

Dated: February 28, 2006.

Scott Mathias,

*Associate Director, Air Quality Policy
Division, Office of Air Quality Planning and
Standards.*

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FEDERAL COMMUNICATIONS COMMISSION

[Report No. AUC-06-67-A (Auction No. 67);
AU Docket No. 06-38; DA 06-388]

Closed Auction of 400 MHz Air-Ground Radiotelephone Service Licenses Scheduled for August 23, 2006. Comments Sought on Reserve Price or Minimum Opening Bids and Other Procedures for Auction No. 67

AGENCY: Federal Communications
Commission.

ACTION: Notice.

SUMMARY: This document announces the auction of nine site-based licenses in the 400 MHz general aviation Air-Ground Radiotelephone Service scheduled to commence on August 23, 2006 (Auction No. 67). This document also seeks comments on reserve prices or minimum opening bids and other procedures for Auction No. 67.

DATES: Comments are due on or before March 20, 2006 and reply comments are due on or before March 27, 2006.

ADDRESSES: You may submit comments, identified by AU Docket No. 06-381; DA 06-388 by any of the following methods:

- Federal Communications Commission's Web site: <http://www.fcc.gov/cgb/ecfs/>. Follow the instructions for submitting comments.
- People with Disabilities: Contact the FCC to request reasonable accommodations (accessible format documents, sign language interpreters, CART, etc.) by e-mail: FCC504@fcc.gov or phone: 202-418-0530 or TTY: 202-418-0432.

- Paper Filers: Parties who choose to file by paper must file an original and four copies of each filing. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although the Bureau continues to experience delays in receiving U.S. Postal Service mail). All filings must be addressed to the Commission's Secretary Attn: WTB/ASAD, Office of the Secretary, Federal Communications Commission.

- The Commission's contractor will receive hand-delivered or messenger-delivered paper filings for the

Commission's Secretary at 236 Massachusetts Avenue, NE., Suite 110, Washington, DC 20002. The filing hours at this location are 8 a.m. to 7 p.m. All hand deliveries must be held together with rubber bands or fasteners. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743.

- U.S. Postal Service first-class, Express, and Priority mail should be addressed to 445 12th Street, SW., Washington, DC 20554. The Bureau also requests that a copy of all comments and reply comments be submitted electronically to the following address: auction67@fcc.gov.

FOR FURTHER INFORMATION CONTACT:

Wireless Telecommunications Bureau, Auctions and Spectrum Access Division, for legal questions: Howard Davenport at (202) 418-0660. For general auction questions: Jeff Crooks at (202) 418-0660 or Linda Sanderson at (717) 338-2888. Mobility Division, for service questions: Erin McGrath or Richard Arsenault (legal) or Dwain Livingston (technical) at (202) 418-0620.

SUPPLEMENTARY INFORMATION: This is a summary of the *Auction No. 67 Comment Public Notice* released on March 3, 2006. The complete text of the *Auction No. 67 Comment Public Notice*, including attachments and related Commission documents is available for public inspection and copying from 8 a.m. to 4:30 p.m. Monday through Thursday or from 8 a.m. to 11:30 a.m. on Friday at the FCC Reference Information Center, Portals II, 445 12th Street, SW., Room CY-A257, Washington, DC 20554. The *Auction No. 67 Comment Public Notice* and related Commission documents may also be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc. (BCPI), Portals II, 445 12th Street, SW., Room CY-B402, Washington, DC 20554, telephone 202-488-5300, facsimile 202-488-5563, or you may contact BCPI at its Web site: <http://www.BCPIWEB.com>. When ordering documents from BCPI please provide the appropriate FCC document number for example, DA 06-388. The *Auction No. 67 Comment Public Notice* and related documents are also available on the Internet at the Commission's Web site: <http://wireless.fcc.gov/auctions/67/>.

I. Licenses To Be Offered and Limitations on Participation

1. In Auction No. 67, the licenses to be auctioned are the subject of pending

mutually exclusive applications for the referenced Air-Ground service that were filed on FCC Form 601. Participation in Auction No. 67 is limited to the parties that filed these pending mutually exclusive applications. These applicants, and the filing groups of which they are part, are identified in Attachment A of the *Auction No. 67 Comment Public Notice*. The applicants identified in Attachment A of the *Auction No. 67 Comment Public Notice* that wish to participate in the auction are required to file a short-form application (FCC Form 175) by the short-form deadline, which will be announced in a subsequent public notice. Applicants may seek eligibility to bid only on those licenses for which they have previously submitted an application on FCC Form 601 as set forth in Attachment A of the *Auction No. 67 Comment Public Notice*.

II. Supplemental Information Required

2. Each entity identified in Attachment A of the *Auction No. 67 Comment Public Notice* that wishes to be eligible for competitive bidding in Auction No. 67 must provide its FCC Registration Number (FRN) to the Commission for association with its pending application prior to 6 p.m. Eastern Time (ET) on April 5, 2006. Submission of an FRN for association with a pending FCC Form 601 application is required so that the FCC Auction System will display the appropriate license selection list for each short-form application. If no FRN is submitted in the prescribed manner by the specified deadline, the applicant will not be able to select its appropriate license(s) in its electronic short-form application (FCC Form 175) and will be ineligible to bid in Auction No. 67. If an applicant fails to provide this information in the prescribed manner and before the deadline specified, its pending FCC Form 601 application will be dismissed and it will not be eligible for competitive bidding for any of the licenses identified in Attachment A of the *Auction No. 67 Comment Public Notice* for which it has previously applied.

3. To submit an FRN, each listed applicant in Attachment A of the *Auction No. 67 Comment Public Notice* must provide, by 6 p.m. ET on April 5, 2006, its precise applicant name and FRN in an e-mail to auction67@fcc.gov or by facsimile to Kathryn Garland at (717) 338-2850. Any applicant that does not have an FRN must obtain one by registering using the FCC's Commission Registration system (CORES).

III. Additional Pre-Auction Matters

4. Each applicant identified in Attachment A of the *Auction No. 67 Comment Public Notice* that wishes to participate in the auction is required to file a short-form application (FCC Form 175) by the short-form deadline. That date will be announced in a subsequent public notice. Each such applicant is also required to submit an upfront payment by the upfront payment deadline, which date will also be announced in a subsequent public notice.

5. The Bureau will dismiss the previously filed FCC Form 601 of any applicant that fails to timely file a short-form application to participate in the auction and otherwise comply with the terms and procedures governing Auction No. 67. If only one short-form application is accepted for filing for a particular license, that license will be removed from the auction, and the FCC Form 601 of the party filing the short-form application will be processed for that license under applicable Commission procedures. In the event that more than one short-form application for a license is accepted for filing, mutual exclusivity for auction purposes will have been established, even if only one applicant submits an upfront payment. Under these circumstances, the applicant that submits an upfront payment must participate in the auction, i.e., bid the minimum opening bid, in order to win the license.

IV. Bureau Seeks Comment on Auction Procedures

6. Section 309(j)(3) of the Communications Act of 1934, as amended, 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 section 309(j)(3) and to ensure that potential bidders have adequate time to familiarize themselves with the specific rules 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 relating to Auction No. 67.

A. Auction Structure

i. Simultaneous Multiple-Round Auction Design

7. The Bureau proposes to auction all licenses included in Auction No. 67 in a simultaneous multiple-round auction. As described further below, this type of auction offers every license for bid at the same time and consists of successive bidding rounds in which eligible bidders may place bids on individual licenses. Typically, bidding remains open on all licenses until bidding stops on every license. The Bureau seeks comment on this proposal.

ii. Round Structure

8. The Commission will conduct Auction No. 67 over the Internet. Alternatively, telephonic bidding will also be available via the Auction Bidder Line. The toll free telephone number for telephonic bidding will be provided to qualified bidders closer to the auction event.

9. The auction will consist of sequential bidding rounds. The initial bidding schedule will be announced in a public notice to be released at least one week before the start of the auction.

10. The Bureau proposes to retain the discretion to change the bidding schedule in order to foster an auction pace that reasonably balances speed with the bidders' need to study round results and adjust their bidding strategies. Under this proposal, the Bureau may increase or decrease the amount of time for the bidding rounds and review periods, or the number of rounds per day, depending upon bidding activity levels and other factors. The Bureau seeks comment on this proposal.

iii. Stopping Rule

11. The Bureau has discretion to establish stopping rules before or during multiple round auctions in order to terminate the auction within a reasonable time. For Auction No. 67, the Bureau proposes to employ a simultaneous stopping rule approach. A simultaneous stopping rule means that all licenses remain available for bidding until bidding closes simultaneously on all licenses. More specifically, bidding will close simultaneously on all licenses after the first round in which no bidder submits any new bids or applies a proactive waiver. Thus, unless circumstances dictate otherwise, bidding will remain open on all licenses until bidding stops on every license.

12. Further, the Bureau proposes to retain the discretion to exercise any of the following options during Auction No. 67: (1). Use 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 applies a waiver or submits any new bids on any license for which it is not the provisionally winning bidder. Thus, absent any other bidding activity, a bidder placing a new bid on a license for which it is the provisionally winning bidder would not keep the auction open under this modified stopping rule; (2). Keep the auction open even if no bidder submits any new bids or applies a waiver. In this event, the effect will be the same as if a bidder had applied a waiver. The activity rule, therefore, will apply as usual and a bidder with insufficient activity will either lose bidding eligibility or use a remaining waiver; and (3). Declare that the auction will end after a specified number of additional rounds. If the Bureau invokes this special stopping rule, it will accept bids in the specified final round(s) after which the auction will close.

13. The Bureau proposes to exercise these options only in certain circumstances, 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 these options, the Bureau is likely to attempt to increase the pace of the auction by, for example, increasing the number of bidding rounds per day and/or changing the minimum acceptable bid percentage. The Bureau seeks comment on these proposals.

iv. Information Relating to Auction Delay, Suspension, or Cancellation

14. For Auction No. 67, the Bureau 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 efficient 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 Bureau 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.

B. Auction Procedures

i. Upfront Payments and Bidding Eligibility

15. The Bureau has delegated authority and discretion to determine an appropriate upfront payment for each license being auctioned. As described further below, the upfront payment is a refundable deposit made by each bidder to establish eligibility to bid on licenses. Upfront payments related to the licenses for specific spectrum subject to auction 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 the auction. With these factors in mind, the Bureau proposes to set the upfront payments for Auction No. 67 at \$500 per license.

16. The Bureau further proposes that the amount of the upfront payment submitted by a bidder will determine the bidder's initial bidding eligibility in bidding units. The Bureau proposes that each license be assigned a specific number of bidding units equal to the upfront payment listed in Attachment A of the *Auction No. 67 Comment Public Notice*, on a bidding unit per dollar basis. Under this proposal, each license in Auction No. 67 will be associated with 500 bidding units. The number of bidding units for a given license is fixed and does not change during the auction as prices rise. A bidder's upfront payment is not attributed to specific licenses. Rather, a bidder may place bids on any combination of licenses it selected on its FCC Form 175 as long as the total number of bidding units associated with those licenses does not exceed its current eligibility. Eligibility cannot be increased during the auction; it can only remain the same or decrease. Thus, in calculating its upfront payment amount and hence its initial bidding eligibility, an applicant must determine the maximum number of bidding units it may wish to bid on (or hold provisionally winning bids on) in any single round, and submit an upfront payment amount covering that total number of bidding units. Provisionally winning bids are bids that would become final winning bids if the auction were to close in that given round.

17. The Bureau lists all licenses, and the proposed upfront payment for each, in Attachment A of the *Auction No. 67 Comment Public Notice*. The Bureau seeks comment on these proposals.

ii. Activity Rule

18. 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. A bidder's activity in a round will be the sum of the bidding units associated with any licenses upon which it places bids during the current round and the bidding units associated with any licenses for which it holds provisionally winning bids. Bidders are required to be active on a specific percentage of their current bidding eligibility during each round of the auction. Failure to maintain the requisite activity level will result in the use of an activity rule waiver, if any remain, or a reduction in the bidder's eligibility, possibly curtailing or eliminating the bidder's ability to place bids in the auction.

19. The Bureau proposes a single stage auction with the following activity requirement: In each round of the auction, a bidder desiring to maintain its eligibility to participate in the auction is required to be active on one hundred (100) percent of its 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.

20. The Bureau seeks comment on this proposal. Commenters that believe this activity rule should be modified should explain their reasoning and comment on the desirability of an alternative approach. Commenters are advised to support their claims with analyses and suggested alternative activity rules.

iii. Activity Rule Waivers and Reducing Eligibility

21. Use of an activity rule waiver preserves the bidder's 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. Activity rule waivers can be either proactive or automatic and are principally a mechanism for auction participants to avoid the loss of bidding eligibility in the event that exigent circumstances prevent them from placing a bid in a particular round.

22. The FCC Auction System assumes that a bidder that does not meet the activity requirement would prefer to apply an activity rule waiver (if available) rather than lose bidding eligibility. Therefore, the system will automatically apply a waiver at the end of any bidding round in which a bidder's activity level is below the

minimum required unless: (1) The bidder has no activity rule waivers remaining; or (2) a bidder eligible to bid on more than one license overrides the automatic application of a waiver by reducing eligibility, thereby meeting the minimum requirement. If a bidder that is eligible to bid on only one license has no waivers remaining and does not satisfy the required activity level, the bidder's eligibility will be reduced, eliminating it from the auction. If a bidder that is eligible to bid on more than one license has no waivers remaining and does not satisfy the required activity level, its eligibility will be permanently reduced, possibly curtailing or eliminating the bidder's ability to place additional bids in the auction.

23. A bidder that is eligible to bid on more than one license and has insufficient activity may wish to reduce its bidding eligibility rather than use an activity rule waiver. If so, the bidder must affirmatively override the automatic waiver mechanism during the bidding round by using the reduce eligibility function in the FCC Auction System. In this case, the bidder's eligibility is permanently reduced to bring the bidder into compliance with the activity rule as described above. Reducing eligibility is an irreversible action. Once eligibility has been reduced, a bidder will not be permitted to regain its lost bidding eligibility, even if the round has not yet closed.

24. A bidder may apply an activity rule waiver proactively as a means to keep the auction open without placing a bid. If a bidder proactively applies an activity rule waiver (using the apply waiver function in the FCC Auction System) during a bidding round in which no bids are submitted, the auction will remain open and the bidder's eligibility will be preserved. An automatic waiver applied by the FCC Auction System in a round in which there are no new bids will not keep the auction open. A bidder cannot submit a proactive waiver after submitting a bid in a round, and submitting a proactive waiver will preclude a bidder from placing any bids in that round. Applying a waiver is irreversible; once a proactive waiver is submitted, that waiver cannot be unsubmitted, even if the round has not yet closed.

25. The Bureau proposes that each bidder in Auction No. 67 be provided with three activity rule waivers that may be used at the bidder's discretion during the course of the auction as set forth above. The Bureau seeks comment on this proposal.

iv. Reserve Price or Minimum Opening Bid

26. Section 309(j) calls upon the Commission to prescribe methods for establishing a reasonable reserve price or a minimum opening bid amount when FCC licenses are subject to auction, unless the Commission determines that a reserve price or minimum opening bid amount 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 amount and/or reserve price prior to the start of each auction.

27. 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 amount, 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. The auctioneer, however, has the discretion to lower the minimum opening bid amount during the course of the auction. It is also possible for the minimum opening bid amount and the reserve price to be the same amount.

28. In light of section 309(j)'s requirements, the Bureau proposes to establish minimum opening bid amounts for Auction No. 67. The Bureau believes a minimum opening bid amount, which has been used in other auctions, is an effective bidding tool for accelerating the competitive bidding process.

29. Specifically, for Auction No. 67, the Bureau proposes to set the minimum opening bids at \$500 per license. This proposed minimum opening bid amount for each license available in Auction No. 67 is set forth in Attachment A of the *Auction No. 67 Comment Public Notice*. The Bureau seeks comment on this proposal.

30. If commenters believe that this minimum opening bid amount will result in 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 amount levels or formulas. In establishing minimum opening bid amounts, the Bureau particularly seeks comment on such factors as the amount of spectrum being auctioned, the availability of technology to provide service, the size of the service areas, issues of interference with other

spectrum bands and any other relevant factors that could reasonably have an impact on valuation of the 400 MHz Air-Ground Radiotelephone Service licenses being auctioned. The Bureau also seeks comment on whether, consistent with section 309(j), the public interest would be served by having no minimum opening bid amount or reserve price.

v. Bid Amounts

31. The Bureau proposes that, in each round, eligible bidders be able to place a bid on a given license in any of nine different amounts. Under this proposal, the FCC Auction System interface will list the nine acceptable bid amounts for each license.

32. The first of the nine acceptable bid amounts is called the minimum acceptable bid amount. The minimum acceptable bid amount for a license will be equal to its minimum opening bid amount until there is a provisionally winning bid for the license. After there is a provisionally winning bid for a license, the minimum acceptable bid amount will be calculated by multiplying the provisionally winning bid amount times one plus the minimum acceptable bid percentage. If, for example, the minimum acceptable bid percentage is 5 percent, the minimum acceptable bid amount will equal (provisionally winning bid amount) * (1.05), rounded.

33. The eight additional bid amounts are calculated using the minimum acceptable bid amount and a bid increment percentage, which need not be the same as the percentage used to calculate the minimum acceptable bid amount. The first additional acceptable bid amount equals the minimum acceptable bid amount times one plus the bid increment percentage, rounded. If, for example, the bid increment percentage is 5 percent, the calculation is (minimum acceptable bid amount) * (1 + 0.05), rounded, or (minimum acceptable bid amount) * 1.05, rounded; the second additional acceptable bid amount equals the minimum acceptable bid amount times one plus two times the bid increment percentage, rounded, or (minimum acceptable bid amount) * 1.10, rounded; the third additional acceptable bid amount equals the minimum acceptable bid amount times one plus three times the bid increment percentage, rounded, or (minimum acceptable bid amount) * 1.15, rounded; etc. The Bureau will round the result using its standard rounding procedures.

34. For Auction No. 67, the Bureau proposes to use a minimum acceptable bid percentage of 10 percent. This means that the minimum acceptable bid amount for a license will be

approximately 10 percent greater than the provisionally winning bid amount for the license. The Bureau also proposes to use a bid increment percentage of 10 percent to calculate the eight additional acceptable bid amounts.

35. The Bureau retains the discretion to change the minimum acceptable bid amounts, the parameters of the formula to determine the percentage increment, and the bid increment percentage if it determines that circumstances so dictate. The Bureau will do so by announcement in the FCC Auction System during the auction. We seek comment on these proposals.

vi. Provisionally Winning Bids

36. At the end of a bidding round, a provisionally winning bid amount for each license will be determined based on the highest bid amount received for the license. In the event of identical high bid amounts being submitted on a license in a given round (i.e., tied bids), the Bureau will use a random number generator to select a single provisionally winning bid from among the tied bids. (Each bid is assigned a random number, and the tied bid with the highest random number wins the tiebreaker.) The remaining bidders, as well as the provisionally winning bidder, can submit higher bids in subsequent rounds. However, if the auction were to end with no other bids being placed, the winning bidder would be the one that placed the provisionally winning bid. If any bids are received on the license in a subsequent round, the provisionally winning bid again will be determined by the highest bid amount received for the license.

37. A provisionally winning bid will remain the provisionally winning bid until there is a higher bid on the license at the close of a subsequent round. Bidders are reminded that provisionally winning bids count toward activity for purposes of the activity rule.

vii. Bid Removal and Bid Withdrawal

38. For Auction No. 67, the Bureau proposes the following bid removal procedures. Before the close of a bidding round, a bidder has the option of removing any bid placed in that round. By removing selected bids in the FCC Auction System, 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 any penalties. Once a round closes, a bidder may no longer remove a bid.

39. For Auction No. 67, the Bureau proposes to prohibit bidders from withdrawing any bids after the round in which the bids were placed has closed.

In the *Part 1 Third Report and Order*, 65 FR 13540, May 27, 1997, the Commission explained that allowing bid withdrawals may facilitate efficient aggregation of licenses and the pursuit of efficient backup strategies as information becomes available during the course of an auction. In Auction No. 67, because bidders may bid only on licenses for which they previously submitted an application on FCC Form 601, it is unlikely that bidders will need to use withdrawals as anticipated by the *Part 1 Third Report and Order*.

Accordingly, for this auction, the Bureau proposes that bidders not be permitted to withdraw bids placed in any round after it has closed. The Bureau seeks comment on these proposals.

C. Post-Auction Procedures

i. Default and Disqualification

40. Any winning bidder that defaults or is disqualified after the close of an auction (i.e., fails to remit the required down payment within the prescribed period of time, fails to submit a timely long-form application, fails to make full payment, or is otherwise disqualified) is 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 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. Until recently this additional payment for non-combinatorial auctions has been set at 3 percent of the defaulter's bid or of the subsequent winning bid, whichever is less.

41. On January 24, 2006, the Commission released the CSEA/Part 1 Report and Order, 71 FR 6214, February 7, 2006, in which it modified 47 CFR 1.2104(g)(2) by, inter alia, increasing the 3 percent limit on the additional default payment for non-combinatorial auctions to 20 percent. Under the modified rule, the Commission will, in advance of each non-combinatorial auction, establish an additional default payment for that auction of 3 percent up to a maximum of 20 percent. As the Commission has indicated, the level of this payment in each case will be based on the nature of the service and the inventory of the licenses being offered.

42. For Auction No. 67, the Bureau proposes to establish an additional default payment of 10 percent. As noted in the *CSEA/Part 1 Report and Order*, defaults weaken the integrity of the

auctions process and impede the deployment of service to the public, and an additional default payment of more than the previous 3 percent will be more effective in deterring defaults. Because there are limited opportunities to provide general aviation air-ground service, defaults in this auction could potentially deprive the public of service in a particular locale, or at a minimum significantly delay such service. In light of this circumstance, the Bureau proposes an additional default payment of 10 percent of the relevant bid. The Bureau seeks comment on this proposal.

V. Conclusion

43. Comments are due on or before March 20, 2006, and reply comments are due on or before March 27, 2006. All filings related to the auction of 400 MHz Air-Ground Radiotelephone Service licenses should refer to AU Docket No. 06-38. Comments may be submitted using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies. The Bureau strongly encourages interested parties to file comments electronically, and requests submission of a copy via the Auction No. 67 e-mail box (au67@fcc.gov).

44. This proceeding has been designated as a permit-but-disclose proceeding in accordance with the Commission's ex parte rules. Persons making oral ex parte presentations are reminded that memoranda summarizing the presentations must contain summaries of the substance of the presentations and not merely a listing of the subjects discussed. More than a one or two sentence description of the views and arguments presented is generally required. Other rules pertaining to oral and written ex parte presentations in permit-but-disclose proceedings are set forth in 47 CFR 1.1206(b) of the Commission's rules.

Federal Communications Commission.

Gary D. Michaels,

Deputy Chief, Auctions and Spectrum Access Division.

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assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies owned by the bank holding company, including the companies listed below.

The applications listed below, as well as other related filings required by the Board, are available for immediate inspection at the Federal Reserve Bank indicated. The application also will be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)). If the proposal also involves the acquisition of a nonbanking company, the review also includes whether the acquisition of the nonbanking company complies with the standards in section 4 of the BHC Act (12 U.S.C. 1843). Unless otherwise noted, nonbanking activities will be conducted throughout the United States. Additional information on all bank holding companies may be obtained from the National Information Center website at www.ffiec.gov/nic/.

Unless otherwise noted, comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than April 6, 2006.

A. Federal Reserve Bank of Minneapolis (Jacqueline G. King, Community Affairs Officer) 90 Hennepin Avenue, Minneapolis, Minnesota 55480-0291:

1. *Lake Bank Shares, Inc., Employee Stock Ownership Plan*, Emmons, Minnesota; to increase its ownership of Lake Bank Shares, Inc., Emmons, Minnesota from 35.68 percent to 65.67 percent, and thereby indirectly acquire Security Bank of Minnesota, Albert Lea, Minnesota.

Board of Governors of the Federal Reserve System, March 7, 2006.

Robert deV. Frierson,

Deputy Secretary of the Board.

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FEDERAL RESERVE SYSTEM

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Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR Part 225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the

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