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FCC Tightens Rules for Airwave Auction

By LESLIE MILLER
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WASHINGTON -- Under new rules designed to increase competitive bidding, companies that want to sell such wireless services as high-speed Internet and video will be able to buy a big chunk of airwaves at a government auction.

The Federal Communications Commission on Wednesday voted to require anonymous bidding at the June 29 auction to prevent companies from colluding to keep out competitors and to drive prices down. Bidding would be open, though, if the FCC determines that enough companies are seeking licenses to keep the auction competitive.

"It is essential that we make an effort to foreclose anticompetitive bidding behavior in this auction," said FCC Chairman Kevin Martin.

The Justice Department urged that all bids be anonymous, but the commissioners agreed to the modified proposal, which was suggested by T-Mobile USA.

A consumer group, which had argued for blind bidding, called the new rule a baby step forward.

"Today's decision recognized that big companies have used spectrum auctions to keep out competitors and drive down auction revenues _ essentially stealing billions of dollars from U.S. citizens and depriving them of the benefits of competition," the Media Access Project said in a statement.

The airwaves became available for industry when the government decided to move the Defense Department and 11 other agencies to new frequencies.

Currently, there are 185 megahertz of spectrum available. The government will relinquish 90 megahertz.

Cell phone companies and other wireless providers will use the space to help satisfy a growing demand for voice, data, high-speed Internet and video services.

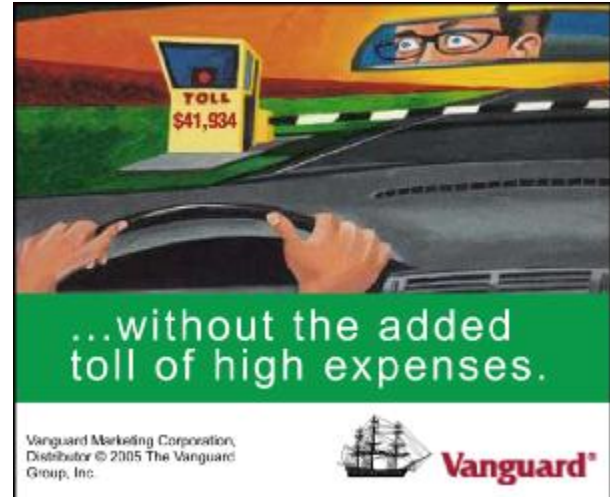
The government expects to auction 1,122 licenses and to raise between \$8 billion and \$15 billion.

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Federal Communications Commission: <http://www.fcc.gov>

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