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Penny Lassiter,

Director, Sector Policies and Programs Division.

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FEDERAL COMMUNICATIONS COMMISSION

47 CFR Parts 1 and 27

[AU Docket No. 25-117; DA 25-193; FR ID 285139]

Auction of Advanced Wireless Services (AWS-3) Licenses; Comment Sought on Competitive Bidding Procedures for Auction 113

AGENCY: Federal Communications Commission.

ACTION: Proposed rule; proposed auction procedures.

SUMMARY: In this document, the Federal Communications Commission (Commission or FCC) announces an auction of 200 licenses in the 1695-1710 MHz, 1755-1780 MHz, and 2155-

2180 MHz bands (collectively, the "AWS-3" bands). The Office of Economics and Analytics (OEA), jointly with the Wireless Telecommunications Bureau (WTB), also seeks comment in this document on the procedures to be used for this auction, which is designated as Auction 113.

DATES: Comments are due on or before April 10, 2025, and reply comments are due on or before April 25, 2025.

ADDRESSES: Interested parties may file comments or reply comments, identified by AU Docket No. 25-117, by any of the following methods:

Electronic Filers: Comments may be filed electronically using the internet by accessing the Commission's Electronic Comment Filing System (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 can be sent by hand or messenger delivery, by commercial courier, or by the U.S. Postal Service mail. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

- Hand-delivered or messenger-delivered paper filings for the Commission's Secretary are accepted between 8 a.m. and 4 p.m. by the FCC's mailing contractor at 9050 Junction Drive, Annapolis Junction, MD 20701. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes and boxes must be disposed of before entering the building.

- Commercial courier mail (any not sent by the U.S. Postal Service) must be sent to 9050 Junction Drive, Annapolis Junction, MD 20701.

- Filings sent by U.S. Postal Service First-Class Mail, Express, and Priority mail must be sent to 45 L Street NE, Washington, DC 20554.

Email: Commenters are requested to also submit a copy of their comments and reply comments electronically to the following address: auction113@fcc.gov.

Ex Parte Rules: This proceeding shall be treated as a permit-but-disclose proceeding in accordance with the Commission's *ex parte* rules. 47 CFR 1.1200 *et seq.* Persons making *ex parte* presentations must file a copy of any written presentation or a memorandum 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 Commission staff during *ex parte* presentations are deemed to be written *ex parte* presentations and must be filed consistent with 47 CFR 1.1206(b). In proceedings governed by 47 CFR 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.

FOR FURTHER INFORMATION CONTACT:

Auction Legal Questions: Valerie M. Barrish, (202) 418-0660, Valerie.Barrish@fcc.gov, or Yasiman E. Montgomery, (202) 418-0660, Yasiman.Montgomery@fcc.gov.

General Auction Questions: Auction Hotline at (717) 338-2868.

AWS-3 Service Questions: Madelaine Maior, (202) 418-1166, Madelaine.Maior@fcc.gov, or Jeffrey Tignor, (202) 418-0774, JeffreyTignor@fcc.gov.

SUPPLEMENTARY INFORMATION: This is a summary of the document, AU Docket No. 25-117, DA 25-193, adopted on March 11, 2025, and released on March 11, 2025 (*Auction 113 Comment Public Notice*). The *Auction 113 Comment Public Notice* includes the following attachments: Attachment A, Auction 113 Licenses; Proposed Bidding Units, Upfront Payments, and Minimum Opening Bid Amounts. The complete text of the *Auction 113 Comment Public Notice*, including its attachment, is available on the Commission's website at <http://www.fcc.gov/auction/113> or by using the search function for AU Docket No. 25-117 on the Commission's ECFS web page at www.fcc.gov/ecfs.

Alternative formats are available to persons with disabilities by sending an email to fcc504@fcc.gov or by calling the Consumer and Governmental Affairs Bureau at (202) 418–0530.

Providing Accountability Through Transparency Act. The Providing Accountability Through Transparency Act, Public Law 118–9, requires each agency, in providing notice of a rulemaking, to post online a brief plain-language summary of the proposed rule. The required summary of the *Auction 113 Comment Public Notice* is available at <https://www.fcc.gov/proposed-rulemakings>.

Paperwork Reduction Act of 1995 Analysis

The *Auction 113 Comment Public Notice* seeks comment on proposed requirements that may result in new or modified 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 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, specific comment is sought on how the Commission might further reduce the information collection burden for small business concerns with fewer than 25 employees.

I. Introduction

1. In the *Auction 113 Comment Public Notice*, the Commission announces an auction of 200 licenses in the 1695–1710 MHz, 1755–1780 MHz, and 2155–2180 MHz bands (collectively, the “AWS–3” bands), which is designated as Auction 113.

2. The Commission is offering the licenses in Auction 113 pursuant to the Spectrum and Secure Technology and Innovations Act of 2024 (Spectrum and Secure Technology and Innovation Act). The Spectrum and Secure Technology and Innovation Act, Public Law 118–159, directs the Commission to initiate a system of competitive bidding to grant licenses of unassigned AWS–3 spectrum

in the Commission’s inventory as of December 23, 2024 within 18 months of December 23, 2024. Auction proceeds will support the Commission’s Supply Chain Reimbursement Program, which implements the Secure and Trusted Communications Networks Act of 2019 by reimbursing eligible advanced communications service providers for their costs to remove, replace, and dispose of Huawei Technologies Company or ZTE Corporation equipment and services obtained on or before June 30, 2020.

3. In this proceeding and consistent with past practice, the Office of Economics and Analytics (OEA), jointly with the Wireless Telecommunications Bureau (WTB), seeks comment in the *Auction 113 Comment Public Notice* on the competitive bidding procedures and auction design to be used for bidding to acquire licenses in Auction 113, including a proposal to use an ascending clock auction format—specifically, a clock-1 format—wherein bidding in the clock phase would be for specific licenses to assign the licenses offered in Auction 113.

II. Licenses To Be Offered In Auction 113

4. The list of licenses to be offered in Auction 113 is available in the Attachment A file on the Auction 113 website at www.fcc.gov/auction/113. The licenses available in Auction 113 will be granted pursuant to the Commission’s authority under the Spectrum and Secure Technology and Innovation Act to initiate a system of competitive bidding that will grant licenses for spectrum in the Commission’s inventory as of December 23, 2024 in the AWS–3 bands. Licenses for the AWS–3 spectrum previously were offered in Auction 97, however not all the licenses offered in Auction 97 were assigned following that auction. The licenses for AWS–3 spectrum that were available in the Commission’s inventory as of December 23, 2024 and will be offered in Auction 113 are listed in the Attachment A file. In its *2025 AWS–3 NPRM*, 90 FR 11931 (March 13, 2025), the Commission seeks comment on possibly adopting a Tribal licensing

window for relevant portions of AWS–3 spectrum in its inventory which could affect the licenses to be offered in Auction 113. If corrections or changes to the list of licenses available in Auction 113 are necessary for any reason, the Commission may update the Attachment A file as appropriate.

A. Description of Licenses

5. In the *2014 AWS–3 Report and Order*, 79 FR 32366 (June 4, 2014), the Commission concluded that all licenses in the 1695–1710 MHz band, and most licenses in the 1755–1780 MHz and 2155–2180 MHz bands, should be awarded on an Economic Area (EA) basis in all areas, and that all licenses in the 1755–1760 MHz and 2155–2160 MHz bands should be awarded on a Cellular Market Area (CMA) basis in all areas.

6. The AWS–3 spectrum available in Auction 113 will be licensed on a geographic area basis. Of the 200 licenses offered in Auction 113, 48 will be EA licenses and 152 will be CMA licenses. The AWS–3 frequencies will be licensed in five and ten megahertz blocks, with each license having a total bandwidth of five, ten, or twenty megahertz.

7. The 1695–1710 MHz band will be licensed in an unpaired configuration for low-power mobile transmit (*i.e.*, uplink) operations. The 1755–1780 MHz band will be licensed paired with the 2155–2180 MHz band, with the 1755–1780 MHz band authorized for low-power mobile transmit (*i.e.*, uplink) operations and the 2155–2180 MHz band authorized for base station and fixed (*i.e.*, downlink) operations. Higher-power fixed and base station operations are also prohibited in the 1755–1780 MHz band.

8. Figure 1 in the *Auction 113 Comment Public Notice* shows the band plan for the 1695–1710 MHz band. Figure 2 in the *Auction 113 Comment Public Notice* shows the band plans for the 1755–1780 MHz and 2155–2180 MHz bands. Table 1 contains summary information regarding the AWS–3 licenses available in Auction 113:

TABLE 1—AWS–3 LICENSE SUMMARY
[Auction 113]

Block	Frequencies (MHz)	Total bandwidth	Pairing	Geographic area type	Number of licenses
A1	1695–1700 MHz	5 MHz	unpaired	EA	1
B1	1700–1710 MHz	10 MHz	unpaired	EA	1
G	1755–1760/2155–2160 MHz	10 MHz	2 x 5 MHz	CMA	152
H	1760–1765/2160–2165 MHz	10 MHz	2 x 5 MHz	EA	14
I	1765–1770/2165–2170 MHz	10 MHz	2 x 5 MHz	EA	29

TABLE 1—AWS-3 LICENSE SUMMARY—Continued
[Auction 113]

Block	Frequencies (MHz)	Total bandwidth	Pairing	Geographic area type	Number of licenses
J	1770–1780/2170–2180 MHz	20 MHz	2 x 10 MHz	EA	3

9. 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 113. In addition to the typical due diligence considerations that the Commission encourages of bidders in all auctions, OEA and WTB call particular attention in Auction 113 to the incumbency issues in the 1695–1710 MHz, 1755–1780 MHz, and 2155–2180 MHz bands and protection of Federal and non-Federal incumbent operations as described herein. 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 AWS-3 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 spectrum license 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.

B. Incumbency Issues

10. The AWS-3 bands are currently being used for a variety of government and non-government services. In the *2014 AWS-3 Report and Order*, the Commission allocated the 1695–1710 MHz and 1755–1780 MHz bands for commercial use. The Commission allocated the 1695–1710 MHz band for non-Federal fixed and mobile (except aeronautical mobile) use and the 1755–1780 MHz band for non-Federal fixed and mobile use. Licenses in the 1695–1710 MHz band are being made available on a shared basis with incumbent Federal meteorological-satellite (MetSat) data users. The

Commission adopted twenty-seven Protection Zones for the 1695–1710 MHz band in the *2014 AWS-3 Report and Order*, and the forty-seven Federal earth stations located in these Protection Zones will operate on a co-equal, primary basis with commercial AWS-3 licensees. All other Federal earth stations operate on a secondary basis. In order to facilitate coordination, uplink/mobile transmit devices in the 1695–1710 MHz band must be under the control of, or associated with, a base station as a means to facilitate shared use of the band and prevent interference to Federal operations. Licenses in the 1755–1780 MHz band are being made available on a shared basis with a limited number of Federal incumbents indefinitely, and some Federal systems that have or will over time relocate out of the band. The Federal systems located in the Protection Zones adopted by the Commission for the 1755–1780 MHz band in the *2014 AWS-3 Report and Order* will operate on a co-equal, primary basis with commercial AWS licensees. The Federal systems that will relocate from the band pursuant to an approved transition plan will operate on a primary basis until they are reaccommodated. In order to facilitate coordination, uplink/mobile transmit devices in the 1755–1780 MHz band must be under the control of, or associated with, a base station as a means to facilitate shared use of the band and prevent interference to Federal operations. NTIA issues annual reports on the status of the transitions of spectrum in the 1695–1710 MHz and 1755–1780 MHz bands. Licenses to operate in the 1695–1710 MHz and 1755–1780 MHz bands are subject to the condition that the licensee must not cause harmful interference to an incumbent Federal entity relocating from these bands under an approved Transition Plan. This condition remains in effect until NTIA terminates the applicable authorization of the incumbent Federal entity. Although this license condition does not apply to the permanent sharing scenario, the Commission's rules require successful coordination to avoid causing harmful interference to these Federal incumbents. In addition, AWS-3 licensees in the 1755–1780 MHz band

must agree to accept interference from incumbent Federal users while they remain authorized to operate in the band. The 2155–2180 MHz band is already allocated for exclusive non-Federal, commercial use. Although no Federal users are currently licensed or operating in the 2155–2180 MHz band, AWS-3 licensees may have to protect or relocate and/or share in the cost of relocating non-Federal incumbent Fixed Microwave and Broadband Radio Service licensees in the band.

11. AWS-3 licensees in the 1695–1710 MHz and 1755–1780 MHz bands are required to successfully coordinate with Federal incumbent users in these bands prior to operating in designated protection zones. The *2014 AWS-3 Report and Order* established that 1695–1710 MHz licensees operating at certain power levels would be required to coordinate with Federal incumbents in those protection zones, and higher-powered operations would generally require nationwide coordination. Similarly, operations in the 1755–1780 MHz band are subject to successful coordination with Federal incumbents in the protection zones adopted for that band, with the default coordination zone being nationwide. Prior to commencing operations in the 1755–1780 MHz band, an AWS-3 licensee must reach a coordination arrangement on an operator-to-operator basis with each Federal agency that has an assignment with United States and Possessions authority. The *FCC/NTIA Coordination Procedures Public Notice*, 79 FR 54710 (September 12, 2014), contains various refinements to the previously-defined protection zones for each of these bands. The *FCC/NTIA Coordination Procedures Public Notice* also provides information and guidance on the overall coordination process for these bands, as contemplated by the *2014 AWS-3 Report and Order*, including informal pre-coordination discussion and the formal process of submitting coordination requests to, and receiving responses to coordination requests from, relevant Federal agencies. OEA and WTB encourage each potential applicant to carefully review these coordination requirements and the policies and procedures adopted by the Commission to implement them, and to

consider the impact of those requirements and policies on the potential applicant's business plans.

III. Implementation of Part 1 Competitive Bidding Rules and Requirements

12. The Commission's part 1 competitive bidding 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. Pursuant to the Commission's competitive bidding rules under 47 CFR 1.2105, each applicant must make a series of certifications under penalty of perjury on its FCC Form 175 related to the information provided in its application and its participation in the auction, and it must confirm that it is legally, technically, financially, and otherwise qualified to hold a Commission license. 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, its application would be dismissed with prejudice, and it would be ineligible to participate further in the auction. The competitive bidding rules in 47 CFR part 1, subpart Q also contain a framework for the implementation of a competitive bidding design, application and certification procedures, payment procedures, reporting requirements, and the prohibition of certain communications.

A. Certification of Notice of Auction 113 Requirements and Procedures

13. In addition to certifications already required under 47 CFR 1.2105, OEA and WTB propose to require any applicant seeking to participate in Auction 113 to certify in its short-form application, under penalty of perjury, that it has read the public notice(s) adopting procedures for Auction 113, as appropriate, and that it has familiarized itself both with the auctions procedures and with the requirements for obtaining a license and operating facilities in the AWS-3 band. OEA and WTB believe that this certification 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 license won at auction. Consequently, this requirement will promote an applicant's successful participation in the auction and reduce its risk of

defaulting on its auction obligations. As with other required certifications, an auction applicant's failure to make the required certifications 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. OEA and WTB seek comment on this proposal. OEA and WTB also seek comment on whether there are additional steps the Commission should take with respect to the filing of short-form applications to further ensure and promote auction integrity.

B. Acknowledgement for Auction 113 Applicants

14. In its *2014 AWS-3 Report and Order*, the Commission adopted rules to address commercial operations in these bands in light of the temporary and indefinite sharing of the bands by Federal incumbent users and commercial licensees, including a requirement that commercial licensees operate on a co-equal, primary basis with Federal systems within specified geographic zones, and a requirement that licensees in the 1755–1780 MHz band accept interference from Federal systems as long as such systems remain in the band. To implement these rules, each Auction 97 applicant seeking to bid in the 1755–1780 MHz band had been required to submit with its short-form application a signed statement acknowledging that the applicant's operations in the 1755–1780 MHz band may be subject to interference from Federal systems in certain geographic zones, that the applicant must accept interference from such Federal systems in those zones, and that the applicant has considered these risks before submitting any bids for applicable licenses. As discussed herein, there continue to be Federal incumbent users in the 1755–1780 MHz band. Accordingly, as was required for Auction 97 applicants, OEA and WTB propose to require an Auction 113 applicant to submit a signed statement as an attachment to its short-form application acknowledging that the applicant's operations in the 1755–1780 MHz band may be subject to interference from Federal systems in certain geographic zones, that the applicant must accept interference from such Federal systems in those zones, and that the applicant has considered these risks before submitting any bids for applicable licenses in Auction 113. OEA and WTB seek comment on this proposal.

C. Bidding Credit Caps

15. In general, the Commission's bidding credit program promotes small business and rural service provider participation in auctions and in the provision of spectrum-based services. Consistent with the framework established by the Commission in the *Updating Part 1 Report and Order*, 80 FR 56764 (September 18, 2015), OEA and WTB seek comment on establishing a reasonable monetary limit or cap on the total amount of bidding credits that an eligible small business or rural service provider may be awarded for Auction 113.

16. 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 its *2014 AWS-3 Report and Order*, the Commission decided it would conduct any auction for licenses in the AWS-3 bands pursuant to its competitive bidding rules in 47 CFR part 1, subpart Q and would provide small business bidding credits to eligible entities. Under the rules in effect at the time Auction 97 was conducted, an entity with average annual gross revenues for the preceding three years not exceeding \$40 million was designated as a "small business" eligible for a 15% bidding credit, and an entity with average annual gross revenues for the preceding three years not exceeding \$15 million was designated as a "very small business" eligible for a 25% bidding credit. Shortly after Auction 97 ended, the Commission increased the gross revenue thresholds that define eligibility for the existing 15%, 25%, and 35% tiers of the small business bidding credit program to 55 million, \$20 million, and \$4 million, respectively, and adopted a rural service provider bidding credit. Additionally, in 2018, Congress amended the Small Business Act to require an agency that prescribes a size standard for categorizing a business concern providing services as a "small business concern" to do so based on annual average gross revenues over a period of not less than five-years.

17. Because the service rules for the AWS-3 bands had not been updated to reflect these changes, in its *2025 AWS-3 NPRM*, the Commission proposed to harmonize the designated entity rules for the AWS-3 bands with both the updated competitive bidding rules for designated entities in 47 CFR part 1, subpart Q and the Small Business Act's

revised five-year average gross receipts benchmark. The Commission defines the small business size standards on a service-by-service basis, after evaluating the associated characteristics and capital requirements of each service, and proposed in the *2025 AWS-3 NPRM* to adopt for the AWS-3 service rules the small business definitions for the two higher gross revenues thresholds of \$55 million and \$20 million that are in the standardized schedule for small business bidding credits in 47 CFR part 1, subpart Q. The Commission determines eligibility for the rural service provider bidding credit on a service-by-service basis, and proposed in the *2025 AWS-3 NPRM* that in any future auction of licenses in the AWS-3 bands, it would offer a 15% rural service provider bidding credit to any eligible rural service provider, as defined in 47 CFR 1.2110(f)(4)(i), that is not also claiming a small business bidding credit. Under 47 CFR 1.2110(f)(4)(i), 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. The Commission defined "rural area" as a county with a population density of 100 persons or fewer per square mile.

18. 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 where such credits are available. This process is 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. For Auctions 101, 102, 103, 105, 107, 108, and 110, 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.

19. OEA and WTB propose to adopt the same \$25 million small business

bidding credit cap for Auction 113 as was adopted for nearly all spectrum auctions conducted after Auction 97 was completed and following the adoption of the *Updating Part 1 Report and Order's* bidding cap framework. Auction data suggest that a \$25 million cap on small business bidding credits will allow the substantial majority of eligible small businesses in the auction to take advantage of the bidding credit program. No bidder seeking a small business bidding credit exceeded the \$25 million cap in Auction 101, Auction 102, Auction 103, Auction 105, Auction 110, or Auction 108, and only one bidder seeking a small business bidding credit exceeded the \$25 million cap in Auction 107. OEA and WTB therefore believe that this proposed cap will not conflict with the statutory goals of providing meaningful opportunities for *bona fide* small businesses to compete in auctions and in the provision of spectrum-based services, while preventing unjust enrichment and ensuring efficient and intensive use of spectrum.

20. Similarly, if the Commission adopts the rural service provider bidding credit proposed in the *2025 AWS-3 NPRM* for any future auction of licenses in the AWS-3 bands, OEA and WTB propose to adopt a \$10 million cap on the total amount of bidding credit amounts that may be awarded to an eligible rural service provider in Auction 113. An entity is not eligible for a rural service provider bidding credit if it has already claimed a small business bidding credit. Based on their experience with other spectrum auctions, OEA and WTB anticipate that a \$10 million cap on rural service provider bidding credits will allow any rural service provider to participate fully and fairly in Auction 113. No rural service provider exceeded the \$10 million cap in the forward portion of the Broadcast Incentive Auction (Auction 1002), Auction 101, Auction 102, Auction 103, Auction 105, Auction 107, Auction 108, or Auction 110. The capped rural service provider bidding credit will be "significant enough to assist eligible entities to have the opportunity to compete at auction, but reasonable enough to ensure that ineligible entities are not encouraged to undercut [the Commission's] rules," and thereby serve the "dual statutory goals of benefitting [designated entities] and at the same time preventing unjust enrichment."

21. In addition, to create parity in Auction 113 among eligible small businesses and rural service providers competing against each other in smaller markets, if the Commission decides that

a rural service provider bidding credit will be available in Auction 113, OEA and WTB propose a \$10 million cap on the overall amount of bidding credits that any winning designated entity bidder may apply to licenses won in markets with a population of 500,000 or less. This proposal is consistent with the approach adopted by the Commission in the forward portion of the Broadcast Incentive Auction (Auction 1002), Auction 101, Auction 102, Auction 103, Auction 105, Auction 107, Auction 108, and Auction 110.

22. OEA and WTB seek comment on these proposed caps. Specifically, do the expected capital requirements associated with operating in the AWS-3 bands, the potential number and value of AWS-3 licenses, past auction data, or any other considerations justify a higher or lower cap for either type of bidding credit in this auction? Commenters are encouraged to identify circumstances and characteristics of Auction 113 and/or the spectrum licenses to be made available in the auction that should guide us in establishing bidding credit caps, and to provide specific, data-driven arguments in support of their proposals.

23. OEA and WTB remind 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 (whether or not they are seeking bidding credits), starting at the short-form application filing deadline, against changes in ownership of the applicant that would constitute an assignment or transfer of control. Under 47 CFR 1.2107(c), the winning bidder must be the entity that files the post-auction long-form application. Pursuant to 47 CFR 1.929(a)(2), any substantial change in ownership or control is classified as a major amendment. Applicants should not expect to receive any opportunity 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

auctions process. In furtherance of this policy, applicants will not be permitted to change their bidding credit type selection (*i.e.*, from small business to rural service provider, or vice versa) after the short-form deadline. OEA and WTB also believe that this will meet the Commission's objectives in awarding licenses through the competitive bidding process, which include "the development and rapid deployment of new technologies, products, and services for the benefit of the public . . . without administrative or judicial delays" and "promoting economic opportunity and competition and ensuring that new and innovative technologies are readily accessible to the American people by avoiding excessive concentration of licenses and by disseminating licenses among a wide variety of applicants, including small businesses."

D. Prohibition of Certain Communications

24. Section 1.2105(c)(1) of the Commission's rules, 47 CFR 1.2105(c)(1), 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. Section 1.2105(c)(5)(i) of the Commission's rules, 47 CFR 1.2105(c)(5)(i), defines "applicant" as including all officers and directors of the entity submitting a short-form application to participate in the auction, all controlling interests of that entity, as well as all holders of partnership and other ownership interests and any stock interest amounting to 10% or more of the entity, or outstanding stock, or outstanding voting stock of the entity submitting a short-form application.

25. The operation of the rule prohibiting certain communications requires that the identification of each "nationwide provider" for purposes of 47 CFR 1.2105(c)(1) in connection with each auction. Because AWS-3 spectrum is licensed under the flexible-use rules in 47 CFR part 27 and may be used by licensees for any fixed or mobile service that is consistent with the allocations

for the AWS-3 bands, the Commission's identification of three nationwide providers in its most recent *Communications Marketplace Report*, FCC 24-136 (released December 31, 2024), suggests that OEA and WTB should identify those same entities as nationwide providers for purposes of AWS-3 licenses and Auction 113. Identifying "nationwide providers" in this manner for the purpose of implementing the Commission's competitive bidding rules is consistent with the approach used in Auctions 101, 102, 103, 105, 110, and 108 and the forward auction portion of the Broadcast Incentive Auction (Auction 1002). Accordingly, consistent with the procedures adopted for prior auctions of flexible-use licenses for advanced wireless services, OEA and WTB propose to identify AT&T, T-Mobile, and Verizon as "nationwide providers" for the purpose of implementing its competitive bidding rules in Auction 113, including 47 CFR 1.2105(c), the Commission's rule prohibiting certain communications. OEA and WTB seek comment on this proposal. Commenters that disagree with this proposed designation of nationwide providers are encouraged to articulate alternative methodologies by which OEA and WTB should identify nationwide providers for purposes of the prohibited communications rule.

E. Information Procedures During the Auction Process

26. As an additional safeguard to prevent the sharing of information about applicants' bids and bidding strategies and to discourage anti-competitive strategic behavior, OEA and WTB propose to limit information available in Auction 113 so that bidders placing particular bids will not be identified until after the bidding has closed. The Commission has instituted limited information procedures in most recent spectrum auctions. While the Commission generally makes available to the public information provided in each applicant's FCC Form 175 following the initial review by Commission staff, OEA and WTB propose to not make public until after bidding has closed: (1) the licenses that an applicant has selected 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 113, (3) any applicant's bidding eligibility, and (4) any other bidding-related information that might reveal the identity of the bidder placing a bid.

27. As in past Commission auctions, OEA and WTB will 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 information related to their own bidding and bid eligibility. For example, bidders would be able to view their own level of eligibility and submitted activity through the FCC auction bidding system.

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

29. OEA and WTB seek comment on the above details of this proposal for implementing limited information procedures, or anonymous bidding, in Auction 113. Commenters opposing the use of anonymous bidding in Auction 113 should explain their reasoning and propose alternative information rules.

F. Upfront Payments and Bidding Eligibility

30. In keeping with the Commission's usual practice in spectrum license auctions, OEA and WTB propose that each applicant would be required to submit an upfront payment as a prerequisite to becoming qualified to bid. As described herein, an 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. OEA and WTB note that under 47 CFR 1.2106, any auction applicant that, pursuant to 47 CFR 1.2105(a)(2)(xii), certifies that it is a former defaulter must submit an upfront payment equal to 50 percent more than the amount that otherwise would be required. With these considerations in mind, the Commission propose upfront payments for the paired licenses based on dollars per MHz-pop in three population tiers. Specifically, OEA and WTB propose upfront payments of \$0.005 per MHz-pop for the paired licenses in areas with a population of less than 300,000, \$0.01 per MHz-pop for the paired licenses in areas with a population of at least 300,000 and less than 1,000,000, \$0.025 per MHz-pop for the paired licenses in areas with a population of at least 1,000,000, and \$0.005 per MHz-pop for the unpaired licenses. For all licenses, upfront payments would be subject to a minimum of \$500 per license. The results of these calculations will be rounded using the Commission's standard rounding procedures for auctions: results above \$10,000 are rounded to the nearest \$1,000; results

below 10,000 but above \$1,000 are rounded to the nearest \$100; and results below \$1,000 are rounded to the nearest \$10. The proposed upfront payments equal approximately half the proposed minimum opening bids, which are established as described herein.

31. OEA and WTB seek comment on the upfront payment amounts, which are specified in Attachment A file on the Auction 113 website at www.fcc.gov/auction/113. If commenters believe that these upfront payment amounts are not reasonable amounts, they should explain their reasoning and suggest an alternative amount.

32. OEA and WTB further propose that the amount of the upfront payment submitted by a bidder will determine its initial bidding eligibility for the auction in bidding units. The upfront payment does not limit the dollar amounts of the bids that a bidder may submit. Bidder eligibility and bidding activity are measured in bidding units. OEA and WTB propose to assign each license that is available to be assigned a specific number of bidding units, equal to one bidding unit per \$100 of the upfront payment listed in the Attachment A file available on the Auction 113 website at www.fcc.gov/auction/113. Thus, a bidder's initial bidding eligibility in bidding units would be equal to a bidding unit for each \$100 of the bidder's upfront payment. The number of bidding units for a given license is fixed and does not change during the auction as prices change. If an applicant is found to be qualified to bid on more than one license being offered in Auction 113, such bidder may place bids on multiple licenses, provided that the total number of bidding units associated with those licenses does not exceed its current eligibility. A bidder cannot increase its eligibility during the auction; it can only maintain or decrease its eligibility. Thus, in calculating its upfront payment amount and hence its initial bidding eligibility, an applicant for Auction 113 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. OEA and WTB seek comment on these proposals.

G. Auction Delay, Suspension, or Cancellation

33. For Auction 113, OEA and WTB propose that at any time before or during the bidding process, OEA, in conjunction with WTB, may delay, suspend, or cancel bidding 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 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. OEA and WTB emphasize that they would exercise the authority to delay, suspend, or cancel bidding in Auction 113 solely at their discretion. OEA and WTB seek comment on this proposal.

H. Deficiency Payments and Additional Default Payment Percentage

34. 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) would be liable for a default payment under 47 CFR 1.2104(g)(2). This payment consists of a deficiency payment, equal to the difference between the amount of the bidder's 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.

35. 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.

36. As noted in the *CSEA/Part 1 Report and Order*, 71 FR 6214, February 7, 2006, 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. For Auction 113, OEA and WTB propose to establish an additional default payment of 15% which is consistent with that adopted for Auction 97, as well as more recent spectrum auctions, including Auctions 101, 102, 103, 107, 108 and 110. OEA and WTB seek comment on this proposal.

IV. Proposed Bidding Procedures

37. OEA and WTB seek comment on a proposed "clock-1" auction format—a multiple-round auction format with bidding on specific-frequency licenses. This format, if adopted, would follow the basic structure of the ascending clock auction used in previous FCC spectrum license clock auctions, in which bidding in the clock phase was conducted for multiple generic spectrum blocks in a geographic area, but as in Auction 108, bidding in the clock phase would be for specific licenses rather than on generic blocks of spectrum. OEA and WTB refer to this specific format as a clock auction with a supply of one item, hence the "clock-1" auction format nomenclature. Auction 113 would not include a separate assignment phase because none is needed with a format that provides for bidding on specific licenses.

38. OEA and WTB are releasing a technical guide concurrently with the *AWS-3 Auction 113 Comment Public Notice*. The technical guide supplements the information in the *AWS-3 Auction 113 Comment Public Notice* and provides the mathematical details and algorithms of the procedures described herein.

A. Clock-1 Auction Structure

39. Under the proposed clock-1 format, each bidder would be able to bid for specific licenses in the clock bidding rounds, in license-by-license bidding. The auction would proceed in a series of rounds, with bidding conducted simultaneously for all licenses available in the auction. Consistent with prior FCC clock auctions, during each bidding round, the bidding system would announce a clock price for each license, and a bidder would indicate its demand for licenses at the prices associated with the current round. OEA and WTB also propose that a bidder be able to instruct the bidding system to make proxy bids on its behalf. After the first round, intra-round bids would also be allowed.

40. The clock price for a license would increase from round to round if more than one bidder has demand for that license at its clock price, creating excess demand for the license. The bidding rounds would continue until, for all licenses, the number of bidders demanding each license does not exceed one. Under the proposed procedures, a bidder would not be able to reduce its demand if the reduction would cause aggregate demand to fall below one for the license. Once bidding rounds stop, the bidder with demand for a license would become the winning bidder.

1. Individual Licenses in Two Geographic Area Types

41. Auction 113 will offer 200 geographic-based licenses in the 1695–1710 MHz, 1755–1780 MHz, and the 2155–2180 MHz bands. The Auction 113 inventory consists of licenses in EAs and CMAs. The 48 EA licenses include frequency blocks designated A1, B1, H, I, and/or J; the 152 CMA licenses are all for frequency block G. In Auction 113, only one geographic area (EA173) has more than one frequency block available and it includes both the H and the I blocks.

2. Bidding Rounds

42. Under the clock-1 auction format, Auction 113 would consist of multiple, sequential bidding rounds, each followed by the release of round results. Bidding would be conducted simultaneously for all licenses available in the auction. In the first bidding round of Auction 113, a bidder would indicate the licenses it demands at the opening prices. During each subsequent bidding round, the bidding system would announce a start-of-round price and a clock price for each license, and qualified bidders would indicate the licenses for which they wish to bid at the 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 of the auction.

43. OEA and WTB propose that, as with any FCC spectrum auction, the initial bidding schedule for a clock-1 auction would be announced in a public notice to be released at least one week before the start of bidding, and OEA would retain the discretion to adjust the bidding schedule to maintain an auction pace that reasonably balances speed with the bidders' needs to study round results and adjust their bidding strategies. OEA and WTB seek comment on this proposal. Any adjustments to the bidding schedule may include changes in the amount of time for bidding rounds, the amount of time between rounds, and/or the number of rounds per day, and would depend upon bidding activity and other factors.

44. OEA and WTB propose to conduct Auction 113 over the internet. Under the clock-1 format, a bidder would submit its bids either by using the bidding system's upload function, which allows bid files in a comma-separated values (CSV) text format to be uploaded, or through the user interface in the bidding system. The bidding system would allow a bidder to submit bids only for licenses the bidder

selected on its FCC Form 175 and for which the bidder has sufficient bidding eligibility.

45. During each open bidding round, a bidder would be able to modify any existing bids already placed in the round through the user interface or by uploading a new file of all its bids, which would replace all bids previously submitted in the round.

46. As in other Commission auctions, OEA and WTB will facilitate auction participation by providing qualified bidders with a toll-free telephone number for an auction bidder line prior to the start of bidding. OEA and WTB propose that, in addition to submitting bids through the FCC's online bidding system, bidders would have the option of placing bids by telephone through this dedicated auction bidder line. OEA and WTB seek comment on this proposal.

3. Stopping Rule

47. As in previous FCC clock auctions, under the clock-1 format OEA and WTB propose to use for Auction 113, OEA and WTB propose to use a simultaneous stopping rule, under which all licenses would remain available for bidding until the bidding stops simultaneously on every license. Specifically, bidding would close for all licenses after the first round in which no license has any excess demand. Consequently, under this approach, it is not possible to determine in advance how long Auction 113 would last. OEA and WTB seek comment on this proposal.

4. Availability of Bidding Information

48. OEA and WTB propose that the bidding system would disclose, after each round of Auction 113, clock auction round results including, for each license, the aggregate demand, the posted price of the last completed round, and the clock price for the next round. The identities of bidders making specific bids would not be disclosed until after the close of bidding in the auction.

49. 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 licenses it currently demands (its processed demand) and its eligibility for the next round. OEA and WTB seek comment on this proposal with respect to the availability of bidding information.

5. Activity Rule

50. 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, an approach that is routinely used in multiple-round auctions. In the proposed clock-1 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 (its processed demand). A bidder would be required to be active on a specific percentage (the activity requirement percentage) of its 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.

51. Under this auction format, a bidder would be required to maintain a fixed, high level of activity in each round of Auction 113 in order to maintain its bidding eligibility. Specifically, in each round of Auction 113, a bidder would be required to be active on between 90% and 100% of its bidding eligibility in all rounds to maintain its bidding eligibility, with the specific percentage within this range to be set for each round. OEA and WTB propose to set the activity requirement percentage for Auction 113 initially at 95%. Thus, the activity rule would be satisfied when a bidder has bidding activity on licenses with bidding units that total 95% of its current eligibility in the round. 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 such that the activity rule is satisfied. Bidding activity would be based on the bids that are submitted *and* applied by the FCC auction bidding system. That is, if a bidder bids to reduce its demand for a license, but the FCC auction bidding system cannot apply the request because demand for that license would fall below one, then the bidder's activity would reflect its unreduced demand. Under the clock-1 format, the FCC auction bidding system would not apply a bid to reduce demand for an individual license if the reduction would cause the aggregate demand for that license to drop to zero (*i.e.*, below the available supply of one). OEA and WTB seek comment on this proposal.

52. Pursuant to this proposal, OEA would retain the discretion to change

the activity requirement percentage during the auction to help manage the pace of bidding to ensure that the auction closes within a reasonable period of time. 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.

53. OEA and WTB also seek comment on procedures by which, after Round 1, a bidder may submit bids with bidding units totaling up to a *contingent bidding limit* greater than or equal to the bidder's current bidding eligibility for the round, as in the four most recent FCC clock auctions (Auctions 105, 107, 108, and 110). In Round 1, a bidder would be allowed to submit bids with bidding units totaling up to the bidder's initial bidding eligibility. A bidder's contingent bidding limit would be calculated as its current eligibility times a *contingent bidding percentage* equal to or greater than 100%. The Commission has previously referred to the *contingent bidding limit* as the *activity upper limit*, and similarly, to the *contingent bidding percentage* as the *activity limit percentage*. Those terms were modified before Auction 110 to remind bidders that bids submitted using the contingent bidding limit will be applied only under certain circumstances. For Round 1, the contingent bidding limit would be 100% of the bidder's initial bidding eligibility. A bidder's use of the contingent bidding limit would be optional.

54. Allowing a bidder to submit bids with associated bidding activity greater than its current bidding eligibility would potentially help a bidder avoid having its eligibility reduced as a result of submitted bids that could not be applied during 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.

55. OEA and WTB seek comment on whether they should allow bidders to submit bids with associated bidding activity greater than their current bidding eligibility. Would the contingent bidding limit still be useful with the limited inventory available in Auction 113? Would the contingent bidding limit add unnecessary complexity? If adopted, OEA and WTB would set the initial contingent bidding percentage at 120%, which would apply

starting in Round 2, subject to change in subsequent rounds within a range of 100% to 140%.

B. Acceptable Bids

1. Reserve Prices

56. OEA and WTB seek comment on any use of a reserve price for Auction 113 and/or opening bid amounts, as is done prior to the start of each auction, consistent with the statutory mandate of 47 U.S.C. 309(j), as amended. A reserve price is an absolute minimum price below which a license will not be sold in a given auction. An opening bid, on the other hand, is the minimum bid price set at the beginning of the auction below which no bids are accepted. It is generally used to accelerate the competitive bidding process. It is also possible for a reserve price and an opening bid to be the same amount. OEA and WTB do not propose to establish reserve prices other than the opening bid amounts for the licenses to be offered in Auction 113. The Commission adopted reserve prices for the auction of AWS-3 licenses in Auction 97, pursuant to 47 CFR 1.2104(c) and the Commercial Spectrum Enhancement Act (CSEA) because the CSEA required the Commission to prescribe methods by which the total cash proceeds from any auction of licenses authorizing the use of eligible frequencies would equal at least 110% of the total estimated relocation costs of eligible Federal entities. In light of the separate costs associated with the different bands, the Commission established two reserve prices in Auction 97, one for licenses for the 1695–1710 MHz band and a second for licenses for the paired 1755–1780/2155–2180 MHz band. At the conclusion of Auction 97, the reserve prices were exceeded by the applicable net winning bids, thereby satisfying that statutory requirement. Given that the results of Auction 97 fulfilled the purpose of the reserve prices in that auction, that CSEA provision is not a basis to adopt a reserve here. OEA and WTB do not believe that there is any other public interest reason to establish reserve prices, beyond opening bid amounts, for the licenses being offered in Auction 113. However, if commenters believe that a reserve price would be in the public interest, OEA and WTB invite their comments and request that they describe what specific factors lead them to that conclusion.

2. Opening Prices

57. Opening prices would serve as initial clock prices under a clock-1 auction format. In Round 1 of the

auction, qualified bidders would indicate the licenses they demand at the opening prices.

58. OEA and WTB will calculate opening prices on a license-by-license basis based on \$0.01 per MHz-pop for the paired licenses in areas with a population of less than 300,000, \$0.02 per MHz-pop for the paired licenses in areas with a population of at least 300,000 and less than 1,000,000, \$0.05 per MHz-pop for the paired licenses in areas with a population of at least 1,000,000, and \$0.01 per MHz-pop for the unpaired licenses. For all licenses, opening prices would be subject to a minimum of \$1,000 per license. The results of these calculations will be rounded using the Commission's standard rounding procedures for auctions: results above \$10,000 are rounded to the nearest \$1,000; results below \$10,000 but above \$1,000 are rounded to the nearest \$100; and results below \$1,000 are rounded to the nearest \$10. OEA and WTB seek comment on these amounts, which are specified in the Attachment A file on the Auction 113 website at www.fcc.gov/auction/113. If commenters believe that these opening prices would result in unsold licenses or are not reasonable, they should explain why.

59. In establishing opening prices, OEA and WTB particularly seek comment on factors that reasonably could have an impact on bidders' valuation of the spectrum, including the type of service offered, market size, population covered by the proposed facility, and any other relevant factors. Commenters should support their claims with valuation analyses and suggested amounts or formulas for opening prices.

60. Commenters may also wish to address the general role of opening prices in managing the pace of the auction. For example, commenters could compare using opening prices—e.g., by setting higher opening prices to reduce the number of rounds it takes licenses to reach their final prices—to other means of controlling auction pace, such as changes to bidding schedules or activity requirements.

3. Clock Price Increments

61. Under clock-1 procedures for Auction 113, after bidding in the first round and before each subsequent round, for each license, 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 submit bids during the round. The start-of-round price would depend upon aggregate demand

for the license in the previous round. If aggregate demand for the license at the clock price exceeded one, the start-of-round price for the upcoming round would be equal to the clock price in the previous round. If aggregate demand equaled one at a price (clock price or intra-round price) in the previous round, then the start-of-round price for the upcoming round would be equal to the lowest price at which demand equaled one. If aggregate demand was zero in the previous round, then the start-of-round price for the upcoming round would be the same as the start-of-round price in the previous round.

62. The clock price for a license for a round would be set by adding a percentage increment to the start-of-round price. OEA and WTB propose that OEA would set the initial increment percentage at 10%, and potentially would adjust the increment percentage within a range of 5% to 30% inclusive as rounds continue. OEA would retain the discretion to cap the increment if the total dollar amount of the increment (the difference between the clock price and the start-of-round price) would exceed a certain amount. The 5% to 30% increment range and cap would allow us to set a percentage that manages the auction pace and takes into account bidders' needs to evaluate their bidding strategies. OEA and WTB seek comment on this proposal.

4. Intra-Round Bids

63. OEA and WTB propose that in this clock-1 auction, in a round after the first round, a bidder would be permitted to make intra-round bids by indicating a point between the start-of-round price and the clock price at which its demand for a license changes. In placing an intra-round bid for a license, a bidder would indicate a specific price and the changed quantity it demands (either zero or one) if the price for the license should increase beyond that price.

64. Intra-round bid amounts would be limited to multiples of \$10 for prices below \$10,000; to multiples of \$100 for prices between \$10,000 and \$100,000, inclusive; and to multiples of \$1,000 for prices above \$100,000. Limiting intra-round bid amounts to certain multiples may deter some types of anticompetitive bidding behavior.

65. Intra-round bids would be optional; a bidder may choose to express its demands only at the start-of-round price or the clock price. Using intra-round bidding would allow the auction system to use relatively large percentage increments, thereby speeding up the auction without running the risk that a jump in the clock price will overshoot the market clearing

price—the point at which only one bidder demands the license—because bidders would be able to indicate the specific amount below the clock price at which they stop demanding the license. OEA and WTB seek comment on this proposal.

5. Proxy Instructions

66. OEA and WTB also seek comment on providing each bidder with the option to use proxy bidding under the clock-1 format. With proxy bidding, a bidder could submit a proxy instruction to the bidding system to reduce its demand for a license to zero at a price higher than the current round's clock price—*i.e.*, at a price in a future round. Proxy instructions to increase a bidder's demand for a license at a given price would not be permitted.

67. Under these procedures, if a proxy instruction has been submitted, the bidding system would automatically submit a proxy bid to maintain the bidder's demand for the license in every subsequent round as long as the clock price for the round is less than the proxy instruction price. In the first round in which the clock price is greater than or equal to the proxy instruction price, the bidding system would submit a proxy bid on behalf of the bidder to reduce the bidder's demand for that license to zero at the proxy instruction price. Proxy bids would be processed by the bidding system in the same way as bids submitted by the bidder in the round.

68. In the case that a bid to reduce demand, placed according to proxy instructions or submitted by the bidder in the round, is not applied during bid processing, the bidding system would automatically generate a proxy instruction at the bid price and, in the following rounds, submit proxy bids on behalf of the bidder according to that proxy instruction.

69. In any round, a bidder can remove or modify any existing proxy instructions or proxy bids for the round by resubmitting its bids (through the user interface or file upload), including the modifications, which would replace any bids and proxy instructions previously submitted. The system would take the last bid submission as that bidder's bids and proxy instructions.

70. As is the case for intra-round bid amounts, proxy instruction prices would be limited to multiples of \$10 for prices below \$10,000; to multiples of \$100 for prices between \$10,000 and \$100,000, inclusive; and to multiples of \$1,000 for prices above \$100,000. Proxy instructions would not be publicly

released either during or after the auction.

6. Bid Types

71. Under the clock-1 auction format proposed for Auction 113, a bidder would be able to make only “simple” bids. A bid would indicate a desired quantity (in this auction, either one or zero) at a price. A bidder that is willing to maintain its demand for a license at the new clock price would submit a bid for the license at the clock price, indicating that it is willing to pay up to that price, if need be, for the license. A bidder with processed demand for a license that wishes to reduce its demand for that license would submit a bid for a quantity of zero indicating the price—either the clock price or an intra-round price—at which it wishes to reduce its demand. A bidder that wishes to start bidding for a license for which it does not have processed demand would submit a bid to increase demand to one. A bid to increase demand indicates that the bidder is willing to buy the license at any price up to the clock price (regardless of the bid price). As described herein and in the Auction 113 Technical Guide, bid prices are used to determine the order in which bids are processed.

72. Unlike in some other FCC clock auctions, a “switch” bid to reduce demand for one license in a market and increase demand for another license in the same market would not be permitted. Because this auction inventory contains only one market in which there are multiple licenses that may be considered similar, a “switch bid” capability would apply only in that single market. Only one geographic area (EA173) has more than one frequency block available and it includes both the H and the I blocks. Therefore, permitting “switch” bids would add complexity for little or no benefit for most Auction 113 bidders. Under the clock-1 format OEA and WTB propose a bidder that wishes to bid on both licenses within a market that has two licenses would bid on those two licenses separately, with each license constituting a separate category with a supply of one.

73. Bids to maintain demand would always be applied by the auction bidding system during bid processing. Bids to change demand would not necessarily be applied during bid processing. OEA and WTB seek comment on this proposal.

7. Missing Bids

74. Under the proposed clock-1 auction format, a bidder would be required to submit bids in every round

(as in other FCC spectrum license clock auctions) or have a proxy instruction in place, even if its demands at the new round's prices are unchanged from the previous round. If a bidder does not submit new bids for all of the licenses for which it had processed demand from the previous round and does not have proxy instructions in place, the system will consider the bidder to have missing bids.

75. Missing bids would be treated by the auction bidding system as requests to reduce the bidder's demand for the license to a quantity of zero. If these requests are applied, then a bidder's bidding activity, and its bidding eligibility for the next round, may be reduced. Under the clock-1 format OEA and WTB propose for Auction 113, a bidder would be permitted to enter proxy instructions as a safeguard against having its eligibility inadvertently reduced. OEA and WTB seek comment on this proposal.

C. Bid Processing

76. After each bidding round under the proposed clock-1 auction format, bids would be processed according to the bid processing procedures described below to determine the processed demand of each bidder for each license and the posted price for each license. The posted price would serve as the start-of-round price for the next round. OEA and WTB seek comment on the full bid processing proposal detailed herein.

1. No Excess Supply Rule for Bids To Reduce Demand

77. Bidding would be subject to a "no excess supply" rule, wherein the FCC auction bidding system would not allow a bidder to reduce its demand for a license if the reduction would cause demand to fall below one, which would create excess supply. Therefore, if a bidder has been bidding for a specific license and submits a bid to reduce its demand to zero if the price should increase above the price in its bid, the bidding system would treat the bid as a request to reduce demand that would be applied only if the "no excess supply" rule would be satisfied. However, if a bid to reduce demand is not applied, the bidder will not be asked to pay more for the license than the highest price it agreed to pay.

2. Eligibility Rule for Bids To Increase Demand

78. The bidding system would not allow a bidder to increase its demands for licenses if the total number of bidding units associated with the bidder's demands exceeds the bidder's bidding eligibility for the round.

Therefore, if a bidder submits a bid to add a license for which it did not have processed demand in the previous round, the FCC auction bidding system would treat the bid as a request to increase demand that would be applied only if that would not cause the bidder's activity to exceed its eligibility.

3. Processed Demand

79. After a round ends, the bidding system would first consider and apply all bids to maintain demand at the clock price. Bids to maintain a bidder's processed demand at the clock price would always be applied. Then the bidding system would process bids to change demand in order of price point (and by pseudo-random number in the case of tied price points), where the price point represents the percentage of the bidding interval for the round.

80. The system would consider bids at the lowest price point across all licenses, then look at bids at the next price point across all licenses, and so on up to bids at the clock price. As it considers a submitted bid during bid processing to determine whether a bidder's request to reduce demand for a license can be applied, the bidding system would determine whether there is excess demand for that license at that point in the processing. To determine whether a request to increase demand can be applied, the auction bidding system would evaluate the activity associated with the bidder's most recently determined demands at that point in the processing. If a bid could be applied, the licenses that the bidder holds at that point in the processing would be adjusted, and aggregate demand for the license would be recalculated accordingly.

81. If a bid could not be applied at the price point indicated in the bid, *e.g.*, because demand would fall below one or because the bidder's activity (as applied by the auction system) would exceed its eligibility, the bid would be held in a queue and reconsidered, again in price point order, if later in the processing there should be excess demand for that license or if the bidder's activity is reduced sufficiently after other bids are processed.

82. After considering the bids at the lowest price point, the bidding system would then consider the bid submitted at the next lowest price point, applying the bid or not 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 was applied, the 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, except for generating proxy instructions in the case of bids to reduce demand to zero that are not applied. The bidding system would advise bidders of the status of their bids when round results are released.

4. Price Determination

83. During bid processing, the bidding system also would determine, based on aggregate demand, the posted price for each license for the round, which would serve as the start-of-round price for the next round. The price for a license would increase from round to round if there was excess demand for the license in the round.

84. If, at the end of a round, aggregate demand for a license exceeds the supply of one, the posted price for the round would equal the clock price. If a reduction in demand was applied during the round that caused demand to fall to one, the posted price would be the price at which the reduction was applied. If aggregate demand is zero, or if aggregate demand is one and no bid to reduce demand was applied for the license, 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.

85. Under these procedures, if a bid to reduce demand is not applied, the bidder would not face a price for the license that is higher than its bid price. Specifically, if a bid to reduce demand is not applied, it must be the case that there is no excess demand for the license at the bidder's price and, therefore, the posted price would not be higher than that price.

86. 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 the licenses for which it has processed demand as well as of the aggregate demand and the posted price for each license.

5. Winning Bids

87. A bidder with processed demand for a license at the time the stopping rule is met would become the winning bidder for the license. The final price for a license would be the posted price for the final round. This and other bid processing details are addressed in the Auction 113 Technical Guide.

V. Tutorial and Additional Information for Applicants

88. OEA and WTB intend to provide additional information on the bidding system and to offer demonstrations and other educational opportunities for applicants in Auction 113 to familiarize themselves with the FCC auction application system and the auction bidding system. For example, OEA and WTB intend 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 113, as well as a Technical Guide that supplements the information in the *AWS-3 Auction 113 Comment Public Notice* and provides the mathematical details and algorithms of the procedures described herein.

A. Supplemental Initial Regulatory Flexibility Analysis

89. As required by the Regulatory Flexibility Act of 1980, as amended (RFA), the Office of Economics and Analytics (OEA) and the Wireless Telecommunications Bureau (WTB) have prepared this Supplemental Initial Regulatory Flexibility Analysis (Supplemental IRFA) of the proposed policies and rules addressed in the *AWS-3 Auction 113 Comment Public Notice* assessing the possible significant economic impact on a substantial number of small entities, to supplement the Commission's Initial and Final Regulatory Flexibility Analyses completed in the *2014 AWS-3 Report and Order*, the *2025 AWS-3 NRPM*, and other Commission orders pursuant to which Auction 113 will be conducted. OEA and WTB request written public comments 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. The Commission will send a copy of the *AWS-3 Auction 113 Comment Public Notice*, including the Supplemental IRFA, to the Chief Counsel for Advocacy of the Small Business Administration (SBA). In addition, the *AWS-3 Auction 113 Comment Public Notice* and Supplemental IRFA (or summaries thereof) will be published in the **Federal Register**.

90. *Need for, and Objectives of, the Proposed Rules.* The *AWS-3 Auction 113 Comment Public Notice* sets forth the proposed auction procedures and rules for small and other entities that seek to bid in Auction 113 and seeks comment on those proposals. The licenses in Auction 113 are being

offered pursuant to the Spectrum and Secure Technology and Innovations Act, which directs the Commission to initiate a system of competitive bidding to grant licenses for spectrum in its inventory in the AWS-3 spectrum bands. Auction 113 will auction geographic-based licenses in the 1695–1710 MHz, 1755–1780 MHz, and 2155–2180 MHz bands (collectively, the AWS-3 bands) and will offer individual licenses in two geographic area types: Economic Area (EA) licenses and Cellular Market Area (CMA) licenses. Licenses in the AWS-3 bands previously were offered in Auction 97, however not all of the licenses offered in Auction 97 were assigned following that auction. The licenses for the unassigned AWS-3 spectrum that are available in the Commission's inventory as of December 23, 2024 will be offered in Auction 113.

91. Licenses in the 1695–1710 MHz band are being made available on a shared basis with incumbent Federal meteorological-satellite (MetSat) data users. In addition, licenses in the 1755–1780 MHz band are being made available on a shared basis with a limited number of Federal incumbents indefinitely, and with Federal systems that have or will over time relocate out of the band. Licenses to operate in the 1695–1710 MHz and 1755–1780 MHz bands are subject to the condition that the licensee must not cause harmful interference to an incumbent Federal entity relocating from these bands under an approved Transition Plan, and this condition remains in effect until the National Telecommunications and Information Administration (NTIA) terminates the applicable authorization of the incumbent Federal entity. Further, AWS-3 licensees in the 1755–1780 MHz band must agree to accept interference from incumbent Federal users while they remain authorized to operate in the band. The 2155–2180 MHz band is already allocated for exclusive non-Federal, commercial use. Although there are no Federal users currently licensed or operating in this band, there are non-Federal incumbent licensees in the band, and AWS-3 licensees may have to protect or relocate and/or share in the cost of relocating non-Federal incumbent Fixed Microwave and Broadband Radio Service licensees in the band. Pursuant to the *2014 AWS-3 Report and Order*, AWS-3 licensees in the 1695–1710 MHz and 1755–1780 MHz bands are required to successfully coordinate with Federal incumbent users in these bands prior to operating in designated protection zones. The *FCC/NTIA Coordination*

Procedures Public Notice contains various refinements to the previously-defined protection zones for each of these bands, and also provides information and guidance on the overall coordination process for these bands, as contemplated by the *2014 AWS-3 Report and Order*, including informal pre-coordination discussion and the formal process of submitting coordination requests to, and receiving responses to coordination requests from, relevant Federal agencies.

92. OEA and WTB will make information regarding any incumbency, sharing, and/or cost sharing issues in the AWS-3 bands available in the document announcing the auction procedures and final inventory for Auction 113 in order to assist applicants in conducting due diligence research.

93. The *Auction 113 Comment Public Notice* and 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 113 participants, OEA and WTB seek comment on the following proposed procedures:

- A requirement that any applicant seeking to participate in Auction 113 certify in its short-form application, under penalty of perjury, that it has read the public notice adopting procedures for Auction 113 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 AWS-3 bands;

- A requirement that any applicant seeking to bid in the 1755–1780 MHz submit a signed statement with its short-form application acknowledging that the applicant's operations the 1755–1780 MHz band may be subject to interference from Federal systems in certain geographic zones, that the applicant must accept interference from such Federal systems in those zones, and that the applicant has considered these risks before submitting any bids for applicable licenses in Auction 113;

- Designation of AT&T, T-Mobile, and Verizon as nationwide providers for the purpose of implementing the Commission's competitive bidding rules in Auction 113;

- Use of anonymous bidding/limited information procedures under which the OEA and WTB will not make public until after the bidding has closed: (1) the licenses 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 113; (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 bidding credit caps for eligible small businesses in Auction 113;
- Establishment of a bidding credit cap for eligible rural service providers, if a rural service provider bidding credit is adopted for Auction 113;
- Use of a clock auction format with a supply of one (clock-1) for Auction 113 under which each qualified bidder will indicate in successive clock bidding rounds its demand for licenses at the prices associated with the current round;
- Use of a simultaneous stopping rule for Auction 113, under which all licenses would remain available for bidding until the bidding stops on all licenses;
- A specific opening price for each license available in Auction 113;
- A specific upfront payment amount for each license available in Auction 113;
- 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 license;
- Provision of delegated authority to OEA, in conjunction with WTB, to exercise its discretion to delay, suspend, or cancel bidding in Auction 113 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 113;
- 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, with the initial activity requirement percentage set at 95% and with OEA retaining discretion to change the activity requirement percentage during the auction;
- To permit a bidder, in rounds after Round 1, to optionally submit bids with bidding units totaling up to a contingent bidding limit greater than or equal to the bidder's current bidding eligibility for the round, with the contingent bidding limit calculated as the bidder's current eligibility times a contingent bidding percentage equal to or greater than 100%, in order to potentially help a bidder avoid having its eligibility reduced as a result of submitted bids that could not be applied during bid processing;
- Establishment of acceptable bid amounts, including clock price

increments and intra-round bids, along with a proposed methodology for calculating such amounts;

- To permit a bidder to submit a proxy instruction to reduce its demand for a license to zero at a price higher than the current round's clock price for Auction 113;
- To permit each bidder to place bids that indicate its desired quantity of blocks (one or zero) for a license at a price (either the clock price or an intra-round price);
- A requirement that bidders indicate their demands in every round or submit appropriate proxy instructions, even if their demands at the new round's prices are unchanged from the previous round, and the treatment of bids that are not reconfirmed as request to reduce demand to a quantity of zero for the license;
- A methodology for processing bids and requests to reduce and increase demand; and

Establishment of an additional default payment of 15% under 47 CFR 1.2104(g)(2) in the event that a winning bidder defaults or is disqualified after the auction.

94. The proposed procedures for the conduct of Auction 113 constitute the more specific implementation of the competitive bidding rules contemplated by 47 CFR parts 1 and 27 of the Commission's rules, and the underlying rulemaking orders, including the *2014 AWS-3 Report and Order*, the *2025 AWS-3 NPRM*, and relevant competitive bidding orders, and are fully consistent therewith.

95. *Legal Basis.* The Commission's statutory obligations to small businesses under the Communications Act of 1934, as amended, are found in 47 U.S.C. 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(e), 303(f), 303(r), 304, 307, and 309(j). The Commission has established a framework of competitive bidding rules pursuant to which it has conducted auctions since the inception of the auction program in 1994 and would conduct Auction 113.

96. *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, 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.

97. As noted above, Regulatory Flexibility Analyses were incorporated into the *2014 AWS-3 Report and Order* and the *2025 AWS-3 NPRM*, and in those analyses, the Commission described in detail the small entities that might be significantly affected. Accordingly, in the *AWS-3 Auction 113 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 *2014 AWS-3 Report and Order* and the *2025 AWS-3 NPRM*.

98. *Description of Economic Impact and Projected Reporting, Recordkeeping, and Other Compliance Requirements for Small Entities.* The RFA directs agencies to describe the economic impact of its proposed rules on small entities and the projected reporting, recordkeeping and other compliance requirements of the proposed rule, including an estimate of the classes of small entities which will be subject to the requirement and the type of professional skills necessary for preparation of the report or record.

99. The Commission designed the auction application process itself to minimize reporting and compliance requirements for small entity and other 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 to become a bidder. 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 which 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. This approach will particularly benefit small entities that seek to participate in the auction because it avoids imposing on an auction applicant/bidder that does not ultimately become a winning bidder the

burden of submitting this additional information.

100. At this time, OEA and WTB do not expect the processes and procedures proposed in the *AWS-3 Auction 113 Comment Public Notice* will require small entities to hire attorneys, engineers, consultants, or other professionals to participate in Auction 113 or to comply with the procedures OEA and WTB ultimately adopt due to the information, resources, and guidance the Commission makes available to potential and actual auction participants. For example, OEA and WTB intend to release an online tutorial that will help applicants understand the procedures for filing of an auction short-form application (FCC Form 175). OEA and WTB also intend to make information on the bidding system available and also offer demonstrations and other educational opportunities for applicants in Auction 113 to familiarize themselves with the FCC auction application system and the auction bidding system. By providing these resources as well as the resources discussed below, OEA and WTB expect small entities that use the available resources to experience lower participation and compliance costs. Nevertheless, while OEA and WTB cannot at this time quantify the cost of compliance with the rules and procedures proposed in the *AWS-3 Auction 113 Comment Public Notice*, they do not believe that the costs of compliance will unduly burden small entities that choose to participate in the auction because the proposals for Auction 113 are similar in many respects to the procedures in previous auctions conducted by the Commission. OEA and WTB anticipate that the information they receive via comments will help the Commission identify and evaluate relevant compliance concerns by small entities, including compliance costs and other burdens that may result from the inquiries OEA and WTB make in the *AWS-3 Auction 113 Comment Public Notice*.

101. *Discussion of Significant Alternatives Considered That Minimize the Significant Economic Impact on Small Entities.* The RFA directs agencies to describe any significant alternatives to the proposed rules that it has considered in reaching its proposed approach that would accomplish the stated objectives of applicable statutes, and minimize any significant economic impact on small entities, 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.”

102. In the *AWS-3 Auction 113 Comment Public Notice*, OEA and WTB have taken steps and considered alternatives that seek to minimize any significant economic impact of the Commission’s auction procedures on small entities. This is accomplished through, among other things, the many free or low-cost resources it provides potential auction participants. For example, small entities and other auction participants may seek clarification of, or guidance on, compliance with competitive bidding rules and procedures, reporting requirements, and the FCC’s auction bidding system. Additionally, an FCC Auctions Hotline provides access to Commission staff for information about the auction process and procedures. Further, the FCC Auctions Technical Support Hotline is another resource which provides technical assistance to applicants, including small business entities, on issues such as access to or navigation within the electronic FCC Form 175 application and use of the FCC’s auction bidding system. As discussed herein, small entities may also potentially save consulting costs by utilizing 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.

103. Various databases and other sources of information, including the Auctions program websites, and copies of Commission decisions, are also made available to the public without charge, thereby providing a low-cost mechanism for small entities to minimize their research costs prior to and throughout the auction. Further, prior to and at the close of Auction 113, the Commission will post public notices on the Auctions website, which will articulate the procedures and deadlines for the auction. The Commission makes this information easily accessible and without charge to benefit all Auction 113 applicants, including small entities, thereby lowering their administrative costs to comply with the Commission’s competitive bidding rules.

104. In addition, prior to the start of bidding in each auction, OEA and WTB propose to make available to bidders various educational materials. For example, eligible bidders will be given

an opportunity to become familiar with auction procedures and the bidding system by participating in a mock auction. Further, OEA and WTB intend to conduct Auction 113 electronically over the internet using the Commission’s web-based auction system that eliminates the need for bidders to be physically present in a specific location, thereby reducing travel costs for small entities. As in other Commission spectrum auctions, OEA and WTB propose that qualified bidders in Auction 113 would have the option of placing bids by telephone through a dedicated auction bidder line. These mechanisms are made available to facilitate participation in Auction 113 by all eligible bidders, and may result in significant cost savings for small 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 small entities and other participants.

105. Lastly, in the *AWS-3 Auction 113 Comment Public Notice*, OEA and WTB seek to promote opportunities and reduce economic barriers to entry for small entities wishing to grow their businesses through the auction process. In keeping with these objectives, for Auction 113, OEA and WTB propose a \$25 million cap on the total amount of bidding credits that may be awarded to an eligible small business and a \$10 million cap on the total amount of bidding credits that may be awarded to a rural service provider in each auction. In addition, OEA and WTB propose a \$10 million cap on the overall amount of bidding credits that any winning designated entity bidder may apply to winning licenses in markets with a population of 500,000 or less. Based on the technical characteristics of AWS-3 licenses and an analysis of past auction data, OEA and WTB anticipate that the proposed caps will allow the majority of small businesses in each auction to take full advantage of the bidding credit program, thereby lowering the relative costs of participation for small businesses. OEA and WTB seek comment on, and will consider alternatives to, the proposed cap levels in an effort to maximize small entity participation in the auction process, while minimizing potential abuse of the bidding credit program, thereby protecting its integrity.

106. OEA and WTB expect to more fully consider the economic impact and alternatives for small entities following the review of comments filed in response to the *AWS-3 Auction 113 Comment Public Notice*. OEA’s and

WTB's evaluation of the comments will shape the final alternatives they consider, the final conclusions they reach, and the actions they ultimately take in this proceeding to minimize any

significant economic impact that may occur on small entities.

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

Federal Communications Commission.

Gary Michaels,

Deputy Chief, Auctions Division, Office of Economics and Analytics.

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