

Giving all due respect to the Commission's past and repeated calculation of the value of the subject MAS spectrum, the fact is that the market has spoken clearly in Auction #42 and other auctions. When the spectrum being sold is narrowband, discrete, and not suitable for transmission of broadband traffic (either to mobile units or backhaul), the past auctions have shown that auction participation and bidding activity is adversely affected by the agency's setting of too high a minimum bid. Although the Commission may presume that a prospective bidder might pay \$1,000 or more per license, the market has responded by rejecting this presumption. This is particularly true for the MAS spectrum which is no longer popular in the market. Those services for which MAS used to be employed have migrated to broadband systems. Thus, use of MAS spectrum now requires a licensee to be quite creative in its approach and often requires the licensee to employ unique, customized equipment since off the shelf equipment is simply unavailable. This dependency on OEM equipment increases the cost of construction and operation for licensees and, thus, the value placed on the spectrum itself.

The value of spectrum, particularly when reduced to discrete 2 X 12.5 kHz channels, is simply not high. In Auction #42 when the minimum opening bids were set at \$1,000, the auction drew only 13 interested bidders, only eight of which wound up being awarded any license. Of the 5,104 narrowband licenses being auctioned, the FCC wound up holding 4,226 or over 80% because no one bid on them. The results speak for themselves and underscore the Commission's need to reduce the minimum opening bid to attract additional bidders who might be willing to participate at a lower, more reasonable level.

AMDS respectfully directs the Commission's attention to another auction, Auction #40. In that auction the Commission accepted bids for paired UHF and VHF channels, which systems

can be deployed with readily available equipment for paging or trunked two-way operations. The value of that spectrum throughout the market would likely be higher than the subject MAS spectrum, yet the Commission set the minimum opening bids at \$500 B equal to the amount requested herein.² The results of setting the minimum bids at a more realistic, lower level can be viewed by the greater success within Auction #40. There the Commission was auctioning 7,700 VHF and UHF paired channels. At the end of the auction, the Commission held 3,646 licenses for which no bid was placed. Thus, comparing results between Auctions Nos. 40 and 42, the Commission was able to perform at nearly twice the efficiency in Auction #40 as #42 (47% FCC held versus 83% FCC held). Therefore, experience demonstrates that if the Commission were to lower the minimum bid, the reasonable expectation would be greater participation and fewer licenses left over for the agency to have to try to auction again later.

For the above reasons, AMDS respectfully requests that the Commission set minimum bids at \$500 per license, or otherwise employ that formula stated herein.

² The Commission did not bother to set a per kHz value in Auction #40 and should not for this auction.

Finally, AMDS requests that the Commission extend bidding credits to small business in the same manner as such credit was extended in Auction #40. Again, this incentive and assistance for small business expands the number of participants and reflects the status of those entities most likely to participate in Auction #59.

Respectfully submitted,

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