

**§ 39.13 [Amended]**

■ 2. The FAA amends § 39.13 by adding the following new airworthiness directive:

**MHI RJ Aviation ULC (Type Certificate Previously Held by Bombardier, Inc.)**  
**Bombardier, Inc.:** Docket No. FAA–2021–0264; Project Identifier MCAI–2020–01416–T.

**(a) Comments Due Date**

The FAA must receive comments on this airworthiness directive (AD) action by May 24, 2021.

**(b) Affected ADs**

None.

**(c) Applicability**

This AD applies to MHI RJ Aviation ULC (type certificate previously held by Bombardier, Inc.) Model CL–600–2D15 (Regional Jet Series 705) and CL–600–2D24 (Regional Jet Series 900) airplanes, certificated in any category, having serial numbers 15057, 15063 through 15065 inclusive, 15071, 15074, 15079, 15087, 15090, 15106, 15111, 15113, 15115, and 15117.

**(d) Subject**

Air Transport Association (ATA) of America Code 53, Fuselage.

**(e) Unsafe Condition**

This AD was prompted by a report that the lower aft outboard supporting structure of galley 2 does not meet certification requirements for all flight and/or emergency landing loads. The FAA is issuing this AD to address the insufficient structural safety margin of galley 2 in case of hard landing or severe turbulence. This condition, if not corrected, could result in injury to the occupants and could limit access to the exit door during emergencies if the galley is displaced or fails structurally.

**(f) Compliance**

Comply with this AD within the compliance times specified, unless already done.

**(g) Required Actions**

Within 36 months after the effective date of this AD: Modify the floor structure between fuselage station (FS) 379.00 and FS 394.00 at right buttock line (RBL) 37.75 in accordance with paragraph 2.B. of the Accomplishment Instructions of MHI RJ Service Bulletin 670BA–53–060, Revision A, dated September 17, 2020.

**(h) Credit for Previous Actions**

This paragraph provides credit for actions required by paragraph (g) of this AD, if those actions were performed before the effective date of this AD using MHI RJ Service Bulletin 670BA–53–060, dated August 6, 2020.

**(i) Other FAA AD Provisions**

The following provisions also apply to this AD:

(1) *Alternative Methods of Compliance (AMOCs):* The Manager, New York ACO Branch, FAA, has the authority to approve

AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19. In accordance with 14 CFR 39.19, send your request to your principal inspector or responsible Flight Standards Office, as appropriate. If sending information directly to the manager of the certification office, send it to ATTN: Program Manager, Continuing Operational Safety, FAA, New York ACO Branch, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone 516–228–7300; fax 516–794–5531. Before using any approved AMOC, notify your appropriate principal inspector, or lacking a principal inspector, the manager of the responsible Flight Standards Office.

(2) *Contacting the Manufacturer:* For any requirement in this AD to obtain instructions from a manufacturer, the instructions must be accomplished using a method approved by the Manager, New York ACO Branch, FAA; or Transport Canada Civil Aviation (TCCA); or MHI RJ Aviation ULC's TCCA Design Approval Organization (DAO). If approved by the DAO, the approval must include the DAO-authorized signature.

**(j) Related Information**

(1) Refer to Mandatory Continuing Airworthiness Information (MCAI) TCCA AD CF–2020–40, dated October 15, 2020, for related information. This MCAI may be found in the AD docket on the internet at <https://www.regulations.gov> by searching for and locating Docket No. FAA–2021–0264.

(2) For more information about this AD, contact Andrea Jimenez, Aerospace Engineer, Airframe and Propulsion Section, FAA, New York ACO Branch, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone 516–228–7330; fax 516–794–5531; email [9-avs-nyaco-cos@faa.gov](mailto:9-avs-nyaco-cos@faa.gov).

(3) For service information identified in this AD, contact MHI RJ Aviation ULC, 12655 Henri-Fabre Blvd., Mirabel, Québec J7N 1E1 Canada; Widebody Customer Response Center North America toll-free telephone +1–844–272–2720 or direct-dial telephone +1–514–855–8500; fax +1–514–855–8501; email [thd.crj@mhirj.com](mailto:thd.crj@mhirj.com); internet <https://mhirj.com>. You may view this service information at the FAA, Airworthiness Products Section, Operational Safety Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195.

Issued on March 31, 2021.

**Gaetano A. Sciortino,**

*Deputy Director for Strategic Initiatives, Compliance & Airworthiness Division, Aircraft Certification Service.*

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**FEDERAL COMMUNICATIONS COMMISSION****47 CFR Parts 1 and 27**

[AU Docket No. 21–62; FCC 21–33; FR ID 17995]

**Auction of Flexible-Use Service Licenses in the 3.45–3.55 GHz Band for Next-Generation Wireless Services; Comment Sought on Competitive Bidding Procedures for Auction 110**

**AGENCY:** Federal Communications Commission.

**ACTION:** Proposed rule; proposed auction procedures.

**SUMMARY:** In this document, the Commission announces the auction of new flexible-use licenses in the 3.45–3.55 GHz band (the 3.45 GHz Service) designated as Auction 110. This document proposes and seeks comment on auction procedures to be used for Auction 110.

**DATES:** Comments are due on or before April 14, 2021, and reply comments are due on or before April 29, 2021.

**ADDRESSES:** Interested parties may file comments or reply comments in AU Docket No. 21–62. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies. The Commission strongly encourages interested parties to file comments electronically.

- *Electronic Filers:* Comments may be filed electronically using the internet by accessing the ECFS at <https://www.fcc.gov/ecfs/>.

- *Paper Filers:* Parties who choose to file by paper must file an original and one copy of each filing.

- Filings in response to the Auction 110 Comment Public Notice can be sent by commercial courier or by the U.S. Postal Service. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission

- Commercial deliveries (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9050 Junction Dr., Annapolis Junction, MD 20701.

- U.S. Postal Service first-class, Express, or Priority mail must be addressed to 45 L Street NE, Washington, DC 20554.

- Until further notice, the Commission no longer accepts any hand or messenger delivered filings. This is a temporary measure taken to help protect the health and safety of individuals, and to mitigate the transmission of COVID–19.

- *Email:* We also request that a copy of all comments and reply comments be

submitted electronically to the following address: [auction110@fcc.gov](mailto:auction110@fcc.gov).

#### FOR FURTHER INFORMATION CONTACT:

*Auction Legal Questions:* Mary Lovejoy, (202) 418–0660, [Mary.Lovejoy@fcc.gov](mailto:Mary.Lovejoy@fcc.gov), or Andrew McArdell, (202) 418–0660, [Andrew.McArdell@fcc.gov](mailto:Andrew.McArdell@fcc.gov).

*General Auction Questions:* (717) 338–2868.

*3.45–3.55 GHz Band Legal Questions:* Joyce Jones, (202) 418–1327, [Joyce.Jones@fcc.gov](mailto:Joyce.Jones@fcc.gov).

*3.45–3.55 GHz Band Technical Questions:* Ira Keltz, (202) 418–0616, [Ira.Keltz@fcc.gov](mailto:Ira.Keltz@fcc.gov).

**SUPPLEMENTARY INFORMATION:** This is a summary of the Public Notice (*Auction 110 Comment Public Notice*), AU Docket No. 21–62, FCC 21–33, adopted on March 17, 2021, and released on March 18, 2021. The *Auction 110 Comment Public Notice* includes the following attachments: Attachment A, Proposed Upfront Payment and Minimum Opening Bid Amounts. The complete text of the *Auction 110 Comment Public Notice*, including its attachments, is available on the Commission's website at [www.fcc.gov/auction/110](http://www.fcc.gov/auction/110) or by using the search function for AU Docket No. 21–62 on the Commission's ECFS web page at [www.fcc.gov/ecfs](http://www.fcc.gov/ecfs). Alternative formats are available to persons with disabilities by sending an email to [FCC504@fcc.gov](mailto:FCC504@fcc.gov) or by calling the Consumer & Governmental Affairs Bureau at (202) 418–0530 (voice), (202) 418–0432 (TTY).

## I. Introduction

1. By the *Auction 110 Comment Public Notice*, the Commission seeks comment on the procedures to be used for Auction 110, the auction of new flexible-use licenses in the 3.45–3.55 GHz band (the 3.45 GHz Service). The Commission expects the bidding for licenses in Auction 110 to commence in early October 2021. The Commission proposes to use an ascending clock auction format for the licenses offered in Auction 110. By initiating the pre-auction processes for assigning licenses in Auction 110, the Commission takes another important step towards releasing critical mid-band spectrum to the market and furthering the deployment of fifth-generation (5G) and other advanced wireless services across the country. The *Auction 110 Comment Public Notice* seeks comment on proposed auction procedures for bidding to acquire licenses in Auction 110.

## II. Licenses To Be Offered in Auction 110

2. Auction 110 will offer 4,060 new flexible-use licenses for spectrum in the 3.45–3.55 GHz band throughout the contiguous United States, subject to cooperative sharing requirements. The Commission will offer up to 100 megahertz of spectrum licensed on an unpaired basis and divided into ten 10-megahertz blocks in partial economic area (PEA)-based geographic areas located in the contiguous 48 states and the District of Columbia (PEAs 1 through 41, 43 through 211, 213 through 263, 265 through 297, 299 through 359, and 361 through 411). At this time, the Commission will not issue flexible-use licenses for the following PEAs: Honolulu, Anchorage, Kodiak, Fairbanks, Juneau, Puerto Rico, Guam-Northern Mariana Islands, U.S. Virgin Islands, American Samoa, and the Gulf of Mexico (PEA numbers 42, 212, 264, 298, 360, 412 through 416). The Commission will designate these 10-megahertz blocks A through J.

3. All 3.45 GHz Service licenses will be issued for 15-year, renewable license terms. Licensees may hold up to four 10-megahertz blocks (out of a total of ten) in the 3.45–3.55 GHz band within any PEA at any given time for the first four years after the close of the auction. A licensee in the 3.45–3.55 GHz band may provide any services permitted under terrestrial fixed or mobile, except aeronautical mobile, allocations, as set forth in the non-Federal Government column of the Table of Frequency Allocations in § 2.106 of the Commission's rules, as modified by the *3.45 GHz Second Report and Order*, FCC 21–32, adopted on March 17, 2021, and published elsewhere in this issue of the **Federal Register**.

4. Notwithstanding Commission resources described in the *Auction 110 Comment Public Notice*, each potential bidder is solely responsible for investigating and evaluating all technical and marketplace factors that may have a bearing on the potential uses of a license that it may seek in Auction 110. In addition to the typical due diligence considerations that the Commission encourages of bidders in all auctions, the Commission calls particular attention in Auction 110 to the spectrum-sharing and relocation issues described in the *Auction 110 Comment Public Notice* and in the *3.45 GHz Second Report and Order*. Each applicant should closely follow releases from the Commission concerning these issues and consider carefully the technical and economic implications for commercial use of the 3.45–3.55 GHz

band. The Commission makes no representations or warranties about the use of this spectrum for particular services, or about the information in Commission databases that is furnished by outside parties. Each applicant should be aware that a Commission auction represents an opportunity to become a Commission licensee, subject to certain conditions and regulations. This includes the established authority of the Commission to alter the terms of existing licenses by rulemaking, which is equally applicable to licenses awarded by auction. A Commission auction does not constitute an endorsement by the Commission of any particular service, technology, or product, nor does a Commission license constitute a guarantee of business success.

### A. Cooperative Sharing in the 3.45–3.55 GHz Band

5. The 3.45–3.55 GHz band, which is currently used by the Department of Defense (DoD) for high- and low-powered radar systems on fixed, mobile, shipborne, and airborne platforms, will operate using a cooperative sharing framework under which existing federal users are prohibited from causing harmful interference to non-federal operations, except in limited circumstances and in locations where current incumbent federal systems will remain in the band. Specifically, non-federal systems are not entitled to protection against harmful interference from federal operations (and limited restrictions may be placed on non-federal operations), under the following circumstances: (1) In “Cooperative Planning Areas” identified by the DoD in which it anticipates that federal operations will continue after the assignment of flexible use licenses in the band; and (2) in “Periodic Use Areas” that overlap with certain Cooperative Planning Areas, in which the DoD will need episodic access to all or a portion of the band in specific, limited geographic areas. Cooperative Planning Areas and Periodic Use Areas do not preclude commercial operations within their boundaries. Rather, incumbent federal operations and new flexible use operations must coordinate with each other to facilitate shared use of the band in these specified areas and during specified time periods as described in the *3.45 GHz Second Report and Order*.

### B. Relocation of Secondary Non-Federal Radiolocation Operations

6. In addition to the federal users operating in the 3.45–3.55 GHz band, the 3.3–3.55 GHz band is currently used

by secondary non-federal radiolocation licensees that will be relocated to the 2.9–3.0 GHz band no later than 180 days after the flexible-use licenses won in Auction 110 are granted. In order to facilitate the speedy clearing of the 3.3–3.55 GHz band, the Commission has adopted in the *3.45 GHz Second Report and Order* a requirement that licensees in the new 3.45 GHz Service reimburse the current 3.3–3.55 GHz licensees for their costs related to the relocation of their operations to the 2.9–3.0 GHz band. Auction 110 winning bidders will be required to pay these reimbursement costs in addition to their winning bid amounts. For additional information about cost-sharing and reimbursement procedures related to the licenses offered in Auction 110, potential bidders should carefully review the *3.45 GHz Second Report and Order*.

### C. Commercial Spectrum Enhancement Act/Spectrum Act Requirements

7. The spectrum in the 3.45–3.55 GHz band is covered by a Congressional mandate that requires auction proceeds to be used to fund the estimated relocation or sharing costs of incumbent Federal entities. In 2004, the Commercial Spectrum Enhancement Act (CSEA) established a Spectrum Relocation Fund (SRF) to reimburse eligible Federal agencies operating on certain frequencies that have been reallocated from Federal to non-Federal use for the cost of relocating their operations.

8. In addition to requiring that specified auction proceeds be deposited in the SRF, the CSEA, as amended by the Spectrum Act, requires that the total cash proceeds from any auction of eligible frequencies must equal at least 110% of the estimated relocation or sharing costs provided to the Commission by the National Telecommunications and Information Administration (NTIA), and prohibits the Commission from concluding any auction of eligible frequencies that falls short of this amount. The Commission seeks comment on a proposed aggregate reserve price that will meet this statutory requirement, determined as discussed in Section III.F.

9. The NTIA provides the Commission its estimate of eligible Federal entities' relocation or sharing costs and the timelines for such relocation or sharing pursuant to the requirements of the CSEA. On January 14, 2021, NTIA provided to the Commission an estimate of \$13,432,140,300 for the relocation or sharing costs of incumbent the incumbent Federal entities currently operating in the 3.45–3.55 GHz band.

### III. Implementation of Part 1 Competitive Bidding Rules and Requirements

10. In the *3.45 GHz Second Report and Order*, the Commission decided to conduct any auction of new flexible-use licenses for the 3.45 GHz Service in conformity with the amended Part 1 competitive bidding rules. As part of the pre-bidding process for each auction, the Commission seeks comment on various procedures described in those rules, as mandated by section 309(j) of the Communications Act of 1934, as amended, 47 U.S.C. 309(j)(3)(E).

11. The Commission's part 1 rules require each applicant seeking to bid to acquire licenses in a spectrum auction to provide certain information in a short-form application (FCC Form 175), including ownership details and numerous certifications. Part 1, subpart Q's competitive bidding rules also contain a framework for the implementation of a competitive bidding design, application and certification procedures, reporting requirements, and the prohibition of certain communications. For auctions subject to the CSEA, such as Auction 110, the part 1 rules also require a reserve price or prices pursuant to which the total cash proceeds from any auction of eligible frequencies shall equal at least 110% of the total estimated relocation costs provided to the Commission by the NTIA.

#### A. Certification of Notice of Auction 110 Requirements and Procedures

12. In addition to the certifications already required under § 1.2105, the Commission proposes to require any applicant seeking to participate in Auction 110 to certify in its short-form application, under penalty of perjury, that it has read the public notice adopting procedures for the auction and that it has familiarized itself both with the auction procedures and with the requirements for obtaining a license and operating facilities in the 3.45–3.55 GHz band. The Commission believes that this requirement would help ensure that the applicant has reviewed the procedures for participation in the auction process and has investigated and evaluated those technical and marketplace factors that may have a bearing on its potential use of any licenses won at auction. Consequently, this requirement will promote an applicant's successful participation and will minimize its risk of defaulting on its auction obligations. As with other required certifications, an auction applicant's failure to make the required certification in its short-form application by the applicable filing

deadline would render its application unacceptable for filing, and its application would be dismissed with prejudice. The Commission seeks comment on this proposal. Are there alternative procedures that could be implemented that would better ensure that an applicant has thoroughly reviewed the auction's procedures and considered all relevant factors that may affect its participation in the auction and use of any licenses for which it is the winning bidder?

#### B. Bidding Credit Caps

13. Consistent with the Commission's decisions in the *Updating Part 1 Report and Order*, 80 FR 5674, September 18, 2015, released July 21, 2015, the Commission seeks comment on establishing reasonable caps on the total amount of bidding credits that an eligible small business, very small business, or rural service provider may be awarded for Auction 110. The Commission administers its bidding credit programs to promote small business and rural service provider participation in auctions and in the provision of spectrum-based services.

14. Eligibility for the small business bidding credit is determined according to a tiered schedule of small business size definitions that are based on an applicant's average annual gross revenues for the relevant preceding period, and which determine the size of the bidding credit discount. In the *Updating Part 1 Report and Order*, the Commission revised the gross revenue thresholds that define the eligibility tiers for the small business bidding credit, and it adopted a rural service provider bidding credit program. In the *3.45 GHz Second Report and Order*, the Commission determined that eligibility for the small business bidding credit in the auction of licenses in the 3.45–3.55 GHz band would be defined using two of the thresholds of the standardized schedule of small business sizes. Specifically, an entity with average annual gross revenues for the preceding five years not exceeding \$55 million will be designated as a "small business" eligible for a 15% bidding credit, and an entity with average annual gross revenues for the preceding five years not exceeding \$20 million will be designated as a "very small business" eligible for a 25% bidding credit. Additionally, entities providing commercial communications services to a customer base of fewer than 250,000 combined wireless, wireline, broadband, and cable subscribers in primarily rural areas will be eligible for the 15% rural service provider bidding credit.

15. To protect the integrity of the bidding credit program and to mitigate the incentives for abuse, the Commission, in the *Updating Part 1 Report and Order*, established a process to implement a reasonable cap on the total bidding credit amount that an eligible small business or rural service provider may be awarded in any auction, based on an evaluation of the expected capital requirements presented by the particular service and inventory of licenses being auctioned. The Commission determined that bidding credit caps would be implemented on an auction-by-auction basis, but resolved that, for any particular auction, the total amount of the bidding credit cap for small businesses would not be less than \$25 million, and the bidding credit cap for rural service providers would not be less than \$10 million. In each of its most recent spectrum auctions, the Commission adopted a \$25 million cap on the total bidding credit amount that may be awarded to an eligible small business in each auction and a \$10 million cap on rural service provider bidding credits in each auction.

16. The Commission proposes to adopt the same small business bidding credit caps for Auction 110. As in its most recent spectrum auctions, the Commission believes that the range of potential use cases suitable for spectrum in the 3.45–3.55 GHz band, combined with the relatively small geographic areas for new flexible-use licenses in the 3.45 GHz Service, may permit deployment of smaller scale networks with lower total costs. Moreover, recent auction data suggests that the proposed caps will allow the substantial majority of eligible small businesses in the auction to take advantage of the bidding credit program. The Commission therefore believes that the proposed caps will promote the statutory goals of providing meaningful opportunities for bona fide small businesses to compete in auctions and in the provision of spectrum-based services, without compromising the Commission's responsibility to prevent unjust enrichment and ensure efficient and intensive use of spectrum.

17. Similarly, the Commission proposes to adopt a \$10 million cap on the total bidding credit amount that may be awarded to an eligible rural service provider in Auction 110. Based on prior experience with other spectrum auctions, the Commission anticipates that a \$10 million cap on rural service provider bidding credits will not constrain the ability of any rural service provider to participate fully and fairly in Auction 110. In addition, to create

parity in Auction 110 among eligible small businesses and rural service providers competing against each other in smaller markets, the Commission proposes a \$10 million cap on the overall bidding credit amount that any winning small business bidder may apply to winning licenses in PEAs with populations of 500,000 or less.

18. The Commission seeks comment on these proposed caps. Specifically, do the expected capital requirements associated with operating in the 3.45–3.55 GHz band, the potential number and value of 3.45 GHz Service licenses, past auction data, or any other considerations justify a higher cap for either type of bidding credit? Moreover, are there convincing reasons for not maintaining parity with the bidding credit caps in other recent spectrum auctions? Commenters are encouraged to identify unique circumstances and characteristics of this mid-band auction that should guide us in establishing alternative bidding credit caps, and to provide specific, data-driven arguments in support of their proposals.

19. The Commission reminds applicants applying for designated entity bidding credits that they should take due account of the requirements of the Commission's rules and implementing orders regarding de jure and de facto control of such applicants. These rules include a prohibition, which applies to all applicants (regardless of whether they seek bidding credits), against changes in ownership of the applicant that would constitute an assignment or transfer of control. Applicants should not expect to receive any opportunities to revise their ownership structure after the filing of their short- and long-form applications, including making revisions to their agreements or other arrangements with interest holders, lenders, or others in order to address potential concerns relating to compliance with the designated entity bidding credit requirements. This policy will help to ensure compliance with the Commission's rules applicable to the award of bidding credits prior to the start of bidding in this auction, which will involve competing bids from those who do and do not seek bidding credits, and thus preserves the integrity of the auction process. The Commission also believes that this will meet its objectives in awarding licenses through the competitive bidding process.

#### *C. Prohibition of Certain Communications*

20. The Commission's part 1 rules require each applicant seeking to bid to acquire licenses in a spectrum auction

to provide certain information in a short-form application (FCC Form 175). Section 1.2105(c)(1) of the Commission's rules provides that, subject to specified exceptions, after the short-form application filing deadline, all applicants are prohibited from cooperating or collaborating with respect to, communicating with or disclosing, to each other or any nationwide provider of communications services that is not an applicant, or, if the applicant is a nationwide provider, any non-nationwide provider that is not an applicant, in any manner the substance of their own, or each other's, or any other applicants' bids or bidding strategies (including post-auction market structure), or discussing or negotiating settlement agreements, until after the down payment deadline. This prohibition applies until after the deadline for winning bidders to submit down payment.

21. The operation of the rule prohibiting certain communications requires that the Commission identify nationwide providers in connection with each auction. Because the applicable service rules for the 3.45–3.55 GHz band will allow a licensee to provide flexible terrestrial wireless services, including mobile services, the Commission's identification of three nationwide providers in the *Communications Marketplace Report* suggests that the Commission should identify those same entities as nationwide providers for purposes of 3.45 GHz licenses and Auction 110. Accordingly, consistent with the procedures adopted for prior auctions of flexible-use licenses for advanced wireless services, the Commission proposes to identify AT&T, T-Mobile, and Verizon Wireless as "nationwide providers" for the purpose of implementing the competitive bidding rules in Auction 110, including § 1.2105(c), the rule prohibiting certain communications. The Commission seeks comment on this proposal. Commenters that disagree with this designation of nationwide providers are encouraged to articulate alternative methodologies by which the Commission should identify nationwide providers for purposes of the prohibited communications rule.

#### *D. Information Procedures During the Auction Process*

22. As an additional safeguard to further prevent the sharing of information about applicants' bids and bidding strategies and to discourage unproductive and anti-competitive strategic behavior, the Commission proposes to limit information available

in Auction 110 in order to prevent the identification of bidders placing particular bids until after the bidding has closed. While the Commission generally makes available to the public information provided in each applicant's FCC Form 175 following an initial review by Commission staff, the Commission proposes to not make public until after bidding has closed: (1) The PEAs that an applicant selects for bidding in its short-form application (FCC Form 175), (2) the amount of any upfront payment made by or on behalf of an applicant for Auction 110, (3) any applicant's bidding eligibility, and (4) any other bidding-related information that might reveal the identity of the bidder placing a bid.

23. As in past Commission auctions, the Commission would not make public during a bidding round any real-time information on bidding activity. Bidders would have access both during and after a round to additional information related to their own bidding and bid eligibility. For example, bidders would be able to view their own level of eligibility before and during the auction through the FCC auction bidding system.

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

25. The Commission seeks comment on the details of the proposal for implementing limited information procedures, or anonymous bidding, in Auction 110. Commenters opposing the use of limited information procedures in Auction 110 should explain their reasoning and propose alternative information rules.

#### *E. Upfront Payments and Bidding Eligibility*

26. In keeping with the Commission's usual practice in spectrum license auctions, the Commission proposes that applicants be required to submit upfront payments as a prerequisite to becoming qualified to bid. The upfront payment is a refundable deposit made by an applicant to establish its eligibility to bid on licenses. Upfront payments 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 bidding. With these considerations in mind, the Commission proposes to calculate upfront payments based on bandwidth and license area population using a tiered approach under which the calculation will vary by market population. The Commission proposes upfront payments for a block in a PEA

based on \$0.03 per MHz-pop for PEAs 1–50 and \$0.01 per MHz-pop for all other PEAs, subject to a minimum of \$500. The proposed upfront payments equal approximately half the proposed minimum opening bids, which are established as described in Section IV.A.7. The Commission seeks comment on these upfront payment amounts, which are specified in the Attachment A file on the Auction 110 website at <https://www.fcc.gov/auction/110>. If commenters believe that these upfront payment amounts are not reasonable amounts, they should explain their reasoning and suggest an alternative approach. For example, if a commenter believes that opening bids should be lower in PEAs that are largely covered by a Cooperative Planning Area or Periodic Use Area, it should explain how those upfront payments should be adjusted.

27. The Commission proposes to assign each generic spectrum block in a given PEA a specific number of bidding units, equal to one bidding unit per \$100 of the upfront payment listed in Attachment A to the *Auction 110 Comment Public Notice*. The number of bidding units for one block in a given PEA is fixed, since it is based on the MHz-pops in the block, and it does not change during the auction as prices change. Bidding units are used to measure bidder eligibility and bidding activity. The Commission further proposes that the amount of the upfront payment submitted by a bidder would determine its initial bidding eligibility in bidding units. Accordingly, a bidder that makes an upfront payment of \$1,000 would have initial eligibility of 10 bidding units. To the extent that bidders wish to bid on multiple generic blocks simultaneously, whether within the same PEA or in different PEAs, they would need to ensure that their upfront payment provides enough eligibility to cover multiple blocks.

28. Under the proposed approach, a bidder's upfront payment would not be attributed to blocks in a specific PEA or PEAs, or to a particular category of blocks. A bidder may place bids on multiple blocks in PEAs consistent with its selections in its FCC Form 175, provided that the total number of bidding units associated with those blocks does not exceed its bidding eligibility. A bidder cannot increase its eligibility during the auction; it can only maintain its eligibility or decrease its eligibility. Thus, in calculating its upfront payment amount, and hence its initial bidding eligibility, an applicant must determine the maximum number of bidding units on which it may wish to bid in any single round and submit

an upfront payment amount covering that total number of bidding units. The Commission seeks comment on these proposals. Commenters are encouraged to identify unique circumstances and characteristics of this mid-band auction that should guide us in establishing procedures for determining bidding eligibility, and to provide specific, data-driven arguments in support of their proposals.

#### *F. Aggregate Reserve Pursuant to CSEA*

29. Auction 110 is subject to the CSEA's requirement that the total cash proceeds from the auction equal at least 110% of the estimated relocation or sharing costs provided to the Commission by the NTIA. The Commission's rules require that this statutory requirement be met by establishing a reserve price. NTIA has estimated that the relocation or sharing costs for eligible Federal entities assigned to frequencies in the 3.45–3.55 GHz band will be \$13,432,140,300. The Commission proposes to establish a single aggregate reserve price for the auction to ensure that total cash proceeds from the auction equal at least \$14,775,354,330.

30. The Commission proposes procedures that have been used in past Commission auctions to determine whether the reserve price is met in Auction 110. Total cash proceeds from Auction 110 will not be self-evident from the bidding prior to the conclusion of the auction. As in many services, the Commission established bidding credits for small business and rural service providers. Winning bidders claiming such credits may pay less than the amount of their winning bids for any licenses won. In the *CSEA/Part 1 Report and Order*, 71 FR 6214, February 7, 2006, released January 24, 2006, the Commission determined that "total cash proceeds" for purposes of meeting the CSEA's requirement means winning bids net of any applicable bidding credit discounts at the end of bidding. Thus, whether the CSEA's total cash proceeds requirement has been met depends on whether winning bids, net of any applicable bidding credit discounts, equal, in aggregate, at least 110% of estimated relocation costs.

31. As a preliminary matter, as in prior Commission auctions, the Commission proposes to assess whether the reserve price is met—whether the auction will generate sufficient total cash proceeds—based on bids in the clock phase of the auction and not the assignment phase. Total cash proceeds from assignment phase payments are expected to be small relative to those from the clock phase and therefore less

likely to contribute significantly to meeting the reserve price. Given the proposal that assignment phase payments will be determined using a second-price rule, an individual bidder will have little ability to boost net winning bids in the assignment phase in order to meet the reserve price. The Commission does not wish to require bidders or Commission staff to invest the additional time in the assignment phase if ultimately no licenses will be assigned.

32. Whether winning bidders in the clock phase claim any bidding credits that may reduce total cash proceeds to less than gross winning bids only can be determined with certainty at the close of the clock phase of bidding. However, the Commission will estimate whether the reserve is met during the clock phase by assuming conservatively that for a category in a PEA with excess demand, blocks will be won by the bidders with the highest bidding credit percentages, to the extent that such bidders still demand blocks in that category in that PEA. In order to make bidders aware of whether the reserve is likely to be met while they are still bidding in the clock phase, the Commission proposes to indicate on the Public Reporting System (PRS) whether estimated total cash proceeds based on the bids in the most recently completed round would satisfy the reserve. The Commission proposes further to make available only to bidders information on the shortfall between the reserve and the estimated total cash proceeds, rounded to the nearest \$1,000.

33. This proposal should avoid a potential situation where the reserve price is assumed to be met, but, when bidding credits are considered, final net winning bids later prove insufficient. For a category in a PEA without excess demand, the requirement will be evaluated based on a true calculation of net revenue after bid processing, rather than on the estimate, since information on how to apply bidding credits precisely will be available in that case.

34. The Commission seeks comment on the proposed aggregate reserve price and proposed procedures for determining whether it is met. The Commission believes that the procedures proposed in the Public Notice are the best way to reduce the risk that the reserve price will not be met, but seeks comment on whether there are other mechanisms that could be used, either in place of or as a supplement to the proposed procedures, that may further reduce that risk. Commenters proposing any alternatives should explain how their proposal complies with the requirements under

the CSEA and the Commission's part 1 rules.

#### *G. Auction Delay, Suspension, or Cancellation*

35. For Auction 110, the Commission proposes that, at any time before or during the bidding process, the Office of Economics and Analytics (OEA), in conjunction with the Wireless Telecommunications Bureau (WTB), may delay, suspend, or cancel bidding in Auction 110 in the event of a natural disaster, technical obstacle, network interruption, 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 a case, OEA would notify participants of any such delay, suspension, or cancellation by public notice and/or through the FCC auction bidding system's announcement function. If the bidding is delayed or suspended, OEA, in its sole discretion, may elect to resume the auction starting from the beginning of the current round or from some previous round, or it may cancel the auction in its entirety. The Commission emphasizes that OEA and WTB would exercise the delegated authority to delay, suspend, or cancel bidding in Auction 110 solely at their discretion. The Commission seeks comment on this proposal.

#### *H. Deficiency Payments and Additional Default Payment Percentage*

36. Any winning bidder that defaults or is disqualified after the close of an auction (*i.e.*, fails to remit the required down payment by the specified deadline, fails to submit a timely long-form application, fails to make full and timely final payment, or is otherwise disqualified) is liable for a default payment under § 1.2104(g)(2) of the rules. This payment consists of a deficiency payment, equal to the difference between the amount of the bidder's winning 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.

37. The Commission's rules provide that, in advance of each auction, it will establish a percentage between 3% and 20% of the applicable winning bid to be assessed as an additional default payment. 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 licenses being offered.

38. For Auction 110, the Commission proposes to establish an additional default payment of 15%, which is consistent with that adopted for recent spectrum auctions, including Auctions 101, 102, 103, and 107. As noted in the *CSEA/Part 1 Report and Order*, defaults weaken the integrity of the auction process and may impede the deployment of service to the public, and an additional default payment of up to 20% will be more effective in deterring defaults than the 3% used in some earlier auctions. Based on experience from recent spectrum auctions that have also made available PEA-based licenses, the Commission does not believe the detrimental effects of any defaults in Auction 110 are likely to be unusually great. In light of these considerations, the Commission proposes for Auction 110 an additional default payment of 15% of the relevant bid. The Commission seeks comment on this proposal. Commenters are encouraged to identify unique circumstances and characteristics of the licenses made available for bidding in this auction that should guide us in establishing an alternative default payment, and to provide specific, data-driven arguments in support of their proposals.

39. In case they are needed for post-auction administrative purposes, such as default or unjust enrichment payments on specific licenses, the bidding system will calculate individual per-license prices that are separate from the final auction payments that are calculated on an aggregate basis. The bidding system will apportion to individual licenses any assignment phase payments and any capped bidding credit discounts, since in both cases, a single amount may apply to multiple licenses.

#### **IV. Proposed Bidding Procedures**

40. The Commission proposes to conduct Auction 110 using an ascending clock auction design. Under the proposed auction format, bidding would take place in two phases. The first phase of the auction—the clock phase—would consist of successive clock bidding rounds in which bidders indicate their demands for categories of generic license blocks in specific PEAs, followed by a second phase—the assignment phase—with bidding for frequency-specific license assignments. The Commission seeks comment on bidding procedures for the two phases of Auction 110.

41. A technical guide, is available on the Auction 110 website, supplementing the information in the *Auction 110 Comment Public Notice* and including

the mathematical details and algorithms of the proposed auction design.

#### A. Clock Phase

##### 1. Clock Auction Design

42. During the clock phase of Auction 110, bidders will indicate their demands for generic license blocks in a bidding category in specific geographic areas—in this case, PEAs. There may be one or two bidding categories in a given PEA. The proposed clock auction format would proceed in a series of rounds, with bidding being conducted simultaneously for all spectrum blocks in all PEAs available in the auction. During each bidding round, the bidding system would announce a per-block clock price for each category in each PEA, and qualified bidders would submit, for each category and PEA for which they wish to bid, the number of blocks they seek at the clock prices associated with the current round. Bidding rounds would be open for predetermined periods of time. Bidders would be subject to activity and eligibility rules that govern the pace at which they participate in the auction.

43. Under the proposal, for each product—a category in a PEA—the clock price for a generic license block would increase from round to round if bidders indicate total demand for blocks in that product that exceeds the number of blocks available. The bidding rounds would continue until, for all products, the total number of blocks that bidders demand does not exceed the supply of available blocks.

44. If the aggregate reserve price to satisfy the CSEA has been met at the time that the clock phase bidding stops, those bidders indicating demand for a product at the final clock phase price would be deemed winning bidders, and the auction will proceed to the assignment phase. If the reserve price has not been satisfied at the time bidding stops in the clock phase, the auction will end, and no licenses will be assigned.

45. Following the clock phase, if the reserve price has been met, the assignment phase will offer clock phase winners the opportunity to bid an additional amount for licenses with specific frequencies. All winning bidders, regardless of whether they bid in the assignment phase, will be assigned licenses for contiguous blocks within a category in a PEA.

46. The Commission seeks comment on specific procedures to implement this ascending clock auction and on alternative procedures for conducting, in a timely manner, an auction of 3.45–3.55 GHz licenses.

##### 2. Generic License Blocks in Two Bidding Categories

47. Pursuant to the *3.45 GHz Second Report and Order*, the 3.45–3.55 GHz band will be reconfigured and licensed in uniform 10-megahertz sub-blocks in each of the 406 PEAs in the contiguous United States. In most PEAs, new licensees generally will have unrestricted use of all ten frequency blocks. In other areas, specifically in PEAs that wholly or in part cover Cooperative Planning Areas or Periodic Use Areas, licensees must coordinate with incumbent federal operations in the band, as established in the *3.45 GHz Second Report and Order*. In some of the PEAs where coordination is required, all ten blocks will be subject to the same restrictions. In others, the restrictions may vary depending upon the frequency block—specifically, in some PEAs, the A through D blocks may be subject to different restrictions than the E through J blocks.

48. *Categories.* The Commission proposes to establish categories for bidding such that all the blocks within a category in a PEA are similar in terms of any requirements or restrictions. Therefore, the Commission proposes bidding categories as follows: In the PEAs where all ten blocks are the same—*i.e.*, all ten generally are unrestricted or all five are subject to the same restrictions—the ten generic blocks will be considered Category 1, or “Cat1,” blocks. In the PEAs where the restrictions differ according to the frequency, the A through D blocks will be considered Category 1, or “Cat1,” while the E through J blocks will be considered Category 2, or “Cat2,” blocks for bidding. Accordingly, in 334 PEAs, there will be ten generic blocks of a single Cat1 product and in 72 PEAs, there will be two products, with four generic blocks of Cat1 and six generic blocks of Cat2. In PEAs with two categories, the Commission designates the A through D blocks as Cat1 and the E through J blocks as Cat2, simply to denote that for these licenses the coordination requirements in a PEA differ between the A through D blocks compared to the E through J blocks. For all licenses, the Commission cautions potential bidders to investigate carefully the restrictions that may apply to a given PEA. In particular, the Commission notes that prior to the start of bidding, the DoD will disseminate one or more workbooks that specifically describe the coordination requirements for each Cooperative Planning Area and Periodic Use Area. The Commission will issue a Public Notice when such

workbook(s) or any updates are available.

49. The proposed approach to determine bidding categories differs somewhat from the approach the Commission has taken in prior clock auctions, in that the coordination requirements on blocks in a given category in a given PEA may differ from the requirements on the same category of blocks in a different PEA. For example, the Cat1 blocks in one PEA may be unrestricted while the Cat1 blocks in another PEA may require some degree of coordination. Similarly, the restrictions on Cat2 blocks in one PEA will likely vary from PEA to PEA. In previous auctions, blocks in a given bidding category generally have been subject to the same use requirements in all PEAs, but because the restrictions in this auction differ so widely from PEA to PEA, that approach is not feasible. Importantly, however, under this proposal for Auction 110, within any given PEA, the blocks within a category can be considered generic, and bidding in the clock phase would determine a single price that would apply to each generic block in a category in a PEA. The Commission seeks comment on this proposal for determining categories of generic blocks for bidding.

50. The proposal for bidding on generic blocks in two categories is based on the close similarity of the blocks within each bidding category within a PEA. To the extent a bidder has a preference for licenses for specific frequencies, the Commission proposes to allow the bidder to bid for its preferred blocks in the assignment phase. However, a bidder for a generic block would not be assured that it will be assigned, or not be assigned, any particular frequency block. The Commission seeks comment on this approach, which it believes will promote the efficient management of the auction.

51. *Limit on number of blocks per bidder.* In the *3.45 GHz Second Report and Order*, the Commission adopted a spectrum aggregation limit for flexible-use licenses in the 3.45 GHz band of a maximum of 40 megahertz (*i.e.*, four blocks out of ten) in any PEA at any point in time for four years post-auction. Consistent with this limit on the number of blocks that a single entity can hold in any single PEA, the bidding system will limit to four the number of blocks that a bidder can demand in any given PEA at any point in the auction. Therefore, in each bidding round, a bidder would have the opportunity to bid for a total of up to four blocks of spectrum per PEA. This spectrum aggregation limit would apply across



both categories in PEAs that contain Cat1 and Cat2 blocks. As a result, no single entity would be permitted to bid on, for example, two Cat1 block and three Cat2 blocks within a single PEA. An aggregation limit of four blocks would further the Commission's interest in promoting greater diversity in participation in the 3.45 GHz band by ensuring that, if licenses for all blocks in a PEA are awarded, there will be at least three winning bidders in the PEA.

### 3. Bidding Rounds

52. Under the proposed clock auction format, Auction 110 would consist of sequential bidding rounds, each followed by the release of round results. The Commission proposes to conduct bidding simultaneously for all spectrum blocks in both bidding categories for all PEAs available in the auction. In the first bidding round of Auction 110, a bidder would indicate, for each product, how many generic license blocks it demands at the minimum opening bid price. During each subsequent bidding round, the bidding system would announce a per-block clock price for each product, and qualified bidders would submit, for each product for which they wish to bid, the number of blocks they seek at the clock prices associated with the current round. Bidding rounds would be open for predetermined periods of time. Bidders would be subject to activity and eligibility rules that govern the pace at which they participate in the auction.

53. For each product, the clock price for a generic license block would increase from round to round if bidders indicate total demand for that product that exceeds the number of blocks available. The bidding rounds would continue until, for every product, the total number of blocks that bidders demand does not exceed the supply of available blocks. At that point, those bidders indicating demand for a block at the final price would be deemed winning bidders.

54. The initial bidding schedule would be announced in a public notice to be released at least one week before the start of bidding. Under this proposal, OEA would retain the discretion to adjust 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. Such adjustments may include changes in the amount of time for bidding rounds, the amount of time between rounds, or the number of rounds per day, and would depend upon bidding activity and other factors. The Commission seeks comment on this

proposal. Commenters should address the role of the bidding schedule in managing the pace of the auction and should specifically discuss the tradeoffs in managing auction pace by bidding schedule changes, by changing the activity requirement percentage or the bid increment percentage, or by using other means.

55. The Commission proposes to conduct Auction 110 over the internet. A bidder would be able to submit its bids using the bidding system's upload function, which allows bid files in a comma-separated values (CSV) text format to be uploaded. The bidding system would not allow bids to be submitted unless the bidder selected the PEAs on its FCC Form 175 and the bidder has sufficient bidding eligibility.

56. During each round of the bidding, a bidder would also be able to remove bids placed in the current bidding round. If a bidder modifies its bids for blocks in a PEA in a round, the system would take the last bid submission as that bidder's bid for the round.

### 4. Stopping Rule

57. The Commission proposes a simultaneous stopping rule for Auction 110, under which all blocks in all PEAs would remain available for bidding until the bidding stops in every PEA. Specifically, the Commission proposes that bidding close for all blocks after the first round in which there is no excess demand in any product. Excess demand is calculated as the difference between the number of blocks of aggregate demand and supply. Consequently, under this approach, it is not possible to determine in advance how long Auction 110 would last. The Commission seeks comment on the proposed simultaneous stopping rule.

### 5. Availability of Bidding Information

58. The Commission proposes to make public after each round of Auction 110, for each category in each PEA: The supply, the aggregate demand, the posted price of the last completed round, and the clock price for the next round. The posted price of the previous round is, generally, the start-of-round price if supply exceeds demand; the clock price of the previous round if demand exceeds supply; or the price at which a reduction caused demand to equal supply. The identities of bidders demanding blocks in a specific category or PEA would not be disclosed until after Auction 110 concludes (*i.e.*, after the close of bidding).

59. Under this proposal, each bidder would have access to additional information related to its own bidding and bid eligibility. Specifically, after the

bids of a round have been processed, the bidding system would inform each bidder of the number of blocks it holds after the round (its processed demand) for every product and its eligibility for the next round.

60. Limiting the availability of bidding information during the auction balances the Commission's interest in providing bidders with sufficient information about the status of their own bids and the general level of bidding in all areas and license categories to allow them to bid confidently and effectively, while restricting the availability of information that may facilitate identification of bidders placing particular bids, which could potentially lead to undesirable strategic bidding.

### 6. Activity Rule, Contingent Bidding Limit, and Reducing Eligibility

61. 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. For this clock auction, a bidder's activity in a round for purposes of the activity rule would be the sum of the bidding units associated with the bidder's demands as applied by the auction system during bid processing. Bidders are required to be active on a specific percentage (the activity requirement percentage) of their current bidding eligibility during each round of the auction. Failure to maintain the requisite activity level would result in a reduction in the bidder's eligibility, possibly curtailing or eliminating the bidder's ability to place bids in subsequent rounds of the auction.

62. The Commission proposes to require that bidders maintain a fixed, high level of activity in each round of Auction 110 in order to maintain bidding eligibility. Specifically, the Commission proposes to require that bidders be active on between 90% and 100% of their bidding eligibility in all clock rounds, with the specific percentage within this range to be set for each round. Thus, the activity rule would be satisfied when a bidder has bidding activity on blocks with bidding units that total 90% to 100% of its current eligibility in the round. The Commission proposes to set the activity requirement percentage initially at 95%. If the activity rule is met, then the bidder's eligibility would not change for the next round. If the activity rule is not met in a round, the bidder's eligibility would be reduced. The Commission proposes to calculate bidding activity based on the bids that are applied by the



FCC auction bidding system. That is, if a bidder requests a reduction in the quantity of blocks it demands in a product, but the FCC auction bidding system cannot apply the request because demand would fall below the available supply, then the bidder's activity would reflect its unreduced demand. Under the ascending clock auction format, the FCC auction bidding system will not allow a bidder to reduce the quantity of blocks it demands in an individual product if the reduction would result in aggregate demand falling below (or further below) the available supply of blocks in the product.

63. Because a bidder's eligibility for the next round is calculated based on the bidder's demands as applied by the auction system during bid processing, a bidder's eligibility may be reduced even if the bidder submitted bids with activity that exceeds the required activity for the round. This may occur, for example, if the bidder bids to reduce its demand in PEA X by two blocks (with 10 bidding units each) and bids to increase its demand by one block (with 20 bidding units) in PEA Y. If the bidder's demand can only be reduced by one block in PEA X (because there is only one block of excess demand), the increase in PEA Y cannot be applied, and absent other bidding activity the bidder's eligibility would be reduced. To potentially help a bidder avoid having its eligibility reduced as a result of submitted bids that could not be accepted during bid processing, the Commission seeks comment on additional procedures that would allow a bidder to submit bids with associated bidding activity greater than its current bidding eligibility. For example, depending upon the bidder's overall bidding eligibility and the contingent bidding percentage, a bidder could submit an "additional" bid or bids that would be considered (in price point order with its other bids) and applied as available eligibility permits during the bid processing. However, even under these additional procedures, the bidder's activity as applied by the auction system during bid processing would not exceed the bidder's current bidding eligibility. That is, if a bidder were allowed to submit bids with associated bidding units exceeding 100% of its current bidding eligibility, its processed activity would never exceed its eligibility.

64. Specifically, the Commission seeks comment on procedures by which, after Round 1, a bidder may submit bids with bidding units totaling up to a contingent bidding limit equal to the bidder's current bidding eligibility for the round times a percentage (the

contingent bidding percentage) equal to or greater than 100%. The Commission seeks comment on setting an initial contingent bidding percentage of 120%, which would apply beginning in Round 2. This limit would be subject to change in subsequent rounds within a range of 100% to 140%. In any bidding round, the auction bidding system would advise the bidder of its current bidding eligibility, its required bidding activity, and its contingent bidding limit.

65. Under the proposed procedures, OEA would retain the discretion to change the activity requirement percentage during the auction, and the Commission seeks comment in connection with potential additional procedures on whether OEA should similarly retain the discretion to change the contingent bidding percentage during the auction. The bidding system would announce any such changes in advance of the round in which they would take effect, giving bidders adequate notice to adjust their bidding strategies.

66. The Commission invites comment on this activity rule proposal and further seeks comment on using a contingent bidding limit to address the potential for loss of bidding eligibility under some circumstances. The Commission also encourages commenters to address whether it should set the activity requirement percentage between 90% and 100% for each round and, should the Commission adopt a contingent bidding limit, whether to set the contingent bidding percentage between 100% and 140%. Further, the Commission seeks comment on where to set these percentages initially. The Commission also seeks comment on the relationship between the proposed activity rules and the ability of bidders to switch their demands across PEAs. The Commission encourages any commenters that oppose the proposed range for the activity requirement percentage and the described contingent bidding percentage range to explain their reasons with specificity.

67. *Missing bids.* The Commission points out that under the proposed clock auction format, bidders are required to indicate their demands in every round, even if their demands at the new round's prices are unchanged from the previous round. Missing bids—bids that are not reconfirmed—are treated by the auction bidding system as requests to reduce to a quantity of zero blocks for the product. If these requests are applied, or applied partially, then a bidder's bidding activity, and its bidding eligibility for the next round, may be reduced.

68. For Auction 110, the Commission does not propose to provide for activity rule waivers to preserve a bidder's eligibility. The Commission notes that the proposal to permit a bidder to submit bids with bidding activity greater than its eligibility, within the precise limits set forth above, would address some of the circumstances under which a bidder risks losing bidding eligibility and otherwise could wish to use a bidding activity waiver, while minimizing any potential adverse impacts on bidder incentives to bid sincerely and on the price setting mechanism of the clock auction. This approach not to allow waivers is consistent with the ascending clock auction procedures used in other FCC clock auctions. The clock auction relies on precisely identifying the point at which demand decreases to equal supply to determine winning bidders and final prices. Allowing waivers would create uncertainty with respect to the exact level of bidder demand and would interfere with the basic clock price-setting and winner determination mechanism. Moreover, uncertainty about the level of demand would affect the way bidders' requests to reduce demand are processed by the bidding system. The Commission seeks comment on this approach.

## 7. Acceptable Bids

### a. Minimum Opening Bids

69. The Commission proposes to establish minimum opening bid amounts for Auction 110. The bidding system will not accept bids lower than these amounts. Based on the Commission's experience in past auctions, setting minimum opening bid amounts judiciously is an effective tool for accelerating the competitive bidding process. For Auction 110, the Commission proposes to establish initial clock prices, or minimum opening bids, by PEA.

70. For Auction 110, the Commission proposes to calculate minimum opening bid amounts based on bandwidth and license area population, which is similar to its approach in previous spectrum auctions, using a tiered approach under which the calculation will vary by market population. The Commission proposes minimum opening bid amounts for a block in a PEA based on \$0.06 per MHz-pop for PEAs 1–50 and \$0.02 per MHz-pop for all other PEAs, subject to a minimum of \$1,000. The Commission seeks comment on these minimum opening bid amounts, which are specified in Attachment A to the *Auction 110 Comment Public Notice*. If commenters

believe that these minimum opening bid amounts would result in unsold licenses or are not reasonable amounts, they should explain their reasoning and propose an alternative approach. For example, if a commenter believes that opening bids should be lower in PEAs that are largely covered by a Cooperative Planning Area or Periodic Use Area, it should explain how those bids should be adjusted. Commenters should support their claims with valuation analyses and suggested amounts or formulas for minimum opening bids.

71. In establishing minimum opening bid amounts, the Commission particularly seeks comment on factors that could reasonably affect bidders' valuation of the spectrum, including the type of service offered, market size, population covered by the proposed facility, whether there is significant overlap with a Cooperative Planning Area or Periodic Use Area, and any other relevant factors.

72. Commenters may also wish to address the general role of minimum opening bids in managing the pace of the auction. For example, commenters could compare using minimum opening bids—e.g., by setting higher minimum opening bids to reduce the number of rounds it takes licenses to reach their final prices—to other means of controlling auction pace, such as changing the bidding schedule, the activity requirement percentage, or the bid increment percentage.

#### b. Clock Price Increments

73. Under the proposed clock phase procedures for Auction 110, after bidding in the first round and before each subsequent round, the FCC auction bidding system would announce the start-of-round price and the clock price for the upcoming round—that is, the lowest price and the highest price at which bidders can specify the number of blocks they demand during the round. As long as aggregate demand for blocks in the product exceeds the supply of blocks, the start-of-round price would be equal to the clock price from the prior round. If demand equaled supply at a price in a previous round, then the start-of-round price for the next round would be equal to the price at which demand equaled supply. If demand was less than supply in the previous round, then the start-of-round price for the next round would not increase.

74. The Commission proposes to set the clock price for blocks in a specific product for a round by adding a percentage increment to the start-of-round price. For example, if the start-of-round price for a block in a given

product is \$10,000, and the percentage increment is 20%, then the clock price for the round will be \$12,000. The result of the clock price calculation will be rounded up to the nearest \$1,000 for results above \$10,000 and rounded up to the nearest \$100 for results below \$10,000.

75. The Commission proposes to set the increment percentage within a range of 5% to 20% inclusive, to set the initial increment percentage at 10%, and potentially to adjust the increment as rounds continue. The Commission further proposes that the total dollar amount of the increment (the difference between the clock price and the start-of-round price) would not exceed a certain amount. The Commission proposes to set this cap on the increment initially at \$50 million and potentially to adjust the cap as rounds continue. The proposed 5% to 20% increment range and cap will allow us to set a percentage that manages the auction pace and takes into account bidders' needs to evaluate their bidding strategies while moving the auction along quickly.

76. The Commission seeks comment on these proposed procedures.

#### c. Intra-Round Bids

77. The Commission proposes generally to permit a bidder to make intra-round bids by indicating a point between the start-of-round price and the clock price at which its demand for blocks changes. In placing an intra-round bid, a bidder would indicate a specific price and a quantity of blocks it demands if the price for blocks should increase beyond that price. For example, if a bidder has processed demand of two blocks at the start of the round price of \$200, but wishes to hold only one block if the price increases by more than \$10 (assuming the bid increment is more than \$10), the bidder will indicate a bid quantity of two at a price of \$210 (\$200 + \$10). Similarly, if the bidder wishes to reduce its demand to zero if the price increases at all above \$200, the bidder will indicate a bid quantity of zero at the start-of-round price of \$200.

78. Intra-round bids would be optional; a bidder may choose to express its demands only at the clock prices. This proposal to permit intra-round bidding would allow the auction system to use relatively large increments, thereby speeding the auction, without running the risk that a jump in the clock price will overshoot the market clearing price—the point at which demand for blocks equals the available supply. The Commission seeks comment on the proposal to allow intra-round bids.

#### 8. Bids To Change Demand, Bid Types, and Bid Processing

79. Under the ascending clock auction format the Commission proposes for Auction 110, a bidder would indicate in each round the number of blocks in each product that it demands at a given price, subject to the discussed in-band limit of four blocks. A bidder that wishes to change the quantity it demands (relative to its demands from the previous round as processed by the bidding system) would express its demands at the clock price or at an intra-round price. A bidder that is willing to maintain the same demand in a product at the new clock price would bid for that quantity at the clock price, indicating that it is willing to pay up to that price, if need be, for the specified quantity. Bids to maintain demand would always be applied by the auction bidding system.

80. In order to facilitate bidding for multiple blocks in a PEA, the Commission proposes that bidders will be permitted to make two types of bids: Simple bids and switch bids. A “simple” bid indicates a desired quantity of blocks in a product at a price (either the clock price or an intra-round price). A “switch” bid allows the bidder to request to move its demand for a quantity of blocks from Cat1 to Cat2, or vice versa, within the same PEA at a price for the “from” category (either the clock price or an intra-round price). “Switch” bids are allowed only in PEAs with two categories.

81. The Commission does not propose to incorporate any form of package bidding procedures into the clock phase of Auction 110. Package bidding would add complexity to the bidding process, and the Commission does not see significant benefit from such procedures, given the clock auction and assignment phase format proposed in the *Auction 110 Comment Public Notice*. A bidder may bid on multiple blocks in a PEA and in multiple PEAs. The Commission proposes that the assignment phase will assign contiguous blocks to winners of multiple blocks in a category in a PEA and give bidders an opportunity to express their preferences for specific frequency blocks, thereby facilitating aggregations of licenses.

82. The Commission proposes bid processing procedures that the auction bidding system would use, after each bidding round, to process bids to change demand to determine the processed demand of each bidder for each product and a posted price for each product that would serve as the start-of-round price for the next round.

a. No Excess Supply Rule for Bids To Reduce Demand

83. Under the ascending clock auction format, the FCC auction bidding system will not allow a bidder to reduce the quantity of blocks it demands in a product if the reduction would result in aggregate demand falling below (or further below) the available supply of blocks in the product. Therefore, if a bidder submits a simple bid to reduce the number of blocks for which it has processed demand as of the previous round, the FCC auction bidding system will treat the bid as a request to reduce demand that will be applied only if the “no excess supply” rule would be satisfied. Similarly, if a bidder submits a switch bid to move its demand for a quantity of blocks from Cat1 to Cat2 within the same PEA, the FCC auction bidding system will treat the bid as a request that will be applied only if the “no excess supply” rule would be satisfied for Cat1 in the PEA.

b. Eligibility Rule for Bids To Increase Demand

84. The bidding system will not allow a bidder to increase the quantity of blocks it demands in a product if the total number of bidding units associated with the bidder’s demand exceeds the bidder’s bidding eligibility for the round. Therefore, if a bidder submits a simple bid to increase the number of blocks for which it has processed demand as of the previous round, the FCC auction bidding system will treat the bid as a request to increase demand that will be applied only if that would not cause the bidder’s activity to exceed its eligibility. The eligibility rule for bids to increase demand does not apply to switch bids because the bidder’s processed activity does not change when a switch bid is applied.

c. Partial Application of Bids

85. Under the proposed bid processing procedures and as in all previous FCC spectrum auctions using the clock auction format, a bid (simple bid or switch bid) that involves a reduction from the bidder’s previous demands could be applied partially—that is, reduced by fewer blocks than requested in the bid—if excess demand is insufficient to support the entire reduction. Accordingly, the bidding system will apply a bidder’s request to reduce demand as much as possible consistent with the no excess supply rule. A switch bid may be applied partially, but the increase in demand in the “to” category will always match in quantity the reduction in the “from” category. A simple bid to increase a

bidder’s demand could be applied partially if the total number of bidding units associated with the bidder’s demand exceeds the bidder’s bidding eligibility for the round. Therefore, the bidding system will accommodate a bidder’s request to increase demand as much as possible as long as the bidder’s activity does not exceed its eligibility.

d. Processed Demand

86. The Commission proposes to process bids to change demand in order of price point after a round ends, where the price point represents the percentage of the bidding interval for the round. For example, if the start-of-round price is \$5,000 and the clock price is \$6,000, a price of \$5,100 will correspond to the 10% price point, since it is 10% of the bidding interval between \$5,000 and \$6,000. Under this proposal, the FCC auction bidding system would process bids to change demand in ascending order of price point, first considering intra-round bids in order of price point and then bids at the clock price. The system would consider bids at the lowest price point across all PEAs, then look at bids at the next price point in all areas, and so on. The Commission proposes that, if there are multiple bids at a single price point, the system will process bids in order of a bid-specific pseudo-random number. As it considers each submitted bid during bid processing, the FCC auction bidding system would determine the extent to which there is excess demand in each PEA at that point in the processing in order to determine whether a bidder’s request to reduce demand can be applied. Likewise, the auction bidding system would evaluate the activity associated with the bidder’s most recently determined demands at that point in the processing to determine whether a request to increase demand can be applied.

87. Because in any given round some bidders may request to increase demands for licenses while others may request reductions, the price point at which a bid is considered by the auction bidding system can affect whether it is applied. In addition to proposing that bids be considered by the system in increasing order of price point, the Commission further proposes that bids not applied because of insufficient aggregate demand or insufficient eligibility be held in a queue and considered, again in order, if there should be excess demand or sufficient eligibility later in the processing after other bids are processed.

88. Therefore, under the proposed procedures, once a round closes, the auction system would process bids to

change demand by first considering the bid submitted at the lowest price point and determining the maximum extent to which that bid can be applied given bidders’ demands as determined at that point in the bid processing. If the bid can be applied (either in full or partially), the number of licenses the bidder holds at that point in the processing would be adjusted, and aggregate demand would be recalculated accordingly. If the bid cannot be applied in full, the unfulfilled bid, or portion thereof, would be held in a queue to be considered later during bid processing for that round. The FCC auction bidding system would then consider the bid submitted at the next highest price point, applying it in full, in part, or not at all, given the most recently determined demands of bidders. Any unfulfilled requests would again be held in the queue, and aggregate demand would again be recalculated. Every time a bid or part of a bid is applied, the unfulfilled bids held in the queue would be reconsidered, in the order of the original price points of the bids (and by pseudo-random number, in the case of tied price points). The auction bidding system would not carry over unfulfilled bid requests to the next round, however. The bidding system would advise bidders of the status of their bids when round results are released.

e. Price Determination

89. The Commission further proposes bid processing procedures that would determine, based on aggregate demand, the posted price for each product for the round that will serve as the start-of-round price for the next round. Under this proposal, the uniform price for all of the blocks in a product would increase from round to round as long as there is excess demand for blocks in the product but would not increase if aggregate demand does not exceed the available supply of blocks.

90. The Commission proposes that if, at the end of a round, the aggregate demand for blocks in the product exceeds the supply of blocks, the posted price would equal the clock price for the round. If a reduction in demand was applied during the round and caused demand in the product to equal supply, the posted price would be the price at which the reduction was applied. If aggregate demand is less than or equal to supply and no bid to reduce demand was applied for the product, then the posted price would equal the start-of-round price for the round. The range of acceptable bid amounts for the next round would be set by adding the

percentage increment to the posted price.

91. When a bid to reduce demand can be applied only partially, the uniform price for the product would stop increasing at that point, since the partial application of the bid would result in demand falling to equal supply. Hence, a bidder that makes a bid to reduce demand that cannot be fully applied would not face a price for the remaining demand that is higher than its bid price.

92. After the bids of the round have been processed, if the stopping rule has not been met, the FCC auction bidding system would announce clock prices to indicate a range of acceptable bids for the next round. Each bidder would be informed of its processed demand and the extent of excess demand for blocks in each product.

93. The Commission seeks comment on the proposals regarding bid processing for Auction 110.

#### 9. Winning Bids in the Clock Phase

94. Under the proposed clock auction format for Auction 110, if the reserve price to meet the CSEA requirement is met in the clock phase, bidders with processed demand for a product at the time the stopping rule is met will become the winning bidders of licenses corresponding to that number of blocks and will be assigned specific frequencies in the assignment phase. The final clock phase price for a generic block in a product would be the posted price for the final round.

#### *B. Assignment Phase*

95. Following the conclusion of the clock phase, if the reserve price to meet the CSEA requirement has been met, the Commission proposes to conduct an assignment phase using a series of single bidding rounds, where each clock phase winning bidder will have the opportunity to indicate its preferences for specific frequency licenses corresponding to the generic blocks it won in the clock phase. A bidder will be assigned contiguous frequencies for blocks it wins within each category and PEA regardless of whether it chooses to bid in the assignment phase.

#### 1. Sequencing and Grouping of PEAs

96. The Commission proposes to sequence assignment rounds to make it easier for bidders to incorporate frequency assignments from previously assigned areas into their bid preferences for other areas, recognizing that bidders winning multiple blocks of licenses generally will prefer contiguous blocks across adjacent PEAs. To that end, the Commission proposes to conduct rounds for the largest markets first to

enable bidders to establish a “footprint” from which to work.

97. Specifically, the Commission proposes to conduct a separate assignment round for each of the top 20 PEAs and to conduct these assignment rounds sequentially, beginning with the largest PEA. Once the top 20 PEAs have been assigned, the Commission proposes to conduct, for each Regional Economic Area Grouping (REAG), a series of assignment rounds for the remaining PEAs within that region. The six REAGs are: Northeast, Southeast, Great Lakes, Mississippi Valley, Central, and West.

98. The Commission further proposes, where feasible, to group into a single market for assignment any non-top 20 PEAs within a region in which the same winning bidders will be assigned the same number of blocks in each category, and all are subject to the small markets bidding cap or all are not subject to the cap, which will also help maximize contiguity across PEAs. The Commission proposes to sequence the assignment rounds within a REAG in descending order of population for a PEA group or individual PEA. The Commission further proposes to conduct the bidding for the different REAGs in parallel in order to reduce the total amount of time required to complete the assignment phase.

99. The Commission seeks comment on these proposals for sequencing assignment rounds, including conducting separate rounds for the top 20 PEAs, and on the proposal to group PEAs for bidding under some circumstances within REAGs. Are there concerns that, because blocks in the same category but in different PEAs within a REAG may have different restrictions on their use, that the bidding system should not group PEAs for bidding? Or would the potential reduction in the number of bidding rounds outweigh such concerns?

#### 2. Acceptable Bids and Bid Processing

100. Under the Commission’s proposal, in each assignment round, a bidder will be asked to assign a price to one or more possible frequency assignments for which it wishes to express a preference, consistent with its winnings for generic blocks in the clock phase. The price will represent a maximum payment that the bidder is willing to pay, in addition to the price established in the clock phase for the generic blocks, for the frequency-specific license or licenses in its bid. In PEAs where there are two categories and a bidder won generic blocks in both categories, the Commission proposes that bidder submit its preferences for

blocks won in Cat1 and Cat2 separately, rather than submitting bids for preferences that include blocks in both categories. That is, if a bidder won one block in Cat1 and two blocks in Cat2, it would not be able to submit a single bid amount for an assignment that included both categories. Instead, it would submit its bid or bids for assignments in Cat1 separately from its bid or bids for assignments in Cat2.

101. The Commission proposes to use an optimization approach to determine the winning frequency assignment for each category in each PEA or PEA group. The Commission proposes that the auction system will select the assignment that maximizes the sum of bid amounts among all assignments that satisfy the contiguity requirements. Furthermore, if multiple blocks in a category in a PEA remain unsold, the unsold licenses will be contiguous. The Commission proposes that the additional price a bidder will pay for a specific frequency assignment (above the clock phase price) will be calculated consistent with a generalized “second price” approach—that is, the winner will pay a price that would be just sufficient to result in the bidder receiving that same winning frequency assignment while ensuring that no group of bidders is willing to pay more for an alternative assignment that satisfies the contiguity restrictions. This price will be less than or equal to the price the bidder indicated it was willing to pay for the assignment. The Commission proposes to determine prices in this way because it facilitates bidding strategy for the bidders, encouraging them to bid their full value for the assignment, knowing that if the assignment is selected, they will pay no more than would be necessary to ensure that the outcome is competitive. The Commission proposes to determine prices using the Vickrey-nearest approach, which is described in the Assignment Phase Technical Guide available on the Auction 110 website.

102. The Commission seeks comment on these proposed procedures.

#### **V. Tutorials and Additional Information for Applicants**

103. The Commission intends to provide additional information on the bidding system and to offer demonstrations and other educational opportunities for applicants in Auction 110 to familiarize themselves with the FCC auction application system and the auction bidding system. For example, the Commission intends to release online tutorials that will help applicants understand the procedures to be followed in the filing of their auction

short-form applications (FCC Form 175) and on the bidding procedures for Auction 110.

## VI. Procedural Matters

### A. Supplemental Initial Regulatory Flexibility Analysis

104. As required by the Regulatory Flexibility Act of 1980, as amended (RFA), 5 U.S.C. 603, the Commission has prepared this Supplemental Initial Regulatory Flexibility Analysis (Supplemental IRFA) of the possible significant economic impact on small entities of the policies and rules addressed in the *Auction 110 Comment Public Notice* to supplement the Commission's Initial and Final Regulatory Flexibility Analyses completed in the *3.45 GHz Further Notice of Proposed Rulemaking (FNPRM)*, 85 FR 66888, October 21, 2020, released October 2, 2020, the *3.45 GHz Second Report and Order*, and other Commission orders pursuant to which Auction 110 will be conducted. Written public comments are requested on this Supplemental IRFA. Comments must be identified as responses to the Supplemental IRFA and must be filed by the same deadline for comments specified in the **DATES** section of this document and on the first page of the *Auction 110 Comment Public Notice*. The Commission will send a copy of the *Auction 110 Comment Public Notice*, including this Supplemental IRFA, to the Chief Counsel for Advocacy of the Small Business Administration (SBA). In addition, the *Auction 110 Comment Public Notice* and Supplemental IRFA (or summaries thereof) will be published in the **Federal Register**.

105. *Need for, and Objectives of, the Proposed Rules.* The *Auction 110 Comment Public Notice* sets forth the proposed auction procedures for those entities that seek to bid to acquire licenses in Auction 110. The *Auction 110 Comment Public Notice* seeks comment on proposed procedural rules to govern Auction 110, which will auction flexible-use licenses for the 3.45 GHz Service. This process is intended to provide notice of and adequate time for potential applicants to comment on proposed auction procedures. To promote the efficient and fair administration of the competitive bidding process for all Auction 110 participants, the Commission seeks comment on the following proposed procedures:

- A requirement that any applicant seeking to participate in Auction 110 certify in its short-form application, under penalty of perjury, that it has read the public notice adopting procedures

for Auction 110 that will be released in advance of the short-form deadline, and that it has familiarized itself with those procedures and the requirements for obtaining a license and operating facilities in the 3.45–3.55 GHz band;

- establishment of bidding credit caps for eligible small businesses, very small businesses, and rural service providers in Auction 110;

- designation of AT&T, T-Mobile, and Verizon Wireless as nationwide providers for purposes of the prohibition of certain communications;

- use of anonymous bidding/limited information procedures which will not make public until after bidding has closed: (1) The PEAs that an applicant selects for bidding in its short-form application (FCC Form 175), (2) the amount of any upfront payment made by or on behalf of an applicant for Auction 110, (3) an applicant's bidding eligibility, and (4) any other bidding-related information that might reveal the identity of the bidder placing a bid;

- establishment of an additional default payment of 15% under § 1.2104(g)(2) of the rules in the event that a winning bidder defaults or is disqualified after the auction;

- a specific upfront payment amount for products available in Auction 110;

- establishment of a bidder's initial bidding eligibility in bidding units based on that bidder's upfront payment through assignment of a specific number of bidding units for each generic block;

- establishment of a single aggregate reserve price for the auction to ensure that total cash proceeds from the auction equal at least \$14,775,354,330;

- provision of delegated authority to OEA, in conjunction with WTB, to exercise its discretion to delay, suspend, or cancel bidding in Auction 110 for any reason that affects the ability of the competitive bidding process to be conducted fairly and efficiently;

- retention by OEA of discretion to adjust the bidding schedule in order to manage the pace of Auction 110;

- use of a simultaneous stopping rule for Auction 110, under which all blocks in both categories in all PEAs would remain available for bidding until the bidding stops in every PEA;

- use of a clock auction format for Auction 110 under which each qualified bidder will indicate in successive clock bidding rounds its demands for categories of generic blocks in specific geographic areas. Proposed categories are determined based on the framework set forth in the *3.45 GHz Second Report and Order*, in which the lower 40 megahertz of the band—between 3450–3490 MHz corresponding to the A through D blocks—are affected

differently than the upper 60 megahertz in certain PEAs in the band;

- to permit bidders to make two types of bids: Simple bids and switch bids. A “simple” bid indicates a desired quantity of blocks in a product at a price (either the clock price or an intra-round price). A “switch” bid allows the bidder to request to move its demand for a quantity of blocks from Cat1 to Cat2, or vice versa, within the same PEA at a price for the “from” category (either the clock price or an intra-round price);

- use of an activity rule that would require bidders to be active on between 90% and 100% of their bidding eligibility in all regular clock rounds;

- use of an activity rule that does not include a waiver of the rule to preserve a bidder's eligibility;

- a specific minimum opening bid amount for products available in Auction 110;

- establishment of acceptable bid amounts, including clock price increments and intra-round bids, along with a proposed methodology for calculating such amounts;

- a proposed methodology for processing bids and requests to reduce and increase demand; and

- establishment of an assignment phase that will determine which frequency-specific licenses will be won by the winning bidders of generic blocks during the clock phase.

106. The proposed procedures for the conduct of Auction 110 constitute the more specific implementation of the competitive bidding rules contemplated by Parts 1 and 27 of the Commission's rules, the *3.45 GHz Second Report and Order*, and relevant competitive bidding orders, and are fully consistent therewith.

107. *Legal Basis.* The Commission's statutory obligations to small businesses under the Communications Act of 1934, as amended, are found in sections 309(j)(3)(B) and 309(j)(4)(D). The statutory basis for the Commission's competitive bidding rules is found in various provisions of the Communications Act of 1934, as amended, including 47 U.S.C. 154(i), 301, 302, 303(r), 304, 307, and 309(j). The Commission has established a framework of competitive bidding rules, updated most recently in 2015, pursuant to which it has conducted auctions since the inception of the auctions program in 1994 and would conduct Auction 110.

108. *Description and Estimate of the Number of Small Entities to Which the Proposed Rules Will Apply.* The RFA directs agencies to provide a description of, and, where feasible, an estimate of the number of small entities that may be

affected by the proposed rules and policies, if adopted. The RFA generally defines the term “small entity” as having the same meaning as the terms “small business,” “small organization,” and “small governmental jurisdiction.” In addition, the term “small business” has the same meaning as the term “small business concern” under the Small Business Act. A “small business concern” is one which: (1) Is independently owned and operated, (2) is not dominant in its field of operation, and (3) satisfies any additional criteria established by the SBA.

109. As noted, Regulatory Flexibility Analyses were incorporated into the *3.45 GHz FNPRM* and the *3.45 GHz Second Report and Order*. In those analyses, the Commission described in detail the small entities that might be significantly affected. In the *Auction 110 Comment Public Notice*, the Commission incorporates by reference the descriptions and estimates of the number of small entities from the previous Regulatory Flexibility Analyses in the *3.45 GHz FNPRM*, and the *3.45 GHz Second Report and Order*.

110. *Description of Projected Reporting, Recordkeeping, and Other Compliance Requirements for Small Entities*. The Commission designed the auction application process itself to minimize reporting and compliance requirements for applicants, including small business applicants. In the first part of the Commission’s two-phased auction application process, parties desiring to participate in an auction file streamlined, short-form applications in which they certify under penalty of perjury as to their qualifications. Eligibility to participate in bidding is based on an applicant’s short-form application and certifications, as well as its upfront payment. In the second phase of the process, winning bidders file a more comprehensive long-form application. Thus, an applicant that fails to become a winning bidder does not need to file a long-form application and provide the additional showings and more detailed demonstrations required of a winning bidder.

111. The Commission does not expect the processes and procedures proposed in the *Auction 110 Comment Public Notice* will require small entities to hire attorneys, engineers, consultants, or other professionals to participate in Auction 110 and comply with the procedures it ultimately adopts because of the information, resources, and guidance the Commission makes available to potential and actual participants. For example, the Commission intends to release an online tutorial that will help applicants

understand the procedures for filing the auction short-form application (FCC Form 175). The Commission also intends to make information on the bidding system available and to offer demonstrations and other educational opportunities for applicants in Auction 110 to familiarize themselves with the FCC auction application system and the auction bidding system. By providing these resources as well as the resources discussed under “Steps Taken to Minimize the Significant Economic Impact on Small Entities, and Significant Alternatives Considered,” the Commission expects small business entities who use the available resources to experience lower participation and compliance costs. Nevertheless, while the Commission cannot quantify the cost of compliance with the proposed procedures, it does not believe that the costs of compliance will unduly burden small entities that choose to participate in the auction because the proposals for Auction 110 are similar in many respects to the procedures in recent auctions conducted by the Commission.

112. *Steps Taken to Minimize the Significant Economic Impact on Small Entities, and Significant Alternatives Considered*. The RFA requires an agency to describe any significant, specifically small business, alternatives that it has considered in reaching its proposed approach, which may include the following four alternatives (among others): (1) The establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance and reporting requirements under the rule for such small entities; (3) the use of performance rather than design standards; and (4) an exemption from coverage of the rule, or any part thereof, for such small entities.

113. The Commission has taken steps to minimize any economic impact of its auction procedures on small businesses through, among other things, the many resources it provides potential auction participants. Small entities and other auction participants may seek clarification of or guidance on complying with competitive bidding rules and procedures, reporting requirements, and the FCC’s auction bidding system. An FCC Auctions Hotline provides access to Commission staff for information about the auction process and procedures. The FCC Auctions Technical Support Hotline is another resource which provides technical assistance to applicants, including small entities, on issues such as access to or navigation within the

electronic FCC Form 175 and use of the FCC’s auction bidding system. Small entities may also use the web-based, interactive online tutorial produced by Commission staff to familiarize themselves with auction procedures, filing requirements, bidding procedures, and other matters related to an auction.

114. The Commission also makes various databases and other sources of information, including the Auctions program websites and copies of Commission decisions, available to the public without charge, providing a low-cost mechanism for small entities to conduct research prior to and throughout the auction. Prior to and at the close of Auction 110, the Commission will post public notices on the Auctions website, which articulate the procedures and deadlines for the auction. The Commission makes this information easily accessible and without charge to benefit all Auction 110 applicants, including small entities, thereby lowering their administrative costs to comply with the Commission’s competitive bidding rules.

115. Prior to the start of bidding, eligible bidders will be given an opportunity to become familiar with auction procedures and the bidding system by participating in a mock auction. Further, the Commission intends to conduct Auction 110 electronically over the internet using its web-based auction system that eliminates the need for bidders to be physically present in a specific location. Qualified bidders also have the option to place bids by telephone. These mechanisms are made available to facilitate participation in Auction 110 by all eligible bidders and may result in significant cost savings for small business entities that use these alternatives. Moreover, the adoption of bidding procedures in advance of the auction, consistent with statutory directive, is designed to ensure that the auction will be administered predictably and fairly for all participants, including small entities.

116. For Auction 110, the Commission proposes a \$25 million cap on the total bidding credit amount that may be awarded to an eligible small business and a \$10 million cap on the total bidding credit amount that may be awarded to a rural service provider. In addition, the Commission proposes a \$10 million cap on the overall amount of bidding credits that any winning small business bidder may apply to winning licenses in PEAs with a population of 500,000 or less. The Commission seeks comment on whether the expected capital requirements associated with operating in the 3.45–

3.55 GHz band, the potential number and value of 3.45 GHz Service licenses, past auction data, or any other considerations justify a higher cap for either type of bidding credit, and whether there are convincing reasons for not maintaining parity with the bidding credit caps in other recent spectrum auctions. Based on the technical characteristics of the 3.45–3.55 GHz band and its analysis of past auction data, the Commission anticipates that the proposed caps will allow the majority of small businesses to take full advantage of the bidding credit program, thereby lowering the relative costs of participation for small businesses.

117. These proposed procedures for the conduct of Auction 110 constitute the more specific implementation of the competitive bidding rules contemplated by parts 1 and 27 of the Commission's rules, the *3.45 GHz Second Report and Order*, and relevant competitive bidding orders, and are fully consistent therewith.

118. *Federal Rules that May Duplicate, Overlap, or Conflict with the Proposed Rules.* None.

#### *B. Paperwork Reduction Act Analysis*

119. This document contains proposed new information collection requirements. The Commission, as part of its continuing effort to reduce paperwork burdens, invites the general public and the Office of Management and Budget (OMB) to comment on the information collection requirements contained in this document, as required by the Paperwork Reduction Act of 1995. In addition, pursuant to the Small Business Paperwork Relief Act of 2002, we seek specific comment on how we might further reduce the information collection burden for small business concerns with fewer than 25 employees.

#### *C. Deadlines and Filing Procedures*

120. Pursuant to §§ 1.415 and 1.419 of the Commission's rules, interested parties may file comments or reply comments on or before the dates indicated in the **DATES** section of this document and on the first page of the document in AU Docket No. 21–62. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies. We strongly encourage interested parties to file comments electronically.

121. 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 must file a copy of any written presentations

or memoranda summarizing any oral presentation within two business days after the presentation (unless a different deadline applicable to the Sunshine Period applies). Persons making oral ex parte presentations are reminded that memoranda summarizing the presentations must (1) list all persons attending or otherwise participating in the meeting at which the ex parte presentation was made, and (2) summarize all data presented and arguments made during the presentation. If the presentation consisted in whole or in part of the presentation of data or arguments already reflected in the presenter's written comments, memoranda, or other filings in the proceeding, the presenter may provide citations to such data or arguments in his or her prior comments, memoranda, or other filings (specifying the relevant page and/or paragraph numbers where such data or arguments can be found) in lieu of summarizing them in the memorandum. Documents shown or given to the Commission staff during ex parte meetings are deemed to be written ex parte presentations and must be filed consistent with rule § 1.1206(b). In proceedings governed by rule § 1.49(f) or for which the Commission has made available a method of electronic filing, written ex parte presentations and memoranda summarizing oral ex parte presentations, and all attachments thereto, must be filed through the electronic comment filing system available for that proceeding, and must be filed in their native format (*e.g.*, .doc, .xml, .ppt, searchable .pdf). Participants in this proceeding should familiarize themselves with the Commission's ex parte rules.

Federal Communications Commission.

**Marlene Dortch,**

*Secretary.*

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## DEPARTMENT OF THE INTERIOR

### Fish and Wildlife Service

#### 50 CFR Part 17

[Docket No. FWS–R4–ES–2021–0007; FF09E21000 FXES11110900000 212]

RIN 1018–BE80

#### **Endangered and Threatened Wildlife and Plants; 12-Month Petition Finding and Threatened Species Status With Section 4(d) Rule for Suwannee Alligator Snapping Turtle**

**AGENCY:** Fish and Wildlife Service, Interior.

**ACTION:** Proposed rule.

**SUMMARY:** We, the U.S. Fish and Wildlife Service (Service), announce a 12-month finding on a petition to list the Suwannee alligator snapping turtle (*Macrochelys suwanniensis*), a freshwater turtle species from the Suwannee River basin in Georgia and Florida, as a threatened species. After a review of the best available scientific and commercial information, we find that listing the species is warranted. Accordingly, we propose to list the Suwannee alligator snapping turtle as a threatened species with a rule issued under section 4(d) of the Act (“4(d) rule”). If we finalize this rule as proposed, it would add the species to the List of Endangered and Threatened Wildlife and extend the Act's protections to the species.

**DATES:** We will accept comments received or postmarked on or before June 7, 2021. Comments submitted electronically using the Federal eRulemaking Portal (see **ADDRESSES**, below) must be received by 11:59 p.m. Eastern Time on the closing date. We must receive requests for public hearings, in writing, at the address shown in **FOR FURTHER INFORMATION CONTACT** by May 24, 2021.

**ADDRESSES:** You may submit comments by one of the following methods:

(1) *Electronically:* Go to the Federal eRulemaking Portal: <http://www.regulations.gov>. In the Search box, enter FWS–R4–ES–2021–0007, which is the docket number for this rulemaking. Then, click on the Search button. On the resulting page, in the Search panel on the left side of the screen, under the Document Type heading, check the Proposed Rule box to locate this document. You may submit a comment by clicking on “Comment Now!”

(2) *By hard copy:* Submit by U.S. mail: Public Comments Processing, Attn: FWS–R4–ES–2021–0007, U.S. Fish and Wildlife Service, MS: PRB/3W, 5275