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Fact Sheet

Date:

Auction 73 began on 1/24/2008 and closed on 3/18/2008.
(See Public Notice DA 07-4171)

Licenses:

Block A: 176 Economic Area (EA) licenses

Block B: 734 Cellular Market Area (CMA) licenses

Block E: 176 Economic Area (EA) licenses

Block C: 12 Regional Economic Area Grouping (REAG) licenses

Block D: 1 nationwide license (subject to conditions respecting a public/private partnership)

1,099 licenses total

Spectrum:

698-806 MHz band ("700 MHz Band")

Bandwidth:

62 MHz total: 6-22 MHz per license

Block A: 12 MHz (698-704 / 728-734 MHz)

Block B: 12 MHz (704-710 / 734-740 MHz)

Block E: 6 MHz (722-728 MHz)

Block C: 22 MHz (746-757 / 776-787 MHz)

Block D: 10 MHz (758-763 / 788-793 MHz)

Winning Bidders:

101 Bidders won 1090 Licenses*

Rounds:

261

Qualified Bidders:

214

Licenses Won:

1090

Licenses Held by FCC:

9

Total Licenses:

1099

Net Bids:

\$18,957,582,150

Gross Bids:

\$19,120,378,000

*Auction 73 concluded with 1090 provisionally winning bids covering 1091 licenses and totaling \$19,592,420,000, as shown in the Integrated Spectrum Auction System (opens new window). The provisionally winning bids for the A, B, C, and E Block licenses exceeded the aggregate reserve prices for those blocks. The provisionally winning bid for the D Block license, however, did not meet the applicable reserve price and thus did not become a winning bid. Accordingly, Auction 73 raised a total of \$19,120,378,000 in winning bids and \$18,957,582,150 in net winning bids (reflecting bidders' claimed bidding credit eligibility), as shown above.

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 and Construction Requirements
- Small Business Bidding Credits
- Tribal Land Bidding Credit
- Incumbents
- Auction Closure Requirements
- Licensing Rules

Key Dates

Event	Date
Pre-Auction Seminar	11/20/2007

Form 175 (Short Form) Application Filing Window Opens	11/19/2007; 12:00 noon ET
Form 175 (Short Form) Application Filing Deadline	12/3/2007; prior to 6:00 pm ET
Upfront Payments Deadline	1/4/2008; 6:00 pm ET
Mock Auction	1/22/2008
Auction Start	1/24/2008
Auction Closed	3/18/2008

Licenses Offered

This spectrum is part of the 698-806 MHz band (“700 MHz Band”), which has been occupied by television broadcasters and is being made available for new commercial and public safety services as a result of the digital television (DTV) transition. In prior proceedings, the Commission considered the 700 MHz Band in two parts, 698-746 MHz (the “Lower 700 MHz Band”) and 746-806 MHz (the “Upper 700 MHz Band”). The Commission previously assigned licenses for the Lower 700 MHz Band C and D Blocks (Auctions 44, 49, and 60) and for the Upper 700 MHz Band A and B Blocks (Auctions 33 and 38). The Commission previously announced and later postponed the auction of licenses for the remaining blocks (see Auctions 31 and 44). Licenses for the remaining blocks — the Lower 700 MHz Band A, B, and E Blocks, and the Upper 700 MHz Band C and D Blocks — will be offered in Auction 73.

Auction 73 includes 1,099 licenses in the 700 MHz Band: 176 EA licenses in the A Block, 734 CMA licenses in the B Block, 176 EA licenses in the E Block, 12 REAG licenses in the C Block, and 1 nationwide license, to be used as part of the 700 MHz Public/Private Partnership, in the D Block. The following table describes the licenses available in Auction 73.

Block	Frequencies (MHz)	Bandwidth	Pairing	Geographic Area Type	No. of Licenses
A	698-704, 728-734	12 MHz	2 x 6 MHz	EA	176
B	704-710, 734-740	12 MHz	2 x 6 MHz	CMA	734
E	722-728	6 MHz	unpaired	EA	176
C	746-757, 776-787	22 MHz	2 x 11 MHz	REAG	12
D	758-763, 788-793	10 MHz	2 x 5 MHz	Nationwide	1*

*Subject to conditions respecting a public/private partnership.

For a complete list of the licenses available in Auction No. 73, see Attachment A of Public Notice DA 07-4171, released October 5, 2007.

The Commission has directed the Bureau to adopt a separate aggregate reserve price for each block of 700 MHz Band licenses in Auction 73. If licenses initially offered are not assigned because the auction results do not satisfy the applicable block-specific aggregate reserve price(s), the Commission will promptly offer alternative licenses for the relevant blocks in a subsequent auction, subject to the same reserve prices. In the event that any licenses are offered in contingent subsequent bidding, that event will be designated as Auction 76. In Auction 76, the Commission will offer licenses for the A, B, and E Blocks subject to alternative performance requirements. If contingent subsequent bidding is necessary for licenses for the C Block, the Commission will offer C Block licenses without open platform conditions and based on different geographic areas and spectrum bandwidth (see Attachment B of Public Notice DA 07-4171). If the license for the D Block is not sold in Auction 73, the Commission may re-offer the D Block license subject to the same rules or reconsider the applicable rules. Only qualified bidders from Auction 73 will be permitted to participate in Auction 76, if it is necessary to conduct Auction 76.

Permissible Operations

The 700 MHz Band licenses may be used for flexible fixed, mobile, and broadcast uses, including fixed and mobile wireless commercial services (including FDD- and TDD-based services); fixed and mobile wireless uses for private, internal radio needs; and mobile and other digital new broadcast operations. These uses may include two-way interactive, cellular, and mobile television broadcasting services.

License Period and Construction Requirements

License Period. Initial authorizations will extend for a term not to exceed ten years from February 17, 2009, except that initial authorizations for a Part 27 licensee that provides broadcast services, whether exclusively or in combination with other services, will not exceed eight years.

Construction Requirements. For CMA and EA licenses offered in Auction 73, the licensees must provide signal coverage and offer service to (1) at least 35 percent of the geographic areas of their licenses within four years of the end of the DTV transition, and (2) at least 70 percent of the geographic areas of their licenses at the end of the license term.

For CMA and EA licenses offered in Auction 76, if any, the licensees must provide signal coverage and offer service to (1) at least 40 percent of the population in its license area within four years, and (2) at least 75 percent of the population in its license area by the end of the license term.

For REAG licenses offered in Auction 73 or in Auction 76, if any, the licensees must provide signal coverage and offer service on an EA basis, specifically to (1) at least 40 percent of the population in each EA in its license area within four years, and (2) at least 75 percent of the population in each EA by the end of the license term.

Licensees must file construction notifications, all necessary supporting documentation, and required certifications with the Commission to demonstrate compliance with interim and end-of-term construction benchmarks.

Any licensee that fails to meet the interim requirement within their license areas will have their license terms reduced by two years, from ten to eight years, thus requiring the licensee to meet the end-of-term benchmark at an accelerated schedule. For those licenses in which the end-of-term performance requirements have not been met, the unused portion of the license will terminate automatically without Commission action and will become available for reassignment by the Commission subject to the “keep-what-you-use” rule.

Nationwide License. The term of the nationwide D Block license will not exceed 10 years from February 17, 2009. At the end of the 10-year term, the licensee will be allowed to apply for license renewal. Renewal will be subject to the licensee's success in meeting the material requirements set forth in the Network Sharing Agreement ("NSA") as well as all other license conditions, including meeting the performance benchmark requirements. The licensee must also file a renewed or modified NSA for Commission approval at the time of its license renewal application.

The nationwide D Block licensee must provide signal coverage and offer service to (1) at least 75 percent of the population of the license area by the end of the fourth year, (2) at least 95 percent of the population by the end of the seventh year, and (3) at least 99.3 percent of the population by the end of the tenth year. These three construction benchmarks will take effect beginning on February 17, 2009. Moreover, the nationwide D Block licensee must meet the construction benchmarks based on the build-out schedule specified in the NSA. If the licensee fails to meet a construction benchmark, the Commission may cancel its license, depending on the circumstances.

Small Business Bidding Credits

Qualifying applicants in Auction 73 and Auction 76 are eligible for a small or very small business bidding credit. 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 applicant, its affiliates, its controlling interests, and the affiliates of its controlling interest, as well as the average annual gross revenues of any parties with which the applicant has an attributable material interest, as defined by the Commission's rules:

- A bidder with attributable average annual gross revenues that exceed \$15 million and do not exceed \$40 million for the preceding three years ("small business") receives a 15 percent discount on its winning bids;
- A bidder with attributable average annual gross revenues that do not exceed \$15 million for the preceding three years ("very small business") receives a 25 percent discount on its winning bids.

Bidding credits are not cumulative. Qualifying applicants receive either the 15 percent or the 25 percent bidding credit on its winning bids, but not both.

Tribal Land Bidding Credit

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 provider or that have a wireline penetration rate equal to or below 85 percent may be eligible to receive a tribal land bidding credit as set forth in 47 C.F.R. §§ 1.2107(e) 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. A winning bidder need not qualify for a small business bidding credit to be eligible for a tribal land bidding credit.

Incumbents

A number of incumbent broadcasters are licensed and operating on these frequencies (TV Channels 52-53, 56-58, 60-62, and 65-67) and adjacent channels. In accordance with the Commission's rules, 700 MHz Band licensees must protect analog and digital TV incumbents from harmful interference through February 17, 2009,

the end of the DTV transition period. After February 17, 2009, 700 MHz licensees must continue to operate in accordance with the Commission's rules to reduce the potential for interference to public reception of the signals of DTV broadcast stations transmitting on DTV Channel 51.

The Commission grandfathered an incumbent guard band licensee in Major Economic Areas (MEAs) 21 and 39 at 761-763 MHz and 791-793 MHz of the D Block. The new D Block licensee will be authorized on a secondary basis at 761-763 MHz and 791-793 MHz in these markets and may not cause interference to the primary operations of the grandfathered licensee. If the grandfathered licensee, or a successor or assignee, cancels either of the grandfathered licenses, or if either license cancels automatically, is terminated by the Commission, or expires, then the licensed geographic area will revert to the D Block licensee automatically.

Auction Closure Requirements

Consistent with a statutory mandate to promote the recovery of a portion of the value of the public spectrum resource, the Commission directed the Bureau to adopt aggregate reserve prices reflecting the potential market value of this spectrum based on a variety of factors. If the auction results in a block do not satisfy the relevant aggregate reserve price, none of the licenses for the particular block will be assigned based on the auction results. The Commission will promptly offer licenses in blocks that do not meet the reserve price in a contingent subsequent auction (Auction 76) subject to the terms and conditions established in the public notice announcing the procedures for Auctions 73 and 76.

Licensing Rules

47 C.F.R. Parts 1 and 27

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