

Advocacy Submits Comment on the FCC's 700 MHz Auction Rules

On May 21, 2007, Advocacy filed a letter with the Federal Communications Commission ("FCC" or "Commission") in response to the Commission's request for comment on the 700 MHz auction rules. Advocacy urged the Commission to reconsider changes made to the April 2006 "Designated Entity" ("DE") rules, and to take the requisite steps to ensure small businesses have a fair chance at participating in the auction process. A complete copy of Advocacy's letter may be accessed at: <http://www.sba.gov/advo/laws/comments/>.

- Under the current rules DEs will not be able to utilize leasing and wholesaling options once they acquire spectrum which puts them at a disadvantage, and further complicates their ability to maintain a flexible business model. Advocacy recommends that the FCC revisit its DE rules in order to determine if alternatives exist that would afford small businesses flexibility in structuring their business models.
- The Commission's increase of the "Five-Year Hold" Rule to ten years places a significant burden on small businesses. It is already difficult for DEs to raise the necessary financing to participate in auctions, and extending the period in which they cannot engage in resale may further compromise this financing. Some investors may be unwilling to support DEs based on this rule, and it may discourage small businesses from taking the risks that accompany spectrum ownership. Advocacy recommends that the Commission consider this result and return to the previous Five-Year Hold Rule for the 700 MHz Auction.
- Ensuring that smaller license sizes are offered will benefit small businesses. Additionally, maintaining a fair auction in which multiple new entrants can bid on spectrum, rather than merely allocating spectrum to a single entity, will best promote Congress' goals in Section 309(j) of the Communications Act. Advocacy supports auction rules that will assist in meeting these goals.

For more information, visit Advocacy's website at: <http://www.sba.gov/advo/> or contact Cheryl Johns at (202) 205-6949.