

**REMARKS OF
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CTIA 2013—THE MOBILE MARKETPLACE
LAS VEGAS, NEVADA
MAY 22, 2013**

Thank you, Chris, for your kind introduction. It's a rare treat to be introduced by someone with a longer last name than mine. Thank you also to CTIA for inviting me to speak to you and for the warm welcome here in Las Vegas.

It was forty years ago last month when the first wireless call was made in New York City. Marty Cooper took to the street with a clunky, 10-inch brick costing \$4,000. He spoke and he made history. Fast forward four decades. We are now a nation with more wireless phones than people. More than half of those phones are smartphones. There are tablet computers in one in five households, and that number is growing fast. But that's only the beginning, because mobile data traffic is projected to increase by 13 times in the next five years. And by the end of the decade we will be deep in the Internet of Things. We will have 50 billion machine-to-machine devices communicating wirelessly worldwide.

Look what that one call wrought. The world has gone wireless. It is no wonder we need new spectrum for new mobile uses.

Thankfully, the next couple of years can be bold ones at the Commission when it comes to spectrum—and what it can do for consumers. If we get our policies right, we can be the world's pioneer with wireless incentive auctions. If we get our policies right, we can have a successful traditional auction of 65 megahertz of spectrum. If we get our policies right, we can create strong secondary markets that help address the need for more wireless capacity.

So how do we do this? For starters, let's avoid the temptation to look at each of these three pieces in isolation. Incentive auctions, traditional auctions, and secondary markets need to be considered together. Consumers want access to more service. To serve them, carriers need access to more spectrum. The needs of carriers from traditional auctions are influenced by their expectations for incentive auctions. On top of that, the results of these auctions can drive secondary markets. So to successfully solve this puzzle, we must look at the whole picture. We must address these pieces together.

For my part, I have been gearing up for busy times at the Commission. My office has poured over thousands of pages of filings. I have had countless meetings with Commission staff. But most importantly, I have been speaking with so many of you—stakeholders in this effort.

So what have I learned? In short, a lot. I have heard some truly innovative ideas. At the same time, we may look back at some ideas that seem brilliant now and then realize . . . not so much. We are still at the beginning of a long haul.

But in the words of Lao Tzu, "a journey of a thousand miles must begin with a single step." Or better yet, how about ten ideas for the road ahead. Ten ideas to move the spectrum

conversation along. So moving on from the father of Taoism and borrowing from BuzzFeed, Billboard, David Letterman and others, let me now present “Ten Ideas About Spectrum for Right Now.”

1. Consumers come first.

In Washington, we sometimes forget that for consumers, spectrum management takes place behind the curtain. Auction policy aside, consumers want their wireless phones to work, their signals strong, and their bills fair. That is why the work done to help prevent bill shock is so critical. That is why we need to build on work already in place to help prevent stolen mobile phones. That is also why we need to look for ways to make contracts and bills more clear—and clean up wireless cramming. Because no one should need a lawyer to explain their wireless contract or an accountant to explain their wireless bill.

2. Simplicity is the path to successful incentive auctions.

It’s no secret the incentive auctions ahead are complicated. There are policy pitfalls. There are opportunities to get caught in legal cul-de-sacs. There are economic and engineering exits that may not lead us where we need to go. But at every crossroads, we need to strive for simplicity.

Moreover, the success of incentive auctions is built on three simple goals—getting more mobile broadband out there by making it attractive for those who want to return their spectrum to do so; treating broadcasters that want to stay on the air fairly under the law; and raising enough revenue to support the nation’s first interoperable, wireless, broadband public safety network. Those are my milestones for success.

3. An open incentive auction process matters.

I think it would be a good idea to hold a series of four public hearings on the incentive auctions. We can use these sessions to explore four major aspects of the auctions—the reverse auction, the repacking, the forward auction, and the transition process. We could ask the hard questions. What’s the right balance of licensed and unlicensed spectrum under the law? How do the forward and reverse auctions fit together? Sequential or simultaneous? Commissioners could attend, engage directly with experts, and provide the public with an opportunity to connect directly with decision makers.

Moving right along.

4. Time for a bandplan.

All good deliberations must come to an end. The Commission needs to have a 600 MHz bandplan in place by the end of the third quarter of this year.

5. Hold the auction for 65 megahertz in 2014—and do it all at once.

For this one, let me start with the law. Under the Middle Class Tax Relief and Job Creation Act, the Commission has a duty to auction 65 megahertz of spectrum. For the uninitiated, that is the 1915-1920 MHz and 1995-2000 MHz band, together known as the H block; the 1695-1710 MHz band identified by the Department of Commerce; the 2155-2180 MHz band known as AWS-3; and an additional 15 megahertz of continuous spectrum to be identified by the Commission. Under the law, this spectrum needs to be *licensed* by February 22, 2015. To license it by this date, requires that we auction it in 2014. In light of the 18-month long process for repurposing federal spectrum in the Commercial Spectrum Enhancement Act, that means an auction in the third quarter of 2014.

The calendar is the easy part of this one. But why should we do it all at once?

Take another look at the frequencies spelled out for auction in the law. They all fall within a 500 megahertz range. That's important. That means these bands can serve as compliments or substitutes for each other. By holding a single auction, we can generate more interest, and carriers can assess the auction in real time to decide which bands work best for them. I recognize that auctioning some bands in separate auctions, including the H block, may be easier for the agency. But I think the market for spectrum works best if we auction these bands together in a single event.

Half way there. Five ideas in place, five ideas to go.

6. Hold the incentive auction soon after the auction for 65 megahertz.

Let's make clear now that we aim to hold the incentive auctions in the fourth quarter of 2014—after we hold the traditional auctions. There is good reason to do it this way. Carriers need a bit of time following the traditional auction of 65 megahertz to reassess their spectrum needs before the incentive auctions begin. But more than that, by auctioning the 65 megahertz before proceeding to the incentive auction, we will get a head start funding the nation's first interoperable, wireless, broadband network for public safety. That's a good thing.

7. A new auction idea for 1755-1780 MHz.

If you have been anywhere but under a rock in Washington, the buzz about 1755-1780 MHz band has been all but unavoidable. There is a full court press to release this spectrum from federal use and auction it paired with the 2155-2180 MHz band. After all, these frequencies are internationally harmonized for mobile broadband use. Plus, these bands are compatible with other AWS bands and are therefore ideal for LTE roaming. At the same time, we need to respect the diverse federal uses already in the band, including for our national defense.

Yet we know that under the law the Commission has a duty to license 2155-2180 MHz by February 22, 2015. We also know that the path to clearing 1755-1780 MHz may take longer than that.

So I propose we auction 2155-2180 MHz along with an additional right—the right to work with the federal incumbents in the 1755-1780 MHz band. This will raise the value of the 2155-2180 MHz spectrum—by the amount the winning bidder allocates to purchasing the exclusive right to negotiate with federal incumbents. This frees the Commission from pricing a right of first refusal or any other scheme we could come up with. Moreover, by providing a source of agency, it will create opportunity for specific parties to negotiate with federal users and come up with creative ideas for near-term testing, sharing, and even long-term relocation. Given the real statutory constraints, I think this is an elegant solution.

After seven and before eight: let's call this the seventh-inning stretch.

8. Transparency can benefit the repacking process.

We should share our repacking methodology by the end of the year. This will give broadcasters a better chance to assess the opportunities and impacts of the incentive auction.

9. International repacking issues deserve focus and attention.

To help unpack the issues in the repacking process along the border, the Commission should convene an international working group. We can bring in minds from the federal side, state side, industry, and public to create a forum to identify issues—and help solve them.

Now from the penultimate to the ultimate.

10. Going forward, our federal spectrum policy needs to be built on carrots, not sticks.

My final idea is one I've spoken about before. I believe we need a new approach that provides incentives that reward federal users for efficiency with our airwaves.

After all, federal authorities have substantial spectrum assignments. Critical missions throughout the government are dependent on access to our airwaves. Our federal authorities are mission focused, and they use wireless capabilities in service of those missions. We should respect that.

Nonetheless, we are facing great increases in commercial wireless demand. So we are on a hunt for new opportunities for taking federal airwaves and repurposing them for commercial spectrum. But our traditional three-step process—clearing federal users, relocating them, and then auctioning the cleared spectrum for new use—is growing creaky. It will be harder from here on out. After all, more government functions are traveling over our airwaves. Plus, finding new spectrum for government relocation and the funds to support moving is flat-out growing more challenging.

That is why I believe it is time for federal government users to share in the benefit from repurposing their spectrum. We need to develop a series of incentives to serve as the catalyst for freeing more federal spectrum for commercial use. We need to find ways to reward federal

authorities for efficient use of their spectrum so that they see benefit in commercial reallocation and not just loss.

There you have it. Ten ideas I hope will keep the conversation moving and the agency on track.

Because keeping on track is a good goal. After all, right now we are the world's leading economy when it comes to wireless services. We have nearly 70 percent of the globe's LTE subscribers right here at home. More than 80 percent of the world's smartphones run on operating systems from U.S. companies. Our wireless economy already generates nearly \$200 billion annually and supports directly or indirectly 3.8 million jobs.

Good stuff. So let's build on this track record and start to move forward. Because, after all, the longest journey starts with the first step.

Thank you.