

**ADDRESSES:** Direct all PRA comments to Nicholas A. Fraser, Office of Management and Budget, via fax at 202–395–5167 or the Internet at *Nicholas.A.Fraser@omb.eop.gov*; and to the Federal Communications Commission's PRA mailbox (e-mail address: *PRA@fcc.gov*). Include in the e-mail the OMB control number of the collection as shown in the **SUPPLEMENTARY INFORMATION** section below, or if there is no OMB control number, include the Title as shown in the **SUPPLEMENTARY INFORMATION** section. If you are unable to submit your comments by e-mail, contact the person listed below to make alternate arrangements.

**FOR FURTHER INFORMATION CONTACT:** For additional information, contact Judith B. Herman at 202–418–0214 or via the Internet at *Judith.b.herman@fcc.gov*.

**SUPPLEMENTARY INFORMATION:**

*OMB Control Number:* 3060–1094.  
*Title:* Sections 4.1 and 4.2, and Part 4 of the Commission's Rules Concerning Disruptions to Communications (NORS).

*Form No.:* N/A.

*Type of Review:* Extension of a currently approved collection.

*Respondents:* Business or other for-profit, not-for-profit institutions, and State, local or Tribal government.

*Number of Respondents:* 71 respondents; 139 responses.

*Estimated Time per Response:* 2 hours.

*Frequency of Response:* On occasion reporting requirements.

*Obligation to Respond:* Required to obtain or retain benefits. Statutory authority for this information collection is contained in 47 U.S.C. sections 151, 154, 218, 219, 256, 301, 302, 303, 403 and 621.

*Total Annual Burden:* 19,738 hours.

*Total Annual Cost:* N/A.

*Privacy Act Impact Assessment:* N/A.

*Nature and Extent of Confidentiality:* In accordance with 47 CFR 4.2 of the Commission's rules, reports under Part 4 are presumed confidential.

*Needs and Uses:* The Commission will submit this expiring information collection (IC) to the OMB during this comment period. The Commission is seeking OMB approval for an extension (there are no changes to the reporting requirement). The Commission is reporting a significant increase of 10,100 total annual burden hours. This is due to a recalculation of our burden estimates and fewer respondents reporting information. The estimated number of respondents fluctuates because of the type of event to be reported and the location where it occurred.

In recognition of the critical need for rapid, full, and accurate information on service disruptions that could affect homeland security, public health and safety, as well as the economic well-being of our Nation, and in view of the increasing importance of non-wireline communications in the Nation's communications networks, and critical infrastructure, the Commission adopted rules requiring mandatory service disruptions reporting from all communications providers (cable, satellite, wireline and wireless) that provide voice and/or paging communications. As envisioned, the information collected pursuant to these rules has helped improve network reliability.

*OMB Control Number:* 3060–1139.

*Title:* Residential Fixed Broadband Services Testing and Measurement.

*Form No.:* N/A.

*Type of Review:* Extension of a currently approved collection.

*Respondents:* Individuals or households and business or other for-profit.

*Number of Respondents:* 11,016 respondents; 11,016 responses.

*Estimated Time per Response:* The estimated time per response is 1 hour for respondents based on a 10 minute initial sign-up for the panel; 30 minutes to connect and install the hardware appliance; and two 10-minute contacts to be conducted by the vendor over the course of the study period. The 16 ISP partners participating in the study is estimated at 200 hours per respondent per partner for all participation activities.

*Frequency of Response:* Biennial reporting requirement and third party disclosure requirement.

*Obligation to Respond:* Voluntary. Statutory authority for this information collection is contained in the Broadband Data Improvement Act of 2008, Public Law 110–385, Stat 4096 § 103(c)(1).

*Total Annual Burden:* 14,200 hours.

*Total Annual Cost:* N/A.

*Privacy Act Impact Assessment:* This information collection affects individuals or households. However, the collection of personally identifiable information (PII) is not being collected, made available or accessible by the Commission but instead by third parties including SamKnows, a third party contractor and ISP Partners.

*Nature and Extent of Confidentiality:* No personally identifiable information (PII) will be transmitted to the Commission from the contractor as a matter of vendor policy. SamKnows maintains a series of administrative, technical, and physical safeguards to protect against the transmission of

personally identifying information. At point of registration, individuals will be given full disclosure in a "privacy statement" highlighting what information will be collected. ISP Partners will receive personally identifying information about volunteers to confirm the validity of the information against their subscription records, but will be bound by a non-disclosure agreement that will maintain various administrative, technical and physical safeguards to protect the information and limit its use. ISP Partners will provide support to the testing program will likewise be bound to the same series of administrative, technical and physical safeguards developed by SamKnows. In addition, all third parties supporting the program directly will be bound by a "Code of Conduct" to ensure that all participate and act in good faith.

*Needs and Uses:* The Commission will submit this expiring information collection (IC) to the OMB during this comment period. The Commission is requesting OMB approval for an extension (no change in the reporting and/or third party disclosure requirements). There is no change in the Commission's burden estimates that were submitted and approved by OMB on October 4, 2010.

The Broadband Data Improvement Act of 2008, Public Law 110–385, Stat 4096 § 103(c)(1) directs the Commission to collect information on the type of technology used to provide broadband to consumers, the price of such services, actual transmission speeds, and the reasons for non-adoption of broadband service.

The collection of information is necessary to complete research done for the Broadband Plan on key consumer issues including transparency and actual speeds and performance of broadband service.

**Marlene H. Dortch,**

*Secretary, Federal Communications Commission.*

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## FEDERAL COMMUNICATIONS COMMISSION

[AU Docket No. 10–248; DA 10–2298]

### Auction of 700 MHz Band Licenses Scheduled for July 19, 2011; Comment Sought on Competitive Bidding Procedures for Auction 92

**AGENCY:** Federal Communications Commission.

**ACTION:** Notice.

**SUMMARY:** This document announces the auction of 16 licenses in the 698–806 MHz band (700 MHz Band). The auction, which is designated Auction 92, is scheduled to commence on July 19, 2011. This document also seeks comment on competitive bidding procedures for Auction 92.

**DATES:** Comments are due on or before January 12, 2011, and reply comments are due on or before January 27, 2011.

**ADDRESSES:** All filings related to procedures for Auction 92 must refer to AU Docket No. 10–248. The Wireless Telecommunications Bureau strongly encourages interested parties to file comments electronically, and requests that an additional copy of all comments and reply comments be submitted electronically to the following address: [auction92@fcc.gov](mailto:auction92@fcc.gov). Comments may be submitted by any of the following methods:

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments.

- *Federal Communications Commission's Web Site:* <http://fjallfoss.fcc.gov/ecfs2/>. Follow the instructions for submitting comments.

- *Paper Filers:* Parties who choose to file by paper must file an original and four copies of each filing. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail. All filings must be addressed to the Commission's Secretary, Attn: WTB/ASAD, Office of the Secretary, Federal Communications Commission.

- All hand-delivered or messenger-delivered paper filings for the Commission's Secretary must be delivered to FCC Headquarters at 445 12th St., SW., Room TW–A325, Washington, DC 20554. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of *before* entering the building.

- Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743.

- *People with Disabilities:* Contact the FCC to request reasonable accommodations (accessible format documents, sign language interpreters, CART, etc.) by e-mail: [FCC504@fcc.gov](mailto:FCC504@fcc.gov) or phone: 202–418–0530 or TTY: 202–418–0432.

**FOR FURTHER INFORMATION CONTACT:** *Wireless Telecommunications Bureau, Auctions and Spectrum Access Division:* For auction legal questions: Lynne Milne at (202) 418–0660; for general

auction questions: Debbie Smith or Lisa Stover at (717) 338–2868. *Mobility Division:* for 700 MHz service rules questions: Michael Connelly (legal) or Keith Harper (technical) at (202) 418–0620.

**SUPPLEMENTARY INFORMATION:** This is a summary of the *Auction 92 Comment Public Notice* released on December 15, 2010. The complete text of the *Auction 92 Comment Public Notice*, including an attachment and related Commission documents, is available for public inspection and copying from 8 a.m. to 4:30 p.m. ET Monday through Thursday or from 8 a.m. to 11:30 a.m. ET on Fridays in the FCC Reference Information Center, 445 12th Street SW., Room CY–A257, Washington, DC 20554. The *Auction 92 Comment Public Notice* and related Commission documents also may be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc. (BCPI), 445 12th Street SW., Room CY–B402, Washington, DC 20554, telephone 202–488–5300, fax 202–488–5563, or you may contact BCPI at its Web site: <http://www.BCPIWEB.com>. When ordering documents from BCPI, please provide the appropriate FCC document number, for example, DA 10–2298. The *Auction 92 Comment Public Notice* and related documents also are available on the Internet at the Commission's Web site: <http://wireless.fcc.gov/auctions/92/>, or by using the search function for AU Docket No. 10–248 on the ECFS Web page at <http://www.fcc.gov/cgb/ecfs/>.

### I. Licenses in Auction 92

1. Auction 92 will offer a total of 16 licenses. These licenses were offered in Auction 73 and remained unsold or were licenses on which a winning bidder defaulted. A complete list of licenses offered in Auction 92 is available in Attachment A to the *Auction 92 Comment Public Notice*.

### II. Due Diligence

2. Each potential bidder is solely responsible for investigating and evaluating all technical and marketplace factors that may have a bearing on the value of 700 MHz Band licenses that the potential bidder is seeking in this auction. The FCC makes no representations or warranties about the use of this spectrum for particular services. Each applicant should be aware that this FCC auction represents an opportunity to become an FCC licensee in the 700 MHz Band, subject to certain conditions and regulations. An FCC auction does not constitute an endorsement by the FCC of any particular service, technology, or

product, nor does an FCC license constitute a guarantee of business success.

3. An applicant should perform its due diligence research and analysis before proceeding, as the applicant would with any new business venture. Each potential bidder should perform technical analyses and/or refresh any previous analyses to assure the applicant that, should the applicant be a winning bidder for any Auction 92 license, the applicant will be able to build and operate facilities that will fully comply with all current technical and legal requirements. Each applicant is strongly encouraged to inspect any prospective sites located in, or near, the geographic area for which the applicant plans to bid, and also to familiarize itself with the Commission's rules regarding the National Environmental Policy Act at 47 CFR Chapter 1, Part 1, Subpart I.

4. Each applicant is strongly encouraged to conduct its own research prior to Auction 92 in order to determine the existence of pending administrative, rulemaking, or judicial proceedings that might affect the applicant's decisions regarding participation in the auction.

5. Participants in Auction 92 are strongly encouraged to continue such research throughout the auction. The due diligence considerations mentioned in the *Auction 92 Comment Public Notice* do not comprise an exhaustive list of steps that should be undertaken prior to participating in this auction. As always, the burden is on the potential bidder to determine how much research to undertake, depending upon the specific facts and circumstances related to its interests.

### III. Bureau Seeks Comment on Auction Procedures

6. Consistent with the provisions of 47 U.S.C. 309(j)(3), and to ensure that potential bidders have adequate time to familiarize themselves with the specific rules that will govern the day-to-day conduct of an auction, the Bureau seeks comment on the following issues relating to Auction 92.

#### A. Auction Structure

##### i. Simultaneous Multiple-Round Auction Design

7. The Bureau proposes to auction all licenses included in Auction 92 using the Commission's standard simultaneous multiple-round auction format. This type of auction offers every license for bid at the same time and consists of successive bidding rounds in which eligible bidders may place bids

on individual licenses. Typically, bidding remains open on all licenses until bidding stops on every license. The Bureau seeks comment on this proposal.

ii. Anonymous Bidding

8. In a number of recent auctions, the Commission has adopted procedures to limit the disclosure of certain bidder-specific information until after the auction. Consistent with that practice, the Bureau proposes to conduct Auction 92 using certain procedures for limited information disclosure, or anonymous bidding. Specifically, the Bureau proposes to withhold, until after the close of bidding, public release of: (1) Bidders' license selections on their short-form applications (FCC Form 175); (2) the amounts of bidders' upfront payments and bidding eligibility; and (3) information that may reveal the identities of bidders placing bids and taking other bidding-related actions.

9. Under these proposed limited information procedures, the amount of every bid placed and whether a bid was withdrawn would be disclosed after the close of every round, but the identities of bidders placing specific bids or withdrawals and the net bid amounts would not be disclosed until after the close of the auction.

10. Bidders would have access to additional information about their own bids. For example, bidders would be able to view their own level of eligibility, before and during the auction, through the Commission's Integrated Spectrum Auction System (FCC Auction System).

11. For purposes of complying with 47 CFR 1.2105(c), the Commission's rule prohibiting certain communications between applicants (formerly referred to as the anti-collusion rule), applicants would be made aware of other applicants with which they will not be permitted to cooperate, collaborate, or communicate—including discussing bids, bidding strategies, or post-auction market structure. Specifically, the Bureau would notify separately each applicant in Auction 92 whether applicants with short-form applications to participate in pending auctions, including but not limited to Auction 92, have applied for licenses in any of the same or overlapping geographic areas as that applicant.

12. After the close of bidding, bidders' license selections, upfront payment amounts, bidding eligibility, bids, and other bidding-related actions would be made publicly available.

13. The Bureau seeks comment on its proposal to implement anonymous bidding in Auction 92. The Bureau also

seeks comment on alternatives to the use of anonymous bidding procedures for Auction 92. When the Commission proposed limited information disclosure procedures in 2006, it did so in response to analysis suggesting that under certain circumstances the competitiveness and economic efficiency of a simultaneous multiple-round auction may be enhanced if such information is withheld until after the close of the auction. The Bureau encourages parties to provide information about the benefits and costs of complying with limited information procedures as compared with the benefits and costs of alternative procedures that would provide for the disclosure of more information on bidder identities and interests in the auction. If commenters believe that the Bureau should not adopt procedures to limit the disclosure of certain bidder-specific information until after the auction, they should explain their reasoning.

iii. Bidding Rounds

14. Auction 92 will consist of sequential bidding rounds. The initial bidding schedule will be announced in a public notice to be released at least one week before the start of the auction.

15. The Commission will conduct Auction 92 over the Internet, and telephonic bidding will be available as well. The toll-free telephone number for the Auction Bidder Line will be provided to qualified bidders.

16. The Bureau proposes to retain the 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. Under this proposal, the Bureau may change the amount of time for bidding rounds, the amount of time between rounds, or the number of rounds per day, depending upon bidding activity and other factors. The Bureau seeks comment on this proposal. Commenters may wish to address the role of the bidding schedule in managing the pace of the auction, specifically discussing the tradeoffs in managing auction pace by bidding schedule changes, by changing the activity requirements or bid amount parameters, or by using other means.

iv. Stopping Rule

17. The Bureau has discretion to establish stopping rules before or during a multiple round auction in order to end the auction within a reasonable time. For Auction 92, the Bureau proposes to employ a simultaneous stopping rule approach. A simultaneous stopping rule

means that all licenses remain available for bidding until bidding closes simultaneously on all licenses. More specifically, bidding will close simultaneously on all licenses after the first round in which no bidder submits any new bid, applies a proactive waiver, or withdraws any provisionally winning bid, a bid that would become a final winning bid if the auction were to close in that given round. Thus, unless the Bureau announces alternative stopping procedures, bidding will remain open on all licenses until bidding stops on every license. It is not possible to determine in advance how long the auction will last.

18. Further, the Bureau proposes to retain the discretion to exercise any of the following options during Auction 92. (A) Use a modified version of the simultaneous stopping rule that would close the auction for all licenses after the first round in which no bidder applies a waiver, withdraws a provisionally winning bid, or places any new bids on any license for which it is not the provisionally winning bidder. Thus, absent any other bidding activity, a bidder placing a new bid on a license for which it is the provisionally winning bidder would not keep the auction open under this modified stopping rule. (B) Use a modified version of the simultaneous stopping rule that would close the auction for all licenses after the first round in which no bidder applies a waiver, withdraws a provisionally winning bid, or places any new bids on any license that is not FCC held. Thus, absent any other bidding activity, a bidder placing a new bid on an FCC-held license (a license that does not already have a provisionally winning bid) would not keep the auction open under this modified stopping rule. (C) Use a modified version of the simultaneous stopping rule that combines (A) and (B). (D) 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 specified final round(s) after which the auction will close. (E) Keep the auction open even if no bidder submits any new bids, applies a waiver, or withdraws any provisionally winning bids. In this event, the effect will be the same as if a bidder had applied a waiver. The activity rule, therefore, will apply as usual and a bidder with insufficient activity will either use a waiver or lose bidding eligibility.

19. The Bureau proposes to exercise these options only in certain circumstances, for example, where the auction is proceeding unusually slowly

or quickly, there is minimal overall bidding activity, or it appears likely that the auction will not close within a reasonable period of time or will close prematurely. Before exercising certain of these options, the Bureau is likely to attempt to change the pace of the auction by, for example, changing the number of bidding rounds per day and/or changing minimum acceptable bids. The Bureau proposes to retain the discretion to exercise any of these options with or without prior announcement during the auction. The Bureau seeks comment on these proposals.

#### v. Information Relating to Auction Delay, Suspension, or Cancellation

20. For Auction 92, the Bureau proposes 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, administrative or weather necessity, evidence of an auction security breach or unlawful bidding activity, or for any other reason that affects the fair and efficient 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. The Bureau emphasizes 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. The Bureau seeks comment on this proposal.

#### B. Auction Procedures

##### i. Upfront Payments and Bidding Eligibility

21. The Bureau has delegated authority and discretion to determine an appropriate upfront payment for each license being auctioned, taking into account such factors as the efficiency of the auction process and the potential value of similar licenses. The upfront payment is a refundable deposit made by each bidder to establish eligibility to bid on licenses. Upfront payments that are related to the specific licenses being auctioned protect against frivolous or insincere bidding and provide the Commission with a source of funds from which to collect payments owed at the close of the auction. With these considerations in mind, the Bureau proposes the upfront payments set forth in Attachment A to the *Auction 92*

*Comment Public Notice*. The Bureau seeks comment on this proposal.

22. The Bureau further proposes that the amount of the upfront payment submitted by a bidder will determine the bidder's initial bidding eligibility in bidding units. The Bureau proposes that each license be assigned a specific number of bidding units equal to one bidding unit per dollar of the upfront payment listed in Attachment A of the *Auction 92 Comment Public Notice*. The number of bidding units for a given license is fixed and does not change during the auction as prices change. A bidder may place bids on multiple licenses, provided that the total number of bidding units associated with those licenses does not exceed the bidder's current eligibility. Eligibility cannot be increased during the auction; it can only remain the same or decrease. Thus, in calculating its upfront payment amount and hence its initial bidding eligibility, an applicant must determine the maximum number of bidding units it may wish to bid on (or hold provisionally winning bids) in any single round, and submit an upfront payment amount covering that total number of bidding units. The Bureau seeks comment on these proposals.

##### ii. Activity Rule

23. 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 late in the auction before participating. A bidder's activity in a round will be the sum of the bidding units associated with any licenses upon which it places bids during the current round and the bidding units associated with any licenses for which it holds provisionally winning bids placed in previous rounds. Bidders are required to be active on a specific percentage of their current bidding eligibility during each round of the auction. Failure to maintain the requisite activity level will result in the use of an activity rule waiver, if any remain, or a reduction in the bidder's eligibility, possibly curtailing or eliminating the bidder's ability to place additional bids in the auction.

24. The Bureau proposes to divide the auction into at least two stages, each characterized by a different activity requirement. The auction will start in Stage One. The Bureau proposes to advance the auction to the next stage by announcement during the auction. In exercising this discretion, the Bureau will consider a variety of measures of auction activity, including but not limited to the percentage of licenses (as measured in bidding units) on which

there are new bids, the number of new bids, and the increase in revenue. The Bureau seeks comment on these proposals.

25. While noting that the Bureau retains the discretion to change stages unilaterally by announcement during the auction, the Bureau proposes in each round of the first stage of the auction that a bidder desiring to maintain its current bidding eligibility would be required to be active on licenses representing at least 80 percent of its current bidding eligibility. Failure to maintain the required activity level will result in the use of an activity rule waiver or a reduction in the bidder's bidding eligibility for the next round of bidding. During Stage One, a bidder's reduced eligibility for the next round will be calculated by multiplying the bidder's current round activity by five-fourths ( $\frac{5}{4}$ ). The Bureau proposes further that in each round of the second stage of the auction a bidder desiring to maintain its current bidding eligibility is required to be active on 95 percent of its current bidding eligibility. Failure to maintain the required activity level will result in the use of an activity rule waiver or a reduction in the bidder's bidding eligibility for the next round of bidding. During Stage Two, a bidder's reduced eligibility for the next round will be calculated by multiplying the bidder's current round activity by twenty-nineteenths ( $\frac{20}{19}$ ).

26. The Bureau requests comment on these activity requirements. Under this proposal, the Bureau will retain the discretion to change the activity requirements during the auction. For example, the Bureau could decide to add an additional stage with a higher activity requirement, not to transition to Stage Two if it believes the auction is progressing satisfactorily under the Stage One activity requirement, or to transition to Stage Two with an activity requirement that is higher or lower than the 95 percent proposed herein. If the Bureau exercises this discretion, it will alert bidders by announcement in the FCC Auction System. Moreover, if the Bureau implements stages with activity requirements other than the ones listed above, a bidder's reduced eligibility for the next round will be calculated by multiplying the bidder's current round activity by the reciprocal of the activity requirement. For example, with a 98 percent activity requirement, the bidder's current round activity would be multiplied by  $\frac{50}{49}$ ; with a 100 percent activity requirement, the bidder's current round activity would become its bidding eligibility (current round activity would be multiplied by  $\frac{1}{1}$ ).

### iii. Activity Rule Waivers and Reducing Eligibility

27. Use of an activity rule waiver preserves the bidder's 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, not to a particular license. Activity rule waivers can be either proactive or automatic and are principally a mechanism for an auction participant to avoid the loss of bidding eligibility in the event that exigent circumstances prevent the participant from bidding in a particular round.

28. The FCC Auction System assumes that a bidder that does not meet the activity requirement would prefer to use an activity rule waiver (if available) rather than lose bidding eligibility. Therefore, the system will automatically apply a waiver at the end of any bidding round in which a bidder's activity level is below the minimum required unless: (1) The bidder has no activity rule waivers remaining; or (2) the bidder overrides the automatic application of a waiver by reducing eligibility, thereby meeting the activity requirement. If a bidder has no waivers remaining and does not satisfy the required activity level, its current eligibility will be permanently reduced, possibly curtailing or eliminating the bidder's ability to place additional bids in the auction.

29. A bidder with insufficient activity may wish to reduce its bidding eligibility rather than use an activity rule waiver. If so, the bidder must affirmatively override the automatic waiver mechanism during the bidding round by using the reduce eligibility function in the FCC Auction System. In this case, the bidder's eligibility is permanently reduced to bring the bidder into compliance with the activity rule. Reducing eligibility is an irreversible action; once eligibility has been reduced, a bidder will not be permitted to regain its lost bidding eligibility, even if the round has not yet closed.

30. Under the proposed simultaneous stopping rule, a bidder may apply an activity rule waiver proactively as a means to keep the auction open without placing a bid. If a bidder proactively applies an activity rule waiver (using the apply waiver function in the FCC Auction System) during a bidding round in which no bids are placed or withdrawn, the auction will remain open and the bidder's eligibility will be preserved. An automatic waiver applied by the FCC Auction System in a round in which there are no new bids, withdrawals, or proactive waivers will

not keep the auction open. A bidder cannot apply a proactive waiver after bidding in a round, and applying a proactive waiver will preclude a bidder from placing any bids in that round. In fact, once a bidder places a proactive waiver during a round, the FCC Auction System does not allow the bidder to take other bidding-related action in that round, including placing or withdrawing bids. Applying a waiver is irreversible; once a proactive waiver is submitted, that waiver cannot be unsubmitted, even if the round has not yet closed.

31. Consistent with recent auctions of wireless spectrum, the Bureau proposes that each bidder in Auction 92 be provided with three activity rule waivers that may be used at the bidder's discretion during the course of the auction. The Bureau seeks comment on this proposal.

### iv. Reserve Price or Minimum Opening Bids

32. Consistent with the mandate of 47 U.S.C. 309(j), the Bureau seeks comment on the use of a minimum opening bid amount and/or reserve price for this auction.

33. Normally, a reserve price is an absolute minimum price below which an item will not be sold in a given auction. Reserve prices can be either published or unpublished. A minimum opening bid, on the other hand, is the minimum bid price set at the beginning of the auction below which no bids are accepted. It is generally used to accelerate the competitive bidding process. It is possible for the minimum opening bid and the reserve price to be the same amount.

34. The Bureau proposes to establish minimum opening bid amounts for Auction 92 as an effective bidding tool for accelerating the competitive bidding process. The Bureau does not propose to establish a separate reserve price for the licenses to be offered in Auction 92.

35. For Auction 92, the Bureau proposes to calculate minimum opening bid amounts on a license-by-license basis using a method that takes into consideration the amounts bid for the same licenses in Auction 73, when these licenses received multiple bids. Specifically, for each license the Bureau proposes to calculate the minimum opening bid amount as the greater of (1) the minimum opening bid amount for the same license in Auction 73, or (2) 10% of the highest bid amount received for the license in Auction 73. This approach makes it possible to establish somewhat higher minimum opening bids for licenses that may likely sell for relatively higher prices, thereby

potentially reducing the number of bidding rounds necessary for licenses to reach their final auction prices. The proposed minimum opening bid amount for each license is available in Attachment A of the *Auction 92 Comment Public Notice*. The Bureau seeks comment on this proposal.

36. If commenters believe that these minimum opening bid amounts will result in unsold licenses, are not reasonable amounts, or should instead operate as reserve prices, they should explain why this is so, and comment on the desirability of an alternative approach. If requesting a lower minimum opening bid amount for a specific license offered in this auction, a commenter should justify the requested amount in detail. Commenters are advised to support their claims with valuation analyses and suggested amounts or formulas for reserve prices or minimum opening bids. In establishing minimum opening bid amounts, the Bureau particularly seeks comment on factors that could reasonably have an impact on valuation of the spectrum being auctioned, including levels of incumbency within these spectrum bands, the availability of technology to provide service, the size of the geographic service areas, issues of interference with other spectrum bands, and any other relevant factors. The Bureau seeks comment on this approach, and on whether, consistent with 47 U.S.C. 309(j), the public interest would be served by having no minimum opening bid amount or reserve price.

### v. Bid Amounts

37. The Bureau proposes that, in each round, eligible bidders be able to place a bid on a given license using one or more pre-defined bid amounts (provided the bidder has sufficient eligibility to place a bid on the particular license). Under this proposal, the FCC Auction System interface will list the acceptable bid amounts for each license.

### vi. Minimum Acceptable Bids

38. The first of the bid amounts is called the minimum acceptable bid amount. The minimum acceptable bid amount for a license will be equal to its minimum opening bid amount until there is a provisionally winning bid on the license. After there is a provisionally winning bid for a license, the minimum acceptable bid amount for that license will be equal to the amount of the provisionally winning bid plus a percentage of that bid amount calculated by the Bureau using a specified formula. In general, the percentage will be higher for a license

receiving many bids than for a license receiving few bids. In the case of a license for which the provisionally winning bid has been withdrawn, the minimum acceptable bid amount will equal the second highest bid received for the license.

39. The percentage of the provisionally winning bid used to establish the minimum acceptable bid amount (the additional percentage) is calculated at the end of each round, based on an activity index. The activity index is a weighted average of (a) the number of bidders placing a bid on the license, and (b) the activity index from the prior round. Specifically, the activity index is equal to a weighting factor times the number of bidders placing a bid covering the license in the most recent bidding round plus one minus the weighting factor times the activity index from the prior round, except for Round 1 calculations, when the activity index is set at 0 because there is no prior round. The additional percentage is determined as one plus the activity index times a minimum percentage amount, with the result not to exceed a given maximum percentage. The additional percentage is then multiplied by the provisionally winning bid amount, with the results rounded using the Commission's standard procedure for auctions, to obtain the minimum acceptable bid for the next round. The Bureau proposes initially to set the weighting factor at 0.5, the minimum percentage at 0.1 (10%), and the maximum percentage at 0.3 (30%). Hence, at these initial settings, the minimum acceptable bid for a license will be between ten percent and thirty percent higher than the provisionally winning bid, depending upon the bidding activity for the license. Equations and examples of calculations are shown in Attachment B of the *Auction 92 Comment Public Notice*.

#### vii. Additional Bid Amounts

40. The Bureau proposes to calculate any additional bid amounts using the minimum acceptable bid amount and a bid increment percentage—more specifically, by multiplying the minimum acceptable bid by one plus successively higher multiples of the bid increment percentage. If, for example, the bid increment percentage is 5 percent, the calculation of the first additional acceptable bid amount is (minimum acceptable bid amount) \* (1 + 0.05), or (minimum acceptable bid amount) \* 1.05; the second additional acceptable bid amount equals the minimum acceptable bid amount times one plus two times the bid increment percentage, or (minimum acceptable bid

amount) \* 1.1, etc. The Bureau proposes to use a bid increment percentage of 5 percent.

41. The Bureau proposes to start with eight additional bid amounts (for a total of nine bid amounts), and seeks comment on whether to use fewer or no additional bid amounts. In particular, commenters should address the issue of additional bid amounts in light of particular circumstances of Auction 92, including the nature of the licenses offered.

#### viii. Bid Amount Changes

42. The Bureau retains the discretion to change the minimum acceptable bid amounts, the additional bid amounts, the number of acceptable bid amounts, and the parameters of the formulas used to calculate minimum acceptable bid amounts and additional bid amounts if the Bureau determines that circumstances so dictate. Further, the Bureau retains the discretion to make such changes on a license-by-license basis.

43. The Bureau also retains the discretion to limit (a) the amount by which a minimum acceptable bid for a license may increase compared with the corresponding provisionally winning bid, and (b) the amount by which an additional bid amount may increase compared with the immediately preceding acceptable bid amount. For example, the Bureau could set a \$1 million limit on increases in minimum acceptable bid amounts over provisionally winning bids. Thus, if the activity-based formula calculates a minimum acceptable bid amount that is \$2 million higher than the provisionally winning bid on a license, the minimum acceptable bid amount would instead be capped at \$1 million above the provisionally winning bid. The Bureau seeks comment on the circumstances under which the Bureau should employ such a limit, factors it should consider when determining the dollar amount of the limit, and the tradeoffs in setting such a limit or changing parameters of the activity-based formula, such as changing the minimum percentage. If the Bureau exercises this discretion, it will alert bidders by announcement in the FCC Auction System.

44. The Bureau seeks comment on its bid amount proposals. Commenters may wish to address the role of the minimum acceptable bids and the number of acceptable bid amounts in managing the pace of the auction and the tradeoffs in managing auction pace by changing the bidding schedule, activity requirements, or bid amounts, or by using other means.

#### ix. Provisionally Winning Bids

45. Provisionally winning bids are bids that would become final winning bids if the auction were to close in that given round. At the end of a bidding round, a provisionally winning bid for each license will be determined based on the highest bid amount received for the license. In the event of identical high bid amounts being submitted on a license in a given round (i.e., tied bids), the Bureau will use a random number generator to select a single provisionally winning bid from among the tied bids. (Each bid is assigned a random number, and the tied bid with the highest random number wins the tiebreaker.) The remaining bidders, as well as the provisionally winning bidder, can submit higher bids in subsequent rounds. However, if the auction were to end with no other bids being placed, the winning bidder would be the one that placed the provisionally winning bid. If any bids are received on the license in a subsequent round, the provisionally winning bid again will be determined by the highest bid amount received for the license.

46. A provisionally winning bid will remain the provisionally winning bid until there is a higher bid on the license at the close of a subsequent round, unless the provisionally winning bid is withdrawn. Bidders are reminded that provisionally winning bids count toward activity for purposes of the activity rule.

#### x. Bid Removal

47. For Auction 92, the Bureau proposes and seeks comment on the following bid removal procedures. Before the close of a bidding round, a bidder has the option of removing any bid placed in that round. By removing selected bids in the FCC Auction System, a bidder may effectively undo any of its bids placed within that round. In contrast to a bid withdrawal, a bidder removing a bid placed in the same round is not subject to a withdrawal payment. Once a round closes, a bidder may no longer remove a bid.

#### xi. Bid Withdrawal

48. The Bureau also seeks comment on the following bid withdrawal procedures. When permitted in an auction, bid withdrawals provide a bidder with the option of withdrawing bids placed in prior rounds that have become provisionally winning bids. A bidder may withdraw its provisionally winning bids using the withdraw bids function in the FCC Auction System. A bidder that withdraws its provisionally winning bid(s) is subject to the bid

withdrawal payment provisions of 47 CFR 1.2104(g) and 1.2109.

49. For Auction 92, the Bureau proposes to limit each bidder to withdrawing provisionally winning bids in only one round during the course of the auction. To permit a bidder to withdraw bids in more than one round may encourage insincere bidding or the use of withdrawals for anti-competitive purposes. The round in which withdrawals may be used will be at the bidder's discretion, and there is no limit on the number of provisionally winning bids that may be withdrawn during that round. Withdrawals must be in accordance with the Commission's rules, including the bid withdrawal payment provisions specified in 47 CFR 1.2104(g). The withdrawal payment amount is deducted from any upfront payments or down payments that the withdrawing bidder has deposited with the Commission.

50. The Bureau seeks comment on these bid withdrawal procedures. If commenters believe that each bidder should be allowed to withdraw provisionally winning bids in more than one round during the course of the auction, they should state how many bid withdrawal rounds they seek and explain what specific factors lead them to that conclusion. If commenters believe that bidders in this auction should not be permitted to withdraw any bids, they should discuss their reasoning for this suggestion.

#### C. Post-Auction Payments

##### i. Interim Withdrawal Payment Percentage

51. The Bureau seeks comment on the appropriate percentage of a withdrawn bid that should be assessed as an interim withdrawal payment in the event that a final withdrawal payment cannot be determined at the close of the auction. In general, 47 CFR 1.2104(g) provides that a bidder that withdraws a bid during an auction is subject to a withdrawal payment equal to the difference between the amount of the withdrawn bid and the amount of the winning bid in the same or subsequent auction(s). If a bid is withdrawn and no subsequent higher bid is placed and/or the license is not won in the same auction, the final withdrawal payment cannot be calculated until after the close of a subsequent auction in which a higher bid for the license (or the equivalent to the license) is placed or the license is won. When that final payment cannot yet be calculated, the bidder responsible for the withdrawn bid is assessed an interim bid withdrawal payment, which will be

applied toward any final bid withdrawal payment that is ultimately assessed. 47 CFR 1.2104(g)(1) requires that the percentage of the withdrawn bid to be assessed as an interim bid withdrawal payment be between 3 percent and 20 percent and that it be set in advance of the auction.

52. The Commission has determined that the level of the interim withdrawal payment in a particular auction will be based on the nature of the service and the inventory of the licenses being offered. The Commission has noted that it may impose a higher interim withdrawal payment percentage to deter the anti-competitive use of withdrawals when, for example, bidders likely will not need to aggregate the licenses being offered in the auction, such as when few licenses are offered that are on adjacent frequencies or in adjacent areas, or when there are few synergies to be captured by combining licenses.

53. With respect to the licenses being offered in Auction 92, the opportunities for combining in this auction licenses on adjacent frequencies or in adjacent areas may be limited, so there is likely to be little need to use withdrawals to protect against incomplete aggregations. Therefore, the Bureau proposes to establish the percentage of the withdrawn bid to be assessed as an interim bid withdrawal payment at 15 percent for this auction. The Bureau seeks comment on this proposal.

##### ii. Additional Default Payment Percentage

54. Any winning bidder that defaults or is disqualified after the close of an 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) is liable for a default payment under 47 CFR 1.2104(g)(2). This payment consists of a deficiency payment, equal to the difference between the amount of the bidder's bid and the amount of the winning bid the next time a license covering the same spectrum is won in an auction, plus an additional payment equal to a percentage of the defaulter's bid or of the subsequent winning bid, whichever is less.

55. The Commission's rules provide that, in advance of each auction, a percentage shall be established for the additional default payment. This percentage must be between 3 percent and 20 percent of the applicable bid. As the Commission has indicated, the level of this additional payment in each auction will be based on the nature of the service and the inventory of the licenses being offered.

56. For Auction 92, the Bureau proposes to establish an additional default payment of 15 percent. Given the nature of the service and the inventory of the licenses being offered in Auction 92, the Bureau believes that an additional default payment of 15 percent of the relevant bid will provide a sufficient deterrent to defaults. The Bureau seeks comment on this proposal.

#### IV. Ex Parte Procedures

57. This proceeding has been designated as a permit-but-disclose proceeding in accordance with the Commission's *ex parte* rules. Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentations must contain summaries of the substance of the presentations and not merely a listing of the subjects discussed. More than a one or two sentence description of the views and arguments presented is generally required. Other

rules pertaining to oral and written *ex parte* presentations in permit-but-disclose proceedings are set forth in 47 CFR 1.1206(b).

**William W. Huber,**

*Associate Chief, Auctions and Spectrum Access Division, WTB, Federal Communications Commission.*

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**BILLING CODE 6712-01-P**

#### FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL

[Docket No. AS11-01]

#### Appraisal Subcommittee Notice of Meeting

**AGENCY:** Appraisal Subcommittee of the Federal Financial Institutions Examination Council.

**ACTION:** Notice of meeting.

*Description:* In accordance with Section 1104(b) of Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended, notice is hereby given that the Appraisal Subcommittee (ASC) will meet in open session for its regular meeting:

*Location:* FDIC—L. William Seidman Center, 3501 Fairfax Drive, Room B3124 Arlington, VA 22226.

*Date:* January 12, 2011.

*Time:* 10:30 a.m.

*Status:* Open.

#### Matters To Be Considered

##### Summary Agenda

December 8, 2010 minutes—Open Session. (No substantive discussion of