

we intend to charge on-line access fees, there will be a grace period, free of charge to the caller. During the grace period, the caller will be advised of the associated pricing, basic program content, sponsor information, and provided the option to disconnect without being charged. Charges to the caller will not begin until the grace period has ended. Instructions on downloading and executing software specific to a particular service will be made available by Public Notice prior to the availability of that service.

11. In arriving at this \$2.30 fee, we considered that the FCC WAN system will provide services that are similar to both the electronic bidding capabilities previously offered by BIN and to database services provided by Westlaw or Lexis-Nexis. For previous auctions, the cost for on-line electronic bidding through BIN was \$23.00 per hour, which equals \$.38 per minute (rounded). The average cost associated with access to on-line database services such as Westlaw or Lexis-Nexis is \$4.23 per minute.

12. While our new remote electronic bidding system is similar to BIN, which charged \$23.00 per hour, FCC WAN system access to the Commission's licensing databases is more like the services provided by Westlaw or Lexis-Nexis. Both Westlaw and Lexis-Nexis provide on-line database access for research purposes to legal and other research professionals. We have therefore averaged the costs of these two types of services to arrive at a fee of \$2.30 per minute for on-line access to the FCC WAN system. BellSouth and AirTouch argue that the Commission should use other information service providers such as CompuServe, Prodigy, Internet and America On-line as comparisons in determining a price per minute for access to the FCC WAN system. According to the commenters, these particular services range in price from \$10.00 to \$30.00 per month for limited access and \$3.00 to \$10.00 per hour for special services. These providers market their products and services to the general public, however, and their fees obviously reflect the high volume of users that are serviced by them. By comparison, the Commission's auction and licensing databases are of interest to a relatively small number of potential users. Westlaw or Lexis-Nexis, however, do service a small number of users with information that is akin to the licensing database information we plan to offer. Consequently, their pricing provides a more relevant comparison for establishing our fees here.

13. We note that OMB guidelines provide that the price of the government-provided service must be adjusted to reflect the "level of service and quality of the good or service" when compared to a similar commercial service. OMB Circular at 58 FR 38145. In this regard, we believe it is reasonable to charge a higher per-minute fee for our remote bidding system than was charged by BIN because of the enhanced bidding functionality of the FCC WAN system. Specifically, electronic bidding via the FCC WAN system is expected to be faster and more efficient⁶ than BIN. Bidders will have the option of uploading bids from a file that they have created off-line, which will reduce the time required to submit and verify bid submissions. Also, bidders will be able to develop round results files based on their individual needs. In addition to remote bidding and round results, the system also will provide for access to the Commission's licensing databases (*i.e.*, to locate and review other applications). Moreover, the FCC WAN system permits applications to be filed electronically (*e.g.*, the FCC Form 175 and the FCC Form 600).

14. In addition, we reject RTC's argument that charging for 900 number service should be based on "full cost" instead of "market price." First, OMB has given us the discretion to choose either methodology. Second, based on our examination of the two methodologies, we conclude that application of a "market price" approach is more practical and efficient for our purposes here. In this regard, we note that the Commission will incur costs of approximately \$700,000 for one year of service for the expanded telephone cabling required to implement the Commission's on-line bidding system.⁷ This figure alone, however, does not reflect all of the cost

⁶ Our FCC WAN system is demonstrably faster than the BIN system used in previous auctions, according to our test results. For example, using BIN, the average amount of on-line time for the Regional Narrowband auction was 16 minutes, 37 seconds per bidding round whereas the average amount of time using the new system in a mock Regional Narrowband auction was 12 minutes, 26 seconds per bidding round (*i.e.*, using a comparison of 30 licenses).

⁷ The Notice pointed out that the General Services Administration ("GSA") was in the process of making arrangements to add 900 service to the Federal Telecommunications System ("FTS") 2000 contract, which is the government-wide telephone system. The Notice should have additionally mentioned that point-to-point telephone cabling upgrades were also added to the FTS contract. Since release of the Notice, installation of the expanded telephone cabling has been ordered but addition of the 900 service is pending and will not be added until this Report and Order has been adopted and released.

components to be included within OMB's definition of "full cost." Attempting to apportion "full cost" to individual auctions, which will each vary in duration, number of bidders and number of licenses, is administratively unworkable. Thus, we conclude that the "full cost" methodology is inappropriate in this context. This analysis answers BellSouth's concerns that we have not provided any estimate of Commission costs. We reiterate that market price remains the only viable methodology in establishing a fee for 900 service. Likewise, AirTouch's assertion that a \$.15 to \$.20 per minute charge for 900 service. Likewise, AirTouch's assertion that a \$.15 to \$.20 per minute charge for 900 service would recoup the Commission's costs is an attempt at the "full cost" recovery methodology, which we have declined to use.

15. Finally, we are not persuaded by BellSouth's or NPPCA's argument that there is no alternative to remote electronic bidding procedures and therefore no fee should be charged for this service. We note that bidders may continue to place bids through a 800 telephone number service free of charge.⁸ In addition, contrary to NPPCA's belief, we have not established a fee for electronic filing of the FCC Form 175. In order to encourage auction participants to file their short-form applications electronically, as noted above, we do not plan to charge for this particular use.

B. Auction Bidding Software

16. *Comments.* BellSouth, RTC, and AirTouch generally argue that there are a number of comparable software packages on the market that are substantially cheaper than the \$200.00 fee proposed by the Commission for fee proposed by the Commission for its bidding software package. They provided names of various computer companies, computer programs and protocols, as well as various dollar amounts in support of their arguments.

17. *Decision.* After reviewing the comments and alternative prices suggested, we have decided to assess a fee of \$175.00 for the remote bidding software package made available to each user on the FCC WAN system. We will not, however, charge for software that is necessary for users to file applications electronically on the FCC WAN system. Also, we will not charge for software

⁸ As in previous auctions, bidders still will have the option of placing their bids from remote locations via an 800 telephone number service at no charge. Round results information also will be available to bidders over the Internet and on a FCC electronic bulletin board at no charge.