

August 24, 2015

VIA ELECTRONIC FILING

Gary Epstein, Chair
Howard Symons, Vice-Chair
Incentive Auction Task Force
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions* (GN Docket No. 12-268)

Dear Mr. Epstein and Mr. Symons,

CTIA – The Wireless Association® (“CTIA”) and its members have consistently stressed the importance of providing information to forward auction participants well in advance of the incentive auction. As this auction is a “first of its kind” auction, the Commission should provide parties with an opportunity to test the underlying software and supply relevant samples of the types of data (and the file data structure associated with the data) that would be expected to be delivered to forward auction participants. Specifically, CTIA suggests that the most logical approach would be to conduct multiple mock auctions in the time leading up to the actual incentive auction to give all auction participants comfort with the functioning of the incentive auction software, the data being provided to bidders, and their ability to fully understand the data to make informed bidding decisions.

The recent *Auction Procedures Public Notice* appears to make clear that the Commission agrees that auction participants should have an opportunity to trial the auction software in advance of the incentive auction.¹ However, the FCC indicates that particulars concerning an apparently one-time reverse and forward mock auction will be deferred to a later public notice addressing application procedures.² Further, the blog released last week indicates that there will be only one mock auction for forward auction bidders very late in the process and only after the release of the Qualified Bidders Public Notice.³ This could be very close to the start of the

¹ See *Broadcast Incentive Auction Scheduled to Begin on March 29, 2016; Procedures for Competitive Bidding in Auction 1000, including Initial Clearing Target Determination, Qualifying to Bid, and Bidding in Auctions 1001 (Reverse) and 1002 (Forward)*, Public Notice, AU Docket No. 14-252, GN Docket No. 12-268, WT Docket No. 12-269; MB Docket No. 15-146, FCC 15-78, ¶ 74, n.273 (rel. Aug. 11, 2015) (“*Auction Procedures Public Notice*”) (“We note that in accordance with our typical auction practices, a mock auction will be held for qualified bidders in advance of the auction. The Commission is planning to engage in extensive bidder education and outreach, and intends to provide tutorials and webinars well in advance of the auction to promote bidder confidence and education. In addition, Commission staff and technical support experts will be available to answer questions by phone.”).

² *Id.* ¶ 90.

³ See Gary Epstein, Chair, and Howard Symons, Vice-Chair, Incentive Auction Task Force, *Next Steps on the Road to the Incentive Auction*, FCC Blog (Aug. 20, 2015), <https://www.fcc.gov/blog/next-steps-road-incentive->

bidding in the forward auction (possibly within 15 days according to the *Auction Procedures Public Notice*).⁴ Such late timing will make it impossible for bidders to suggest changes if there are problems with the underlying auction software, and will leave insufficient time for bidders to configure their software to the exact parameters. This can only be really completed after the mock auctions. The late timing will also preclude bidders from testing any subsequent changes that must be made to the software as a result of the mock auction, and would inhibit bidders from rehearsing the use of their final bidding software before the auction begins. CTIA believes that a single mock auction will not provide interested stakeholders the opportunity to fully understand the novel incentive auction process. Instead, CTIA would suggest a measured approach consistent with how the Commission proceeded when it initiated its competitive bidding processes in 1994.⁵ In that instance, auction participants had not yet used any of the auction software or bidding processes – and the Commission allowed for iterative mock auctions and auction simulations between potential auction participants to “allow industry participants to familiarize themselves with the auction software and to provide the FCC with additional input from bidders to facilitate the creation of the most user-friendly, reliable bidding software possible.”⁶ CTIA believes that the incentive auction, which is inherently much more complex (two-sided auction, with both a reverse and forward auction and extensive amounts of impairment data to be provided to auction participants), should similarly allow for iterative trials to allow parties to be comfortable with the software and the sharing of impairment data well in advance of the actual incentive auction rather than a single mock auction shortly before the incentive auction commencement.

To implement this proposal, CTIA suggests the following:

- An initial mock auction should be held at least two months prior to the start of the incentive auction for parties who have submitted an application to participate in the auction. This mock auction would include both a reverse and forward auction process, would provide parties with impairment data and any other data that the FCC expects to include as part of the auction process, and should also include mock extended rounds and assignment phases so that parties will have the

[auction](#) (“Forward auction applicants with complete applications that wish to become qualified to bid will be required to make their upfront payments after the clearing target and band plan are announced. After upfront payments are made, qualified bidders will also have the opportunity to participate in a mock auction. The first round of the forward auction will commence no sooner than 15 business days after we release the list of qualified forward auction bidders.”).

⁴ *Auction Procedures Public Notice* at ¶ 133.

⁵ See e.g., *FCC Announces Electronic Remote Access Bidding Will be Available for Regional Narrowband Auction and a Series of Auction Simulations Open to Interested Parties*, Public Notice, https://transition.fcc.gov/Bureaus/Wireless/Public_Notices/1994/pnwl4018.txt (“The Federal Communications Commission plans to offer potential bidders who may want to use the remote access bidding option the opportunity to conduct independent auction simulations or participate in auction simulations with other bidders. The objectives of these simulations are to allow industry participants to familiarize themselves with the auction software and to provide the FCC with additional input from bidders to facilitate the creation of the most user-friendly, reliable bidding software possible.”).

⁶ *Id.*

opportunity to fully understand how each of these procedures will be employed in the auction. This will allow parties time to analyze all the data provided during the auction, ascertain if the current incentive auction software (which has never been used for this kind of auction) is functioning properly, and allow for comments and changes to be provided and implemented well in advance of the actual auction. CTIA does not believe the data shared on impairments would need to be “actual” data but could instead simply be relevant example data that would allow parties to understand the auction software and precisely what types of impairment data that would be provided by the Commission during the auction. The FCC should be able to use its earlier simulations for determining clearing targets for the reverse auction. The mock auctions should include at least two stages, including the Final Stage rule trigger, and allow for intra-round bids or all-or-nothing bids.

- A second mock auction could be scheduled one month prior to the actual auction, should significant changes be required based on the initial mock auction.
- A final mock auction, with only approved bidders involved, should be held in its normal timeframe within a week of the start of the auction.
- As a precursor to the first mock auction, the FCC should release the following types of granular information:
 - The Commission should provide file formats, data dictionaries and data structure for all bidding round reports available for download (e.g. bid results, demand counts by category of PEA, overall reports on auction proceeds) as well as expected formats for bidder uploads. Even if these files are subject to change, an advance look will be enormously helpful as bidders prepare.
 - The FCC should provide a sample data structure, data dictionary, and sample data for information that will be provided to the forward auction participants in the CSV and PEA formats contemplated by the *Auction Procedures Public Notice*.⁷ This data would include information about broadcast station impairments including broadcaster call sign, cell grid impairment data, impairment levels for particular forward auction license blocks (Category 1 and Category 2 information), information about international border impairments (at the cell grid level for both Canadian and Mexican impairments), and all other impairment data that the FCC intends to provide bidders. The Commission has stated that it will provide this sample data in advance of the auction for bidders to examine: “We also plan to release sample data in advance of the auction for bidders to examine, which—if desired—would allow bidders to build their own analysis tools.”⁸

⁷ *Auction Procedures Public Notice* ¶ 134.

⁸ *Id.* at n.420.

- The FCC should also provide the intermediate data files used to develop the impairments, including the XML files used to run the ISIX Case 1 through 4 studies using TVStudy. The FCC should also include the intermediate 2 km x 2 km grid data for each ISIX case. This data request is consistent with the data that the FCC suggests it will provide during the auction – and will allow parties to understand the complexity and volume of data that will be provided during the auction.⁹

CTIA believes that this approach of conducting multiple mock auctions will provide potential bidders the assurances needed that the software and data is accurate and understandable. Additionally, supplying detailed, granular information about the data to be provided (as suggested by the Commission in the *Auction Procedures Public Notice*) will allow affected parties to create computer systems that can accept these data files, test the data to make sure that the data is properly mapping to the external analysis tools to be used by bidders during the auction, and help to determine how much time (and resources) would be necessary to analyze the data during the auction itself.¹⁰ As with any new software platform, mock auctions are a form of a soft-launch with actual users that provide feedback that would allow the FCC and auction bidders to uncover any needed adjustments prior to actual auction start.

Pursuant to Section 1.1206 of the Commission's rules, a copy of this letter is being filed in ECFS. Please do not hesitate to contact the undersigned with any questions.

Sincerely,

/s/ Scott K. Bergmann

Scott K. Bergmann
Vice President, Regulatory Affairs
CTIA – The Wireless Association®

⁹ *Id.* ¶ 134.

¹⁰ *Id.* at n.420.