

**STATEMENT OF
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BEFORE THE
SUBCOMMITTEE ON COMMUNICATIONS AND TECHNOLOGY
COMMITTEE ON ENERGY AND COMMERCE
UNITED STATES HOUSE OF REPRESENTATIVES
“KEEPING THE NEW BROADBAND SPECTRUM LAW ON TRACK”
DECEMBER 12, 2012**

Good morning, Chairman Walden, Ranking Member Eshoo, and members of the Subcommittee. It is an honor to appear with my colleagues before you today to discuss our progress implementing the incentive auction provisions of the Middle Class Tax Relief and Job Creation Act of 2012.

The Commission embarked this past September on the complex but critical task of conducting wireless incentive auctions. As you undoubtedly know, incentive auctions are a new tool that Congress provided the FCC to address the near-term demands on our nation’s airwaves. We must get them right. Because 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.

But before we get there, it is useful to consider what has come before. 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 with incentive auctions. But big choices and hard work lie ahead. We must make sure our rules encourage a competitive marketplace, with opportunities for incumbents as well as new entrants, while keeping an eye on the larger context within which our proceedings take place. We will need input from the best minds in the broadcasting, wireless, technology, and public interest communities.

For my part, I believe that there are four principles that should guide us as we collect input and develop auction rules: simplicity, fairness, balance, and public safety.

Simplicity is key. Incentive auctions are undeniably complicated. But at every structural juncture, a bias toward simplicity for participants is crucial. A broadcaster should be able to quickly and transparently evaluate the opportunities auctions provide. Simplicity will allow the market to work and yield the most favorable participation.

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. At the same time, we ask that broadcasters make a fair assessment of the opportunities that this auction provides. By offering incentives to share

channels and incentives to relocate from the UHF to the VHF band, this auction can mean new resources for broadcasters to develop new programming and deploy new services.

Balance is necessary. None of the three legs of the incentive auction—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. Choices in one area affect others. This also requires attention to the balance between licensed and unlicensed use of spectrum across all frequency bands. 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.

Finally, public safety is fundamental. The Commission must remember that Congress designated auction revenues to support the first nationwide, interoperable wireless broadband public safety network. The recent storms in the Northeast have provided a stark reminder of the importance of communications in a disaster. We must not forget that the success of these auctions requires delivering on our promise to America's first responders.

Even with incentive auctions on course, demand for our airwaves will continue to grow at a breathtaking pace. To keep up, more must be done. To meet this demand, efficiency is critical: efficiency at the FCC, efficiency from industry, and efficiency across the government.

At the Commission, efficiency means getting all our auctions done quickly and on a clear timeline. It also means exploring innovative policies that encourage the creative use of spectrum. We will be doing that just this afternoon when we consider a proposal to use the 3.5 GHz band for small cells.

For industry, efficiency means squeezing more out of the spectrum already allocated for commercial use. Now is the time to invest in technologies—geographic, temporal, and cognitive—that multiply the capacity of our airwaves. Additional spectrum is not and should not be the only solution.

Finally, for the federal government, efficiency means finding new approaches that facilitate repurposing of spectrum better than our old three-step process of clearing, relocating, and auctioning. This Committee's bipartisan Federal Spectrum Working Group has been a leader in this area. Your efforts have already started paying dividends by helping us all better understand how the government uses its spectrum.

As a next step, I believe it is time to develop a series of incentives to serve as the catalyst for freeing more federal spectrum for commercial use. What if we were to financially reward federal authorities for efficient use of their spectrum? If we want to convert more airwaves to commercial use, I believe it is time to work with our government partners so they can realize value from using spectrum efficiently—instead of only seeing loss from its reallocation.

It is an exciting time in communications. Incentive auctions present real challenges, but their smart execution can also yield great opportunities. I look forward to working with you and would be happy to answer any questions you might have.