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October 4, 2004

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By Electronic Delivery

FCC Advisory Committee on Diversity for
Communications in the Digital Age
445 12th Street, SW
Washington, D.C. 20554

Re: Auction 58 C Block Resolution Proposal

Dear Committee Members:

CTIA — The Wireless AssociationTM (“CTIA”)¹ urges the Advisory Committee on Diversity for Communications in the Digital Age to reject the proposed resolution recommending that the Federal Communications Commission (“FCC” or “Commission”) retain the designated entity rules (“for all auctions, including Auction 58. As further discussed in the attached bullet points, the existing DE rules, insofar as they require closed bidding for certain C block licenses, are not as effective in promoting the Commission’s policy objective of encouraging auction participation by women, minorities, and small businesses as other available methods. Bidding credits, for example, are significantly more effective in advancing the Commission’s objective.

¹ CTIA is the international organization of the wireless communications industry for both wireless carriers and manufacturers. CTIA membership covers all Commercial Mobile Radio Service (“CMRS”) providers and manufacturers, including cellular, broadband PCS, ESMR, as well as providers and manufacturers of wireless data services and products.

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For additional information on the ineffectiveness of closed bidding requirements, please review CTIA's petition for rulemaking or waiver in RM-11019 and its associated FCC filings, as well as its comments and reply comments filed in response to the Commission's Auction No. 58 Public Notice.

Sincerely,

/s/ Cheryl A. Tritt

Cheryl A. Tritt

cc: Linda Blair
Maureen McLaughlin

**ELIMINATING OR WAIVING THE CLOSED BIDDING RULES FOR
AUCTION 58 WILL PROMOTE PARTICIPATION BY SMALL BUSINESSES,
WOMEN, AND MINORITIES**

- **Diverse segments of the wireless industry, including small business interests, wireless carriers of all sizes, and equipment manufacturers, support the CTIA petition to eliminate or waive the closed bidding rules.**
 - The Rural Cellular Association, representing approximately 100 small and rural wireless carriers that actually operate wireless networks, noted that “there are more effective tools available to the Commission than closed bidding to provide opportunities for small businesses.”
 - No consensus among small businesses has formed on whether closed bidding effectively promotes participation by small businesses, women, and minorities.

- **Open bidding with bidding credits is a proven, effective method of promoting participation by small businesses, women, and minorities.**
 - In 17 of the 24 markets where both open and closed licenses were available at Auction 35, winners of open licenses paid less using bidding credits than DE winners of closed licenses.
 - The FCC repeatedly uses bidding credits, instead of closed bidding, in virtually all other auctions.
 - Small companies used bidding credits to win nearly 50% of the available open licenses in Auction 35.
 - Small companies account for nearly 80% of all winning bidders in open auctions utilizing bidding credits.

- **Additional measures also are effective in promoting participation by small businesses, women, and minorities.**
 - The FCC’s reconfiguration of 30 MHz C block licenses into 10 MHz licenses allowed small businesses, women, and minorities to launch services in these spectrum blocks.
 - Geographic partitioning and spectrum disaggregation have been widely used to enable small businesses, women, and minorities to enter markets, provide new services, and fill in or expand their footprints.
 - Partitioning and disaggregation have led to an increase of more than 300% in the number of active A and B block PCS licenses (from 102 to 420 licenses).

- Partitioning has led to an increase of nearly 20% in the number of active cellular licenses (from 1,468 to 1,720 licenses).
- The FCC's secondary market rules and policies offer leasing opportunities and enhance the ability of small businesses, women, and minorities to enter markets with viable business plans.
- **Closed bidding imposes significant costs to DEs and consumers.**
 - In Auction 35, closed bidding resulted in many DEs paying more for closed licenses (on average, 10% more) than companies that won open licenses using bidding credits in the same markets.
 - Economic evidence submitted in the record demonstrates that closed bidding for C block licenses resulted in consumer surplus losses of \$13.6 billion to \$32 billion.
 - Economic evidence submitted in the record demonstrates that closed bidding was at least partly responsible for DE payment defaults and bankruptcies that have prevented or delayed spectrum use for eight years and counting.