

Before The
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

Comment Sought on Experimental Design for)
Examining Performance Properties of)
Simultaneous Multiple Round Spectrum)
License Auctions with and without) DA 05-1267
Combinatorial Bidding)

COMMENTS OF VERIZON WIRELESS

Verizon Wireless files these comments in response to the Wireless Telecommunications Bureau's request for comment on a proposed design for economic experiments that would examine the performance properties of the Bureau's designs for conducting simultaneous multiple round (SMR) auctions of spectrum licenses both with and without combinatorial bidding.¹ Verizon Wireless applauds the Bureau's efforts to improve the auction process by conducting such experiments.

As an active auction participant, Verizon Wireless believes it is important that the FCC has a strong and dynamic auction program that awards spectrum efficiently and quickly to those bidders who value it most. Conducting these experiments will help ensure that any changes to auction design are well thought out. It is through such

¹ Comment Sought on Experimental Design for Examining Performance Properties of Simultaneous Multiple Round Spectrum License Auctions with and without Combinatorial Bidding, *Public Notice*, DA 05-1267, (rel. May 2, 2005) ("*Public Notice*").

experiments that new auction designs can be tested prior to going “live,” when the stakes are much higher. These experiments will thus help the Commission to determine the proper combinatorial bid auction design.

That being said, clearly it is time to move forward with combinatorial bid auctions. It has been nearly eight years since Congress gave the FCC authority to “provide for the design and conduct (for purposes of testing) of competitive bidding using a contingent combinatorial bidding system that permits prospective bidders to bid on combinations or groups of licenses in a single bid and to enter multiple alternative bids within a single bidding round.”² And, it is five years since the FCC concluded in June 2000 that “the Wireless Telecommunications Bureau may implement [combinatorial bidding] design under its existing delegated authority if, after review of the comments, it finds combinatorial bidding to be appropriate and feasible.”³ Shortly thereafter, the Wireless Bureau found that “package bidding should be an improvement over our usual auction design when (1) there are strong complementarities among licenses for some bidders, and (2) the pattern of those complementarities varies for different bidders. Under these circumstances, package bidding should yield the more efficient outcome, with licenses being sold to those bidders who value them the most.”⁴ The Bureau

² *Balanced Budget Act of 1997*, Pub. L. No. 105-33, 111 Stat. 251 § 3002; codified at 47 U.S.C. § 309(j)(3).

³ In the Matter of Service Rules for the 746-764 and 776-794 MHz Bands, and Revisions to Part 27 of the Commission’s Rules, *Memorandum Opinion and Order*, FCC 00-224, 15 FCC Rcd 20845 at ¶ 76 (2000).

⁴ Auction of Licenses in the 747–762 and 777–792 MHz Bands Scheduled for September 6, 2000; Procedures Implementing Package Bidding for Auction No. 31; *Public Notice*, DA 00-1486 (rel. July 3, 2000) at 1. Auction 31 was ultimately delayed by Congress. See Auction Reform Act of 2002, Pub. L. No. 107-195, 116 Stat. 715; 47 U.S.C. § 309(j)(15)(C)(iv).

further concluded that these conditions were present in Auction No. 31 and adopted a combinatorial bid design for that auction.

Clearly the time is ripe for the Bureau to act on the conclusions it reached in 2000. It is likely that the conditions quoted above are present in most spectrum auctioned for use by commercial mobile service (CMRS) providers, not just Auction No. 31. Because the Bureau believes that “[d]etailed analysis of the experimental outcomes may help in making auction design choices for upcoming spectrum license auctions, and may suggest ways to fine tune the rules and procedures for the chosen mechanism,”⁵ it should move forward expeditiously with these experiments. Verizon Wireless urges the Bureau to complete its design and implement combinatorial bid auctions. If it does not act quickly, the Bureau could lose the opportunity to attain the most efficient and optimal outcome in future CMRS auctions.

Previous studies conducted on behalf of the Commission showed that under some circumstances a combinatorial bid auction could take as much as three times the number of rounds as a simultaneous multiple round (SMR) bid auction.⁶ The Bureau has made great strides in reducing the length of SMR auctions, such that auctions that once took months are now complete in a matter of weeks. Lengthy auctions are resource intensive and thus costly to all bidders, both large and small. Verizon Wireless urges the Bureau to

⁵ *Public Notice* at 1.

⁶ Cybernomics, Inc., *An Experimental Comparison of the Simultaneous Multi-Round Auction and the CRA Combinatorial Auction*, Contract Number C-9854014 (2000) at 3. <http://wireless.fcc.gov/auctions/conferences/combin2000/releases/98540191.pdf>

consider in its experiments particular auction designs that could reduce the anticipated duration of combinatorial bid auctions.

Respectfully submitted,

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