

**STATEMENT OF
COMMISSIONER JESSICA ROSENWORCEL**

Re: *Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*, Notice of Proposed Rulemaking (September 28, 2012)

Wireless services are revolutionizing the way we live and work. The number of devices using our airwaves is increasing at astounding speed. But this is more than the proliferation of wireless phones and tablet computers. Consider that within the next decade machine-to-machine devices communicating wirelessly may number as high as 50 billion. The much-vaunted Internet of Things is around the bend, and the ways we connect, communicate, and conduct our commerce will never be the same.

So today, at the direction of a forward-thinking Congress, the Commission embarks on the complex but critical task of conducting wireless incentive auctions. Incentive auctions are a new tool that Congress provided this agency to address the near-term demands on our airwaves. If we get them right, we will facilitate the voluntary return of spectrum from commercial licensees and promote its efficient reuse. If we get them right, we will ease congestion on our airwaves and expedite development of new wireless services and applications. And if we get them right, we will drive digital age innovation, spur job creation, and grow the wireless economy.

Past is prologue. But history matters, and I believe a brief recitation of where we have been with wireless auctions will help us understand where we are going.

For nearly two decades, the Commission's path-breaking spectrum auctions have led the world. The agency has held more than 80 auctions; it has issued more than 36,000 licenses; and it has raised more than \$50 billion for the United States Treasury. The Commission's simultaneous multiple round ascending auctions have been a model for governments and commercial wireless providers across the globe.

We are now again poised to be the world's pioneer. We have an opportunity to show how this new kind of auction—incentive auctions—can facilitate the smart and efficient use of our wireless resources. The right mix of law, economics, and engineering will yield not only more spectrum, but more consumer opportunity to benefit from a growing range of wireless services that will enhance our commercial and civic life.

Today's Notice of Proposed Rulemaking is merely the start. Big choices and hard work lie ahead. Yet going forward, I believe that there are four central building blocks to a successful incentive auction: simplicity, fairness, balance, and public safety.

Simplicity is key. Incentive auctions are an undeniably complex undertaking. But at every structural juncture, I believe that a bias toward simplicity is crucial. Simplicity will yield more interest in the opportunities these auctions provide for broadcasters, and in turn, this will yield more spectrum. Station owners operating small- and medium-sized businesses should be able to understand their options without hiring high-priced auction experts. Auction design is

one component, but outreach to this community to explain this process is another. As a result, I have encouraged the Chairman to develop material that describes in straightforward terms the proposed auction process and highlights for stakeholders the most relevant portions of what we produce today. I am convinced that the agency should also engage in more direct outreach through workshops here and outside of Washington. I believe that the Chairman shares my concerns and I thank him for committing to this kind of material and outreach.

Fairness is essential. This is especially true with regard to the treatment of broadcasters that do not participate in the auction. Fairness demands that we consider how to accomplish repacking by minimizing unnecessary disruption and maximizing the ability of the public to continue to receive free over-the-air television. We must be faithful to the law, which requires efforts to preserve the coverage area and population of each licensee, as well as coordination along the border with Mexico and Canada. At the same time, we ask that broadcasters make a fair assessment of the opportunities this auction provides the industry. By offering incentives to share channels and incentives to relocate from the UHF to VHF band, this auction can mean new resources for broadcasters to develop new programming and deploy new services. These are propositions that can strengthen broadcasting, by providing new models for station ownership, by providing new funding sources for local content, and by providing new ways to use technology to make efficient use of our airwaves. Fairness also requires notice. So as I have said before, I would ask that the agency develop a timeline for all of its upcoming auctions.

Balance is necessary. Heading into this auction, the Commission has a hefty task. It must balance Congressional mandates with the intricacies of auction design. It must balance a range of industry concerns, and it must consider how consumers will benefit from the choices we make. This is challenging to do, as these interests are intertwined and if we are honest, at times in tension. As a result, we need a holistic approach. The sum is greater than the parts. None of the three legs of this endeavor—the reverse auction, the repacking, or the forward auction—can stand on its own. For instance, the interference rules we consider will not only impact broadcast services, but also how much spectrum will be available for auction, which in turn will impact the revenues raised.

Balance also requires attention to licensed and unlicensed use of spectrum. The former provides reliability and interference protection; the latter provides low barriers to entry and promotes the efficient use of limited resources. Good spectrum policy requires both. As noted above, the Commission's prior auctions for licensed spectrum have yielded more than \$50 billion in revenue. But it is important to keep the broader economic picture in mind. If you have ever used a Wi-Fi connection to get online, a television remote control to turn on the game, or a garage door opener when you head home, you have benefited from the use of unlicensed spectrum. In fact, unlicensed spectrum generates between \$16-37 billion annually for the U.S. economy. Moreover, unlicensed spectrum is an important tool for relieving congestion on commercial wireless networks. Today, more than one-third of data traffic is offloaded onto Wi-Fi networks. To this end, I am pleased that the Commission asks how to best utilize unused spectrum in the current broadcast television bands for unlicensed operations. In our increasingly mobile and connected world, a balanced approach that includes both licensed and unlicensed spectrum is the key to unlocking the full economic benefits of wireless broadband.

Finally, public safety is fundamental. We must remember that in the Middle Class Tax Relief and Job Creation Act, incentive auctions are part and parcel with enhancing public safety. This legislation has purposes that are broader than those tasked to this agency. The auction revenues the Commission raises are designated to support the first nationwide, interoperable, wireless broadband public safety network. After far too many years, we are at long last beginning to address the 9/11 Commission's call to enable communications connectivity among local, state, and federal first responders. The auction revenues also contemplate funds for public safety research, support for next generation 911 service, and deficit reduction. We cannot divorce the choices this agency makes in developing these auctions from the broader purposes in this legislation and the public safety needs of the American people.

So these are the values that will inform my thinking about these auctions. Simplicity will yield more spectrum opportunity. Fairness is essential in our treatment of broadcasters. Balance is required in our approach to the law and the mix of licensed and unlicensed opportunities. And public safety is fundamental. But of course, we also need to remember that it is consumers who must emerge as the real beneficiaries of this auction. As President Obama has stated, "expand[ing] wireless broadband access will trigger the creation of innovative new businesses, provide cost-effective connections in rural areas, increase productivity, improve public safety, and allow for the development of mobile telemedicine, telework, distance learning, and other new applications that will transform Americans' lives." Amen. Let's get to work.

Thank you to the many individuals throughout the agency who contributed to this effort, in the Wireless Telecommunications Bureau, in the Media Bureau, in the Office of General Counsel, the Office of Engineering and Technology, and on the Incentive Auction Task Force.