

**FEDERAL COMMUNICATIONS  
COMMISSION**

[DA 98-2266; Report No. AUC-99-23-A  
(Auction No. 23)]

**Local Multipoint Distribution Service  
Spectrum Re-auction of 168 Licenses  
Scheduled for April 27, 1999;  
Application Filing Deadline Set for  
March 29, 1999; Comment Sought on  
Reserve Prices or Minimum Opening  
Bids and Other Auction Procedures**

**AGENCY:** Federal Communications  
Commission.

**ACTION:** Notice; seeking comment.

**SUMMARY:** This Public Notice announces the reauction of Local Multipoint Distribution Service ("LMDS") spectrum, consisting of 168 licenses, set to begin on April 27, 1998, and seeks comment on procedural issues relating to the LMDS reauction.

**DATES:** Comments are due on or before November 30, 1998. Reply comments are due on or before December 7, 1998.

**ADDRESSES:** To file formally, parties must submit an original and four copies to the Office of the Secretary, Federal Communications Commission, Federal Communications Commission, 445 Twelfth Street, SW, TW-A325, Washington, DC 20554. In addition, parties must submit one copy to Amy Zoslov, Chief, Auctions and Industry Analysis Division, Wireless Telecommunications Bureau, Federal Communications Commission, Room 5202, 2025 M Street NW, Washington, DC 20554. Comments and reply comments will be available for public inspection during regular business hours in the Wireless Telecommunications Bureau Reference Center, Room 5608, 2025 M Street NW, Washington, DC 20554.

**FOR FURTHER INFORMATION CONTACT:** Christina Clearwater, Arthur Lechtman, Tim Salmon, or Kathy Garland, Auctions and Industry Analysis Division, Wireless Telecommunications Bureau, at (202) 418-0660.

**SUPPLEMENTARY INFORMATION:** This Public Notice was released on November 6, 1998, and is available in its entirety, including the Attachment, for inspection and copying during normal business hours in the Wireless Telecommunications Bureau Reference Center, Room 5608, 2025 M Street NW, Washington, DC, and also may be purchased from the Commission's copy contractor, International Transcription Services, (202) 857-3800, fax (202) 857-3805, 1231 20th Street, NW, Washington, DC 20036. It is also

available on the Commission's website at <http://www.fcc.gov>.

**Synopsis of the Public Notice**

1. By this Public Notice, the Wireless Telecommunications Bureau ("Bureau") announces the reauction of 168 Local Multipoint Distribution Service ("LMDS") licenses set to begin on April 27, 1999. These licenses either received no bids in the original LMDS auction that closed on March 25, 1998 or are defaulted licenses which are available for reauction. Two blocks of spectrum are allocated for LMDS systems:

- (1) Block A (1,150 MHz): 27,500-28,350 MHz and 29,100-29,250 MHz and 31,075-31,225 MHz
- (2) Block B (150 MHz): 31,000-31,075 MHz and 31,225-31,300 MHz

2. One license will be awarded for each of these spectrum blocks in each of 122 Block A Basic Trading Areas (BTAs) and 46 Block B BTAs designated for LMDS. These licenses are listed in the Attachment to this Public Notice. The BTA licenses designated for the LMDS reauction comprise various portions of the following areas: (1) continental United States and (2) Puerto Rico. Thus, there are a total of 168 LMDS licenses to be reauctioned. Future public notices, will include further details regarding application filing and payment deadlines, a seminar, and other pertinent information. These future public notices will take the place of a bidder package for the LMDS reauction. In this Public Notice, the Bureau seeks comment on procedural issues relating to the LMDS reauction.

**Key Dates**

Short Form Application (FCC Form 175): March 29, 1999; 5:30 p.m. ET  
Upfront Payments (via wire transfer):  
April 12, 1998; 6:00 p.m. ET  
Auction Start: April 27, 1999; TBA

**I. Reserve Price or Minimum Opening Bid**

3. The Balanced Budget Act of 1997 calls upon the Commission to prescribe methods by which a reasonable reserve price will be required or a minimum opening bid established when FCC licenses are subject to auction (i.e., because the Commission has accepted mutually exclusive applications for those licenses), unless the Commission determines that a reserve price or minimum bid is not in the public interest. Consistent with this mandate, the Commission has directed the Bureau to seek comment on the use of a minimum opening bid and/or reserve price prior to the start of each auction. The Bureau was directed to seek comment on the methodology to be

employed in establishing each of these mechanisms. Among other factors the Bureau should consider are the amount of spectrum being auctioned, levels of incumbency, the availability of technology to provide service, the size of the geographic service areas, issues of interference with other spectrum bands, and any other relevant factors that reasonably could have an impact on valuation of the spectrum being auctioned. The Commission concluded that the Bureau should have the discretion to employ either or both of these mechanisms for future auctions.

4. Normally, a reserve price is an absolute minimum price below which an item will not be sold in a given auction. Reserve prices can be either published or unpublished. A minimum 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. Also, in a minimum opening bid scenario, the auctioneer generally has the discretion to lower the amount later in the auction. It is also possible for the minimum opening bid and the reserve price to be the same amount.

5. In anticipation of this reauction and in light of the Balanced Budget Act, the Bureau proposes to establish minimum opening bids for the LMDS reauction, and retain discretion to lower the minimum opening bids. The Bureau believes a minimum opening bid, which has been utilized in other auctions, is an effective bidding tool. A minimum opening bid, rather than a reserve price, will help to regulate the pace of the auction and provides flexibility.

6. Specifically, for Auction No. 23, the Commission proposes the following license-by-license formulas for calculating minimum opening bids, based on the population ("pops") of the BTA:

- (1) Block A: \$0.06 \* Pops (rounded up to the next dollar)
- (2) Block B: \$0.03 \* Pops (rounded up to the next dollar)

Comment is sought on this proposal. If commenters believe that the formula proposed above for minimum opening bids will result in substantial numbers of unsold licenses, or is not a reasonable amount, or should instead operate as a reserve price, they should explain why this is so, and comment on the desirability of an alternative approach. Commenters are advised to support their claims with valuation analyses and suggested reserve prices or minimum opening bid levels or formulas. In establishing the formula for minimum opening bids, the Bureau particularly

seeks comment on such factors as, among other things, the amount of spectrum being auctioned, levels of incumbency, the availability of technology to provide service, the size of the geographic service areas, issues of interference with other spectrum bands and any other relevant factors that could reasonably have an impact on valuation of the LMDS spectrum. Alternatively, comment is sought on whether, consistent with the Balanced Budget Act, the public interest would be served by having no minimum opening bid or reserve price.

## II. Other Auction Procedures

7. The Balanced Budget Act of 1997 requires the Commission to "ensure that, in the scheduling of any competitive bidding under this subsection, an adequate period is allowed \* \* \* before issuance of bidding rules, to permit notice and comment on proposed auction procedures \* \* \*" Consistent with the provisions of the Balanced Budget Act and to ensure that potential bidders have adequate time to familiarize themselves with the specific provisions that will govern the day-to-day conduct of an auction, the Commission directed the Bureau, under its existing delegated authority, to seek comment on a variety of auction-specific procedures prior to the start of each auction. The Bureau therefore seeks comment on the following issues.

### a. Auction Sequence and License Groupings

8. Because it is most administratively appropriate, and allows bidders to take advantage of any synergies that exist among licenses, the Commission proposes to award the 168 LMDS licenses in a single, simultaneous multiple-round auction. The Bureau seeks comment on this proposal.

### b. Upfront Payments and Initial Maximum Eligibility for Each Bidder

9. The Bureau has delegated authority and discretion to determine an appropriate upfront payment for each license being auctioned, taking into account such factors as the population in each geographic license area, and the value of similar spectrum. With these guidelines in mind, the Bureau proposes for the LMDS reaction the following upfront payments:

- (1) Block A: \$0.06 \* Pops (rounded up to the next dollar)
- (2) Block B: \$0.03 \* Pops (rounded up to the next dollar)

The Bureau seeks comment on this proposal. For the LMDS reaction, the Bureau further proposes that the amount

of the upfront payment submitted by a bidder will determine the initial maximum eligibility (as measured in bidding units) for each bidder. Upfront payments will not be attributed to specific licenses, but instead will be translated into bidding units to define a bidder's initial maximum eligibility, which cannot be increased during the auction. Thus, in calculating the upfront payment amount, an applicant must determine the *maximum* number of bidding units it may wish to bid on (or hold high bids on) in any single round, and submit an upfront payment covering that number of bidding units. The Bureau seeks comment on this proposal.

### c. Structure of Bidding Rounds, Activity Requirements, and Criteria for Determining Reductions in Eligibility

10. The Bureau proposes to divide the auction into three stages: Stage One, Stage Two and Stage Three. The auction will start in Stage One. The Bureau proposes that the auction will generally advance to the next stage (i.e., from Stage One to Stage Two, and from Stage Two to Stage Three) when the auction activity level, as measured by the percentage of bidding units receiving new high bids, is below ten percent for three consecutive rounds of bidding in each Stage. However, the Bureau further proposes that it retain the discretion to change stages unilaterally by announcement during the auction. In exercising this discretion, the Bureau will consider a variety of measures of bidder activity including, but not limited to, the auction activity level, the percentages of licenses (as measured in bidding units) on which there are new bids, the number of new bids, and the percentage increase in revenue. The Bureau seeks comment on these proposals.

11. In order to ensure that the auction closes within a reasonable period of time, an activity rule requires bidders to bid actively on a percentage of their maximum bidding eligibility during each round of the auction rather than waiting until the end to participate. A bidder that does not satisfy the activity rule will either lose bidding eligibility in the next round or use an activity rule waiver.

12. For the LMDS reaction, the Bureau proposes that, in each round of Stage One of the auction, a bidder desiring to maintain its current eligibility is required to be active on licenses encompassing at least 80 percent of its current bidding eligibility. Failure to maintain the requisite activity level will result in a reduction in the bidder's bidding eligibility in the next

round of bidding (unless an activity rule waiver is used). During Stage One, reduced eligibility for the next round will be calculated by multiplying the current round activity by five-fourths ( $\frac{5}{4}$ ). In each round of the second stage of the auction, a bidder desiring to maintain its current eligibility is required to be active on at least 90 percent of its current bidding eligibility. During Stage Two, reduced eligibility for the next round will be calculated by multiplying the current round activity by ten-ninths ( $\frac{10}{9}$ ). In each round of Stage Three, a bidder desiring to maintain its current eligibility is required to be active on 98 percent of its current bidding eligibility. In this final stage, reduced eligibility for the next round will be calculated by multiplying the current round activity by fifty forty-ninths ( $\frac{50}{49}$ ). The Bureau seeks comment on these proposals.

### d. Minimum Accepted Bids

13. Once there is a standing high bid on a license, a bid increment will be applied to that license to establish a minimum acceptable bid for the following round. For the LMDS reaction, the Bureau proposes to use a smoothing methodology to calculate bid increments. This methodology will be designed to vary the increment for a given license between a maximum and minimum value based on the bidding activity on that license. A similar methodology was used in previous auctions, including the original LMDS auction and the 220 MHz auction. The Bureau proposes initial values for the maximum of 0.2 or 20% of the license value, and a minimum of 0.1 or 10% of the license value.

14. The Bureau retains the discretion to change these values if circumstances so dictate, such as raising the minimum increment toward the end of the auction to enable bids to reach their final values more quickly. The Bureau will do so by announcement in the Automated Auction System. Under its discretion the Bureau may also implement an absolute dollar floor for the bid increment to further facilitate a timely close of the auction. The Bureau further seeks comment on the advantages and disadvantages of using the discretion to adjust the minimum bid increment without prior notice. As an alternative approach, the Bureau seeks comment on the advantages and disadvantages of adjusting the minimum bid increment gradually over a number of rounds as opposed to single large changes in the minimum bid increment. The Bureau also retains the discretion to use alternate methodologies for the LMDS reaction if circumstances warrant. The

Bureau seeks comment on these proposals.

*e. Activity Rule Waivers and Reducing Eligibility*

15. Use of an activity rule waiver preserves the bidder's current bidding eligibility despite the bidder's activity in the current round being below the required minimum level. An activity rule waiver applies to an entire round of bidding and not to a particular license. Activity waivers are principally a mechanism for auction participants to avoid the loss of auction eligibility in the event that exigent circumstances prevent them from placing a bid in a particular round.

16. The FCC auction system assumes that bidders with insufficient activity would prefer to use an activity rule waiver (if available) rather than lose bidding eligibility. Therefore, the system will automatically apply a waiver (known as an "automatic waiver") at the end of any bidding period where a bidder's activity level is below the minimum required unless: (1) there are no activity rule waivers available; or (2) the bidder overrides the automatic application of a waiver by reducing eligibility, thereby meeting the minimum requirements.

17. A bidder with insufficient activity that wants to reduce its bidding eligibility, rather than use an activity rule waiver, must affirmatively override the automatic waiver mechanism during the bidding period by using the reduce eligibility function in the software. In this case, the bidder's eligibility is permanently reduced to bring the bidder into compliance with the activity rules as described above. Once eligibility has been reduced, a bidder will not be permitted to regain its lost bidding eligibility.

18. A bidder may proactively use an activity rule waiver as a means to keep the auction open without placing a bid. If a bidder submits a proactive waiver (using the proactive waiver function in the bidding software) during a bidding period in which no bids are submitted, the auction will remain open and the bidder's eligibility will be preserved. An automatic waiver invoked in a round in which there are no new valid bids will not keep the auction open.

19. The Bureau proposes that each bidder in the LMDS reaction be provided with five activity rule waivers that may be used in any round during the course of the auction as set forth above. The Bureau seeks comment on this proposal.

*f. Information Regarding Bid Withdrawal and Bid Removal*

20. For the LMDS reaction, the Bureau proposes the following bid removal and bid withdrawal procedures. Before the close of a bidding period, a bidder has the option of removing any bids placed in that round. By using the remove bid function in the software, a bidder may effectively "unsubmit" any bid placed within that round. A bidder removing a bid placed in the same round is not subject to withdrawal payments.

21. Once a round closes, a bidder may no longer remove a bid. However, in the next round, a bidder may withdraw standing high bids from previous rounds using the withdraw bid function. A high bidder that withdraws its standing high bid from a previous round is subject to the bid withdrawal payment provisions. The Bureau seeks comment on these bid removal and bid withdrawal procedures.

22. In the Part 1 Third Report and Order, the Commission recently explained that allowing bid withdrawals facilitates efficient aggregation of licenses and the pursuit of efficient backup strategies as information becomes available during the course of an auction. The Commission noted, however, that, in some instances, bidders may seek to withdraw bids for improper reasons, including to delay the close of the auction for strategic purposes. The Bureau, therefore, has discretion, in managing the auction, to limit the number of withdrawals to prevent strategic delay of the close of the auction or other abuses. The Commission stated that the Bureau should assertively exercise its discretion, consider limiting the number of rounds in which bidders may withdraw bids, and prevent bidders from bidding on a particular market if the Bureau finds that a bidder is abusing the Commission's bid withdrawal procedures.

23. Applying this reasoning, the Bureau proposes to limit each bidder in the LMDS reaction to withdrawals in no more than two rounds during the course of the auction. To permit a bidder to withdraw bids in more than two rounds would likely encourage insincere bidding or the use of withdrawals for anti-competitive strategic purposes. The two rounds in which withdrawals are utilized will be at the bidder's discretion; withdrawals otherwise must be in accordance with the Commission's rules. There is no limit on the number of standing high bids that may be withdrawn in either of the rounds in which withdrawals are

utilized. Withdrawals will remain subject to the bid withdrawal payment provisions specified in the Commission's rules. The Bureau seeks comment on this proposal.

*g. Stopping Rule*

24. For the LMDS reaction, the Bureau proposes to employ a simultaneous stopping approach. The Bureau has discretion "to establish stopping rules before or during multiple round auctions in order to terminate the auction within a reasonable time." A simultaneous stopping rule means that all licenses remain open until the first round in which no new acceptable bids, proactive waivers or withdrawals are received. After the first such round, bidding closes simultaneously on all licenses. Thus, unless circumstances dictate otherwise, bidding would remain open on all licenses until bidding stops on every license.

25. The Bureau seeks comment on a modified version of the simultaneous stopping rule. The modified stopping rule would close the auction for all licenses after the first round in which no bidder submits a proactive waiver, a withdrawal, or a new bid on any license on which it is not the standing high bidder. Thus, absent any other bidding activity, a bidder placing a new bid on a license for which it is the standing high bidder would not keep the auction open under this modified stopping rule. The Bureau further seeks comment on whether this modified stopping rule should be used unilaterally or only in stage three of the auction.

26. The Commission proposes that the Bureau retain the discretion to keep an auction open even if no new acceptable bids or proactive waivers are submitted and no previous high bids are withdrawn. In this event, the effect will be the same as if a bidder had submitted a proactive waiver. The activity rule, therefore, will apply as usual and a bidder with insufficient activity will either lose bidding eligibility or use a remaining activity rule waiver.

27. Finally, the Commission proposes that the Bureau reserve the right to declare that the auction will end after a specified number of additional rounds ("special stopping rule"). If the Bureau invokes this special stopping rule, it will accept bids in the final round(s) only for licenses on which the high bid increased in at least one of the preceding specified number of rounds. The Bureau proposes to exercise this option only in certain circumstances, such as, for example, where the auction is proceeding very slowly, there is minimal overall bidding activity, or it appears likely that the auction will not

close within a reasonable period of time. Before exercising this option, the Bureau is likely to attempt to increase the pace of the auction by, for example, moving the auction into the next stage (where bidders would be required to maintain a higher level of bidding activity), increasing the number of bidding rounds per day, and/or increasing the amount of the minimum bid increments for the limited number of licenses where there is still a high level of bidding activity. The Bureau seeks comment on these proposals.

*h. Information Relating to Auction Delay, Suspension or Cancellation*

28. For the LMDS reaction, the Commission proposes that, by public notice or by announcement during the auction, the Bureau may delay, suspend or cancel the auction in the event of natural disaster, technical obstacle, evidence of an auction security breach, unlawful bidding activity, administrative or weather necessity, or for any other reason that affects the fair and competitive conduct of competitive bidding. In such cases, the Bureau, in its sole discretion, may elect to: resume the auction starting from the beginning of

the current round; resume the auction starting from some previous round; or cancel the auction in its entirety. Network interruption may cause the Bureau to delay or suspend the auction. The Commission emphasizes that exercise of this authority is solely within the discretion of the Bureau, and its use is not intended to be a substitute for situations in which bidders may wish to apply their activity rule waivers. The Bureau seeks comment on this proposal.

Federal Communications Commission.  
**Daniel B. Phythyon,**  
*Chief, Wireless Telecommunications Bureau.*

**ATTACHMENT**

**LMDS REACTION—PROPOSED MOB’S AND UPFRONT PAYMENTS: A BLOCK LICENSES**

MTA	BTA	Description	License No.	Population (1990 census)	Upfront payment (\$ .06*Pops)	MOB (\$ .06*Pops)
M024	B002	Aberdeen, WA	LDB002A	83,057	\$4,984	\$4,984
M011	B006	Albany-Tifton, GA	LDB006A	324,899	19,494	19,494
M006	B016	Anderson, SC	LDB016A	305,120	18,308	18,308
M029	B017	Anniston, AL	LDB017A	161,897	9,714	9,714
M006	B020	Asheville-Hendersonville, NC	LDB020A	510,055	30,604	30,604
M018	B035	Beckley, WV	LDB035A	167,112	10,027	10,027
M024	B036	Bellingham, WA	LDB036A	127,780	7,667	7,667
M018	B048	Bluefield, WV	LDB048A	184,020	11,042	11,042
M028	B049	Blytheville, AR	LDB049A	79,446	4,767	4,767
M026	B052	Bowling Green-Glasgow, KY	LDB052A	222,748	13,365	13,365
M012	B054	Brainerd, MN	LDB054A	78,465	4,708	4,708
M032	B061	Burlington, IA	LDB061A	137,543	8,253	8,253
M006	B062	Burlington, NC	LDB062A	108,213	6,493	6,493
M001	B063	Burlington, VT	LDB063A	369,128	22,148	22,148
M019	B066	Cape Girardeau-Sikeston, MO	LDB066A	181,795	10,908	10,908
M003	B071	Champaign-Urbana, IL	LDB071A	222,312	13,339	13,339
M021	B082	Clarksburg-Elkins, WV	LDB082A	190,498	11,430	11,430
M032	B086	Clinton, IA-Sterling, IL	LDB086A	147,981	8,879	8,879
M019	B090	Columbia, MO	LDB090A	190,536	11,433	11,433
M011	B092	Columbus, GA	LDB092A	342,333	20,540	20,540
M031	B093	Columbus, IN	LDB093A	139,128	8,348	8,348
M010	B100	Cumberland, MD	LDB100A	156,707	9,403	9,403
M003	B103	Danville, IL	LDB103A	114,241	6,855	6,855
M032	B105	Davenport, IA-Moline, IL	LDB105A	419,650	25,179	25,179
M029	B115	Dothan-Enterprise, AL	LDB115A	210,225	12,614	12,614
M021	B117	Du Bois-Clearfield, PA	LDB117A	124,180	7,451	7,451
M032	B118	Dubuque, IA	LDB118A	176,542	10,593	10,593
M012	B119	Duluth, MN	LDB119A	400,771	24,047	24,047
M028	B120	Dyersburg-Union City, TN	LDB120A	113,943	6,837	6,837
M033	B121	Eagle Pass-Del Rio, TX	LDB121A	100,813	6,049	6,049
M016	B122	East Liverpool-Salem, OH	LDB122A	108,276	6,497	6,497
M012	B123	Eau Claire, WI	LDB123A	180,559	10,834	10,834
M002	B124	El Centro-Calexico, CA	LDB124A	109,303	6,559	6,559
M016	B131	Erie, PA	LDB131A	275,572	16,535	16,535
M004	B134	Eureka, CA	LDB134A	142,578	8,555	8,555
M040	B140	Fayetteville-Springdale-Rogers, AR	LDB140A	222,526	13,352	13,352
M006	B141	Fayetteville-Lumberton, NC	LDB141A	571,328	34,280	34,280
M029	B146	Florence, AL	LDB146A	173,076	10,385	10,385
M006	B147	Florence, SC	LDB147A	239,208	14,353	14,353
M040	B153	Ft. Smith, AR	LDB153A	282,187	16,932	16,932
M010	B156	Fredericksburg, VA	LDB156A	124,654	7,480	7,480
M029	B158	Gadsden, AL	LDB158A	174,034	10,443	10,443
M011	B160	Gainesville, GA	LDB160A***	170,365	10,222	10,222
M003	B161	Galesburg, IL	LDB161A***	75,574	4,535	4,535
M039	B162	Gallup, NM	LDB162A	122,277	7,337	7,337
M001	B164	Glens Falls, NY	LDB164A	118,539	7,113	7,113
M006	B165	Goldsboro-Kinston, NC	LDB165A	217,319	13,040	13,040
M006	B176	Greenville-Washington, NC	LDB176A	218,937	13,137	13,137
M006	B178	Greenwood, SC	LDB178A***	68,435	4,107	4,107

## LMDS REAUCION—PROPOSED MOB'S AND UPFRONT PAYMENTS: A BLOCK LICENSES—Continued

MTA	BTA	Description	License No.	Population (1990 cen- sus)	Upfront pay- ment (\$ .06*Pops)	MOB (\$ .06*Pops)
M040	B182	Harrison, AR	LDB182A	74,459	4,468	4,468
M040	B193	Hot Springs, AR	LDB193A	117,439	7,047	7,047
M017	B195	Houma-Thibodaux, LA	LDB195A	263,681	15,821	15,821
M008	B201	Hyannis, MA	LDB201A	204,256	12,256	12,256
M021	B203	Indiana, PA	LDB203A	89,994	5,400	5,400
M028	B211	Jackson, TN	LDB211A	255,379	15,323	15,323
M003	B213	Jacksonville, IL	LDB213A***	70,795	4,248	4,248
M006	B214	Jacksonville, NC	LDB214A	149,838	8,991	8,991
M035	B215	Jamestown-Dunkirk, NY-Warren, PA	LDB215A	186,945	11,217	11,217
M020	B216	Janesville-Beloit, WI	LDB216A	214,510	12,871	12,871
M019	B217	Jefferson City, MO	LDB217A	141,404	8,485	8,485
M021	B218	Johnstown, PA	LDB218A	241,247	14,475	14,475
M040	B219	Jonesboro-Paragould, AR	LDB219A	159,439	9,567	9,567
M003	B225	Kankakee, IL	LDB225A	127,042	7,623	7,623
M008	B227	Keene, NH	LDB227A	111,709	6,703	6,703
M031	B233	Kokomo-Logansport, IN	LDB233A	184,899	11,094	11,094
M020	B234	La Crosse, WI-Winona, MN	LDB234A	295,769	17,747	17,747
M031	B235	Lafayette, IN	LDB235A***	247,523	14,852	14,852
M003	B243	La Salle-Peru-Ottawa-Streator, IL	LDB243A	148,331	8,900	8,900
M008	B249	Lebanon-Claremont, NH	LDB249A	167,576	10,055	10,055
M045	B270	McCook, NE	LDB270A**	36,618	2,198	2,198
M011	B271	Macon-Warner Robins, GA	LDB271A	589,208	35,353	35,353
M032	B285	Mason City, IA	LDB285A	118,834	7,131	7,131
M016	B287	Meadville, PA	LDB287A	86,169	5,171	5,171
M004	B291	Merced, CA	LDB291A	192,705	11,563	11,563
M003	B294	Michigan City-La Porte, IN	LDB294A	107,066	6,424	6,424
M044	B295	Middlesboro-Harlan, KY	LDB295A	121,217	7,274	7,274
M031	B309	Muncie, IN	LDB309A	182,386	10,944	10,944
M006	B316	New Bern, NC	LDB316A	154,955	9,298	9,298
M021	B317	New Castle, PA	LDB317A	96,246	5,775	5,775
M001	B319	New London-Norwich, CT	LDB319A	357,482	21,449	21,449
M045	B323	Norfolk, NE	LDB323A	112,526	6,752	6,752
M013	B326	Ocala, FL	LDB326A	194,833	11,690	11,690
M021	B328	Oil City-Franklin, PA	LDB328A	105,882	6,353	6,353
M035	B330	Olean, NY-Bradford, PA	LDB330A	239,343	14,361	14,361
M024	B331	Olympia-Centralia, WA	LDB331A	258,937	15,537	15,537
M006	B335	Orangeburg, SC	LDB335A	114,458	6,868	6,868
M032	B337	Ottumwa, IA	LDB337A	122,988	7,380	7,380
M026	B339	Paducah-Murray-Mayfield, KY	LDB339A	217,082	13,025	13,025
M003	B344	Peoria, IL	LDB344A	455,643	27,339	27,339
M040	B348	Pine Bluff, AR	LDB348A	152,918	9,176	9,176
M008	B351	Pittsfield, MA	LDB351A	139,352	8,362	8,362
M001	B352	Plattsburgh, NY	LDB352A	123,121	7,388	7,388
M019	B355	Poplar Bluff, MO	LDB355A	148,240	8,895	8,895
M019	B367	Quincy, IL-Hannibal, MO	LDB367A	177,213	10,633	10,633
M031	B373	Richmond, IN	LDB373A***	104,942	6,297	6,297
M022	B375	Riverton, WY	LDB375A	46,859	2,812	2,812
M006	B377	Roanoke Rapids, NC	LDB377A	76,314	4,579	4,579
M003	B380	Rockford, IL	LDB380A	412,120	24,728	24,728
M006	B382	Rocky Mount-Wilson, NC	LDB382A	199,296	11,958	11,958
M019	B383	Rolla, MO	LDB383A	98,233	5,894	5,894
M011	B384	Rome, GA	LDB384A***	115,066	6,904	6,904
M040	B387	Russellville, AR	LDB387A	81,863	4,912	4,912
M001	B388	Rutland-Bennington, VT	LDB388A	97,987	5,880	5,880
M005	B390	Saginaw-Bay City, MI	LDB390A	615,364	36,922	36,922
M046	B396	Salina, KS	LDB396A	143,408	8,605	8,605
M034	B414	Sedalia, MO	LDB414A	79,705	4,783	4,783
M016	B416	Sharon, PA	LDB416A	121,003	7,261	7,261
M003	B426	Springfield, IL	LDB426A	254,696	15,282	15,282
M023	B430	Staunton-Waynesboro, VA	LDB430A	100,322	6,020	6,020
M031	B442	Terre Haute, IN	LDB442A	236,968	14,219	14,219
M005	B446	Traverse City, MI	LDB446A	204,600	12,276	12,276
M028	B449	Tupelo-Corinth, MS	LDB449A	291,701	17,503	17,503
M001	B453	Utica-Rome, NY	LDB453A	316,633	18,998	18,998
M037	B454	Valdosta, GA	LDB454A	139,226	8,354	8,354
M014	B456	Victoria, TX	LDB456A	149,963	8,998	8,998
M001	B463	Watertown, NY	LDB463A	296,253	17,776	17,776
M019	B470	West Plains, MO	LDB470A	67,165	4,030	4,030
M018	B474	Williamson, WV-Pikeville, KY	LDB474A	185,682	11,141	11,141
M006	B478	Wilmington, NC	LDB478A	249,711	14,983	14,983

LMDS REACTION—PROPOSED MOB'S AND UPFRONT PAYMENTS: A BLOCK LICENSES—Continued

MTA	BTA	Description	License No.	Population (1990 census)	Upfront payment (\$*.06*Pops)	MOB (\$*.06*Pops)
M027 .....	B486	Yuma, AZ .....	LDB486A	106,895	6,414	6,414
M025 .....	B488	San Juan, PR .....	LDB488A	2,170,246	130,215	130,215
M025 .....	B489	Mayaguez-Aguadilla-Ponce, PR .....	LDB489A	1,351,600	81,096	81,096
A Block Totals .....				26,057,363	1,563,497	1,563,497

\*Subject to a pending waiver request filed by New Wave Networks, L.L.C.

\*\*Subject to a pending petition for reconsideration filed by Pinpoint Communications, Inc.

\*\*\*Baker Creek defaulted on this license.

LMDS REACTION—PROPOSED MOB'S AND UPFRONT PAYMENTS: B BLOCK LICENSES

MTA	BTA	Description	License No.	Population (1990)	Upfront payment (\$*.03*Pops)	MOB (\$*.03*Pops)
M005 .....	B005	Adrian, MI .....	LDB005B***	91,476	\$2,745	\$2,745
M005 .....	B011	Alpena, MI .....	LDB011B***	63,429	1,903	1,903
M005 .....	B033	Battle Creek, MI .....	LDB033B***	227,541	6,827	6,827
M030 .....	B038	Bend, OR .....	LDB038B*	102,745	3,083	3,083
M003 .....	B039	Benton Harbor, MI .....	LDB039B***	161,378	4,842	4,842
M003 .....	B046	Bloomington, IL .....	LDB046B***	215,795	6,474	6,474
M019 .....	B066	Cape Girardeau-Sikeston, MO .....	LDB066B***	181,795	5,454	5,454
M019 .....	B067	Carbondale-Marion, IL .....	LDB067B***	209,497	6,285	6,285
M032 .....	B070	Cedar Rapids, IA .....	LDB070B***	260,686	7,821	7,821
M032 .....	B086	Clinton, IA-Sterling, IL .....	LDB086B***	147,981	4,440	4,440
M019 .....	B090	Columbia, MO .....	LDB090B***	190,536	5,717	5,717
M030 .....	B097	Coos Bay-North Bend, OR .....	LDB097B	79,600	2,388	2,388
M003 .....	B109	Decatur-Effingham, IL .....	LDB109B***	247,608	7,429	7,429
M004 .....	B134	Eureka, CA .....	LDB134B	142,578	4,278	4,278
M012 .....	B142	Fergus Falls, MN .....	LDB142B***	120,167	3,606	3,606
M027 .....	B144	Flagstaff, AZ .....	LDB144B*	96,591	2,898	2,898
M005 .....	B145	Flint, MI .....	LDB145B***	500,229	15,007	15,007
M039 .....	B162	Gallup, NM .....	LDB162B	122,277	3,669	3,669
M046 .....	B163	Garden City, KS .....	LDB163B	65,059	1,952	1,952
M005 .....	B169	Grand Rapids, MI .....	LDB169B***	916,060	27,482	27,482
M045 .....	B185	Hastings, NE .....	LDB185B**	72,833	2,185	2,185
M005 .....	B209	Jackson, MI .....	LDB209B***	193,187	5,796	5,796
M019 .....	B217	Jefferson City, MO .....	LDB217B***	141,404	4,243	4,243
M005 .....	B223	Kalamazoo, MI .....	LDB223B***	352,384	10,572	10,572
M005 .....	B241	Lansing, MI .....	LDB241B***	489,698	14,691	14,691
M039 .....	B244	Las Cruces, NM .....	LDB244B	197,166	5,915	5,915
M047 .....	B254	Lihue, HI .....	LDB254B*	51,177	1,536	1,536
M045 .....	B270	McCook, NE .....	LDB270B**	36,618	1,099	1,099
M012 .....	B277	Mankato-Fairmont, MN .....	LDB277B***	245,144	7,355	7,355
M004 .....	B303	Modesto, CA .....	LDB303B	418,978	12,570	12,570
M005 .....	B307	Mt. Pleasant, MI .....	LDB307B***	118,558	3,557	3,557
M019 .....	B308	Mt. Vernon-Centralia, IL .....	LDB308B***	119,286	3,579	3,579
M005 .....	B310	Muskegon, MI .....	LDB310B***	206,974	6,210	6,210
M003 .....	B344	Peoria, IL .....	LDB344B***	455,643	13,670	13,670
M019 .....	B355	Poplar Bluff, MO .....	LDB355B***	148,240	4,448	4,448
M024 .....	B356	Port Angeles, WA .....	LDB356B	76,610	2,299	2,299
M008 .....	B363	Presque Isle, ME .....	LDB363B	86,936	2,609	2,609
M004 .....	B371	Redding, CA .....	LDB371B*	253,255	7,598	7,598
M004 .....	B372	Reno, NV .....	LDB372B*	439,279	13,179	13,179
M012 .....	B378	Rochester-Austin-Albert Lea, MN .....	LDB378B***	233,167	6,996	6,996
M019 .....	B383	Rolla, MO .....	LDB383B***	98,233	2,947	2,947
M036 .....	B392	St. George, UT .....	LDB392B*	83,263	2,498	2,498
M034 .....	B414	Sedalia, MO .....	LDB414B***	79,705	2,392	2,392
M003 .....	B426	Springfield, IL .....	LDB426B***	254,696	7,641	7,641
M032 .....	B462	Waterloo-Cedar Falls, IA .....	LDB462B***	261,009	7,831	7,831
M019 .....	B470	West Plains, MO .....	LDB470B***	67,165	2,015	2,015
B Block Totals .....				9,323,636	279,731	279,731
Totals .....				35,380,999	\$1,843,228	\$1,843,222

\*Subject to a pending waiver request filed by New Wave Networks, L.L.C.

\*\*Subject to a pending petition for reconsideration filed by Pinpoint Communications, Inc.

\*\*\*Baker Creek defaulted on this license.

[FR Doc. 98-30979 Filed 11-19-98; 8:45 am]

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## FEDERAL COMMUNICATIONS COMMISSION

[DA 98-1897]

### Wireless Telecommunications Bureau Provides Guidance on Grace Period and Installment Payment Rules

**AGENCY:** Federal Communications Commission.

**ACTION:** Notice.

**SUMMARY:** In this Public Notice, the Wireless Telecommunications Bureau (Bureau) provides guidance to licensees participating in installment payment programs regarding the revised rules governing grace periods and installment payments. This Notice is intended to assist licensees in the transition from the prior rules for late payments to the new rules and policies that are now effective.

**FOR FURTHER INFORMATION CONTACT:** Rachel Kazan or Rita Cookmeyer, Auctions and Industry Analysis Division, Wireless Telecommunications Bureau at (202) 418-0660.

**SUPPLEMENTARY INFORMATION:** This public notice was released on September 18, 1998 and is available for inspection and copying during normal business hours in the FCC Reference Center, Room CY-C404, 445 Twelfth Street, SW, Washington, DC and also may be purchased from the Commission's copy contractor, International Transcription Services, (202) 857-3800, fax (202) 857-3805, 1231 20th Street, NW, Washington, DC 20036.

### Synopsis of the Public Notice

#### Background

##### A. Prior Rules for Late Payment

Installment payment rules, including late payment and grace period rules, are generally codified at 47 CFR 1.2110. Before this rule was amended, it permitted a licensee to make a payment up to 90 days late without being assessed a late payment charge and without being considered in default. If a licensee required additional time to pay beyond the 90 day period, it could submit a formal request for a "grace period" of up to 6 months. The licensee would not be considered in default during a grace period, nor would the licensee be declared in default during the pendency of such request.

##### B. New Rules Now Apply

The Commission recently amended 47 CFR 1.2110 to provide that licensees that do not make an installment payment on or before a due date are automatically granted a 90 day grace period ("non-delinquency period") and assessed a late fee equal to 5 percent of the missed installment payment ("late fee"). If remittance of the missed installment payment and the 5 percent late fee is not made on or before expiration of the non-delinquency period, a second 90 day period ("grace period") is automatically granted and an additional late fee equal to 10 percent of the missed installment payment is assessed. Licensees are not required to make an application to the Commission to receive the non-delinquency period or the grace period. Furthermore, licensees are not required to remit the 5 percent late fee prior to the expiration of the non-delinquency period to be eligible for the grace period. Late fees accrue on the first business day after a missed installment payment and upon the expiration of the non-delinquency period.

Specifically, under the revised rule, a licensee must pay the missed installment payment, the 5 percent late fee, the 10 percent late fee (if applicable) and any lender advances the licensee may be obligated to pay (including but not limited to Uniform Commercial Code filing fees and attorney fees for debt collection). This payment must be made in full, in one payment, before the expiration of the non-delinquency period or grace period. Payments made during a non-delinquency period or a grace period shall be applied in the following order of priorities: (i) Lender advances, (ii) late fees, (iii) interest payable, and (iv) principal owed.

Any licensee that becomes more than one-hundred eighty (180) days delinquent on an installment payment shall be in default, and the license shall automatically cancel without further action by the Commission. In that event, the debt shall be transferred to the Department of Treasury for collection subject to the Debt Collection Improvement Act of 1996.

Payment due dates for missed installment payments and accompanying late fee(s) are independent of the regular installment payment schedules. Licensees should be aware that the late payment provisions are calculated on a 90 calendar day basis, while installment payments are based on a quarterly payment schedule. Quarterly payments may cover up to 92 calendar days, depending upon the month in which the payment is due. In

many instances, missed installment payments and accompanying late fee(s) may be due before the next quarterly installment payment. Payments of missed installment payments and accompanying late fee(s) must be made simultaneously and in a timely manner. Partial payments will not be sufficient to avoid default.

##### C. Pending Grace Period Requests

The amendments to 47 CFR 1.2110 became effective March 16, 1998, 60 days after publication of those amendments in the **Federal Register**. Installment payments which were due prior to March 16, 1998, will continue to be processed under the former § 1.2110 of the Commission's rules. Any properly filed requests for a grace period pending under the former Section 1.2110 will be addressed. Furthermore, the late payment and automatic cancellation provisions of amended § 1.2110 will not apply to licenses with properly filed grace period requests until such time as the Bureau addresses these grace period requests. After the resolution of grace period requests, licensees will be subject to the revised grace period rules for future installment payment obligations.

##### D. Example

The following illustrates how the late payment procedures will now operate. ABC Company has a \$100,000 installment payment due on March 31. If ABC Company is able to make its installment payment on March 31, then it must remit \$100,000 to the Commission. If ABC Company makes its installment payment anytime from April 1 until June 29 (the end of the 90 day non-delinquency period), then ABC Company must remit \$105,000 to the Commission to be considered current on its March 31 installment payment. If ABC Company does not make its March 31 installment payment by June 29, then it must remit \$115,000 on or before September 27, which is 180 calendar days after March 1. If ABC Company does not remit the required \$115,000 by September 27 (the end of the 90 day grace period), then it will be considered in default and its license will automatically cancel on September 28 without further action by the Commission.

ABC Company's June 30 installment payment of \$100,000 remains due on June 30 regardless of the payment status of the March 31 installment payment. The late payment terms apply to June 30 installment payment independently of the March installment payment. Thus, if ABC Company does not make its March 31 installment payment until June 30,