

INCENTIVE AUCTION TASK FORCE UPDATE

June 27, 2013

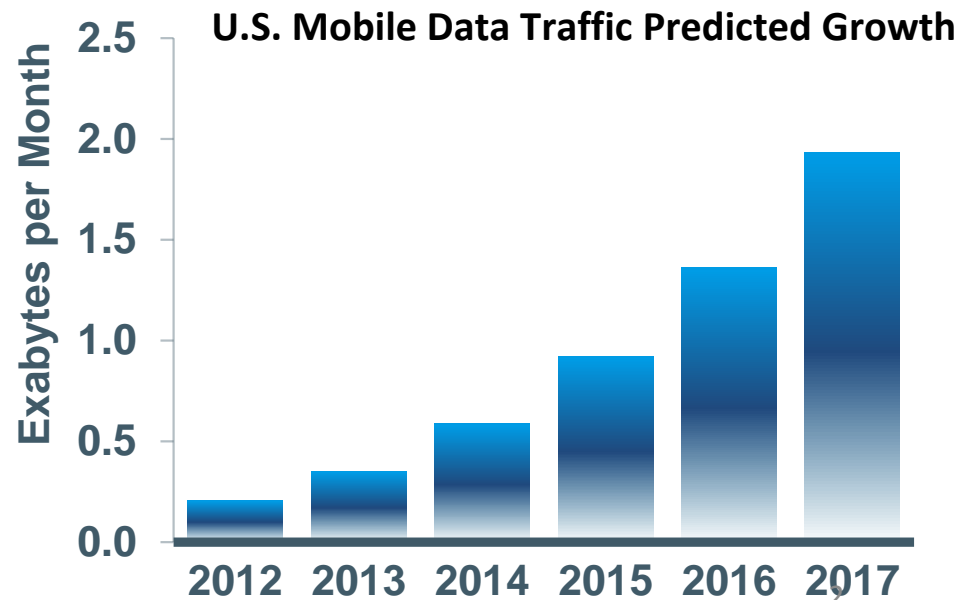
MULTIPLE PUBLIC INTEREST OBJECTIVES

1. Relieve Spectrum Crunch

- Repurpose maximum amount of UHF spectrum for licensed and unlicensed flexible use

2. Provide for a Healthy Broadcast Industry

- Provide unique financial opportunity for participants and preserve service for nonparticipants



Source: Cisco VNI Global Mobile Data Traffic Forecast, 2012–2017

MULTIPLE PUBLIC INTEREST OBJECTIVES (CONT.)

3. Statutory Fiscal Objectives

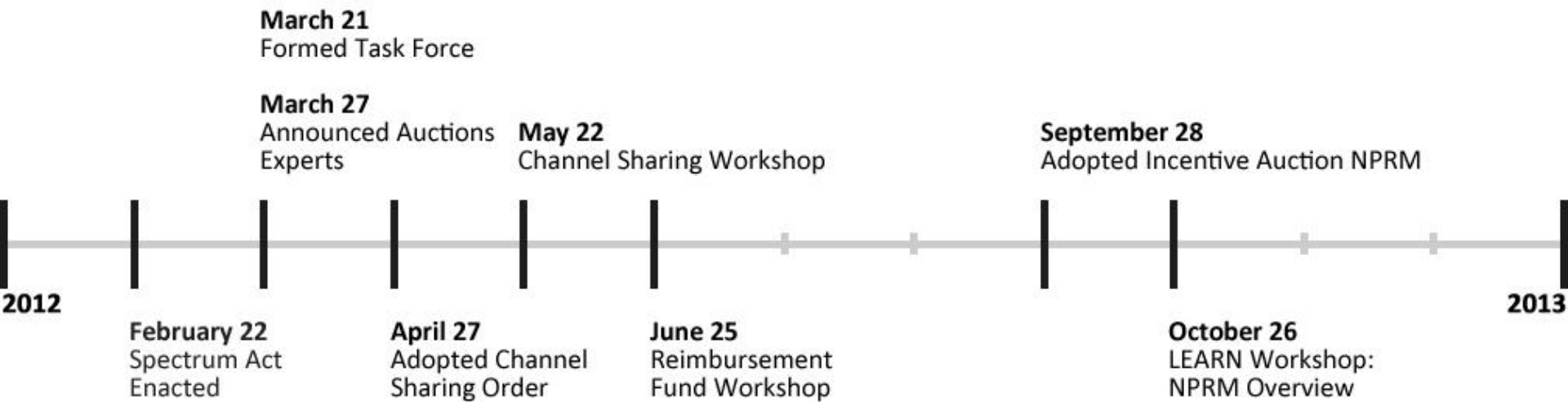
- Reimburse repacked broadcasters, fund FirstNet, and deficit reduction

4. Promote Innovation and a Vibrant Mobile Market

PRE-SPECTRUM ACT - LONG-TERM PREPARATION

- 1. *2010 National Broadband Plan* – Proposed incentive auction concept**
- 2. *2011 Long-Term Prep* – Engaged in long-term planning and preparation**
- 3. *2011 Cross-Border Discussions* – Commenced cross-border discussions on the Incentive Auction through preexisting international consultative channels**

KEY MILESTONES – 2012

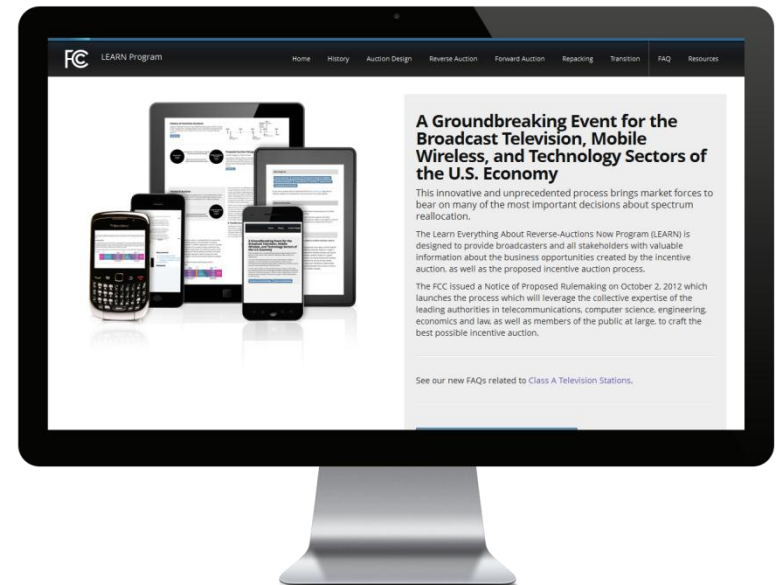


PRE-NPRM PLANNING

1. ***IA Task Force*** – (One month after Spectrum Act Enactment) – Formed special multi-bureau task force to spearhead the Incentive Auction proceeding
2. ***Auction Experts*** – (One week after forming Task Force) – Announced retention of top auction design and economic experts
3. ***Channel Sharing Order*** – (Two months after Spectrum Act Enactment) – Adopted Channel Sharing Order, allowing multiple broadcast stations to stream individual programming while sharing a single channel
4. ***NPRM Adopted*** – September 28, 2012

EXTENSIVE PUBLIC ENGAGEMENT

Commissioners and Staff have participated in over **150** Incentive Auction-related events and meetings since the enactment of the Spectrum Act

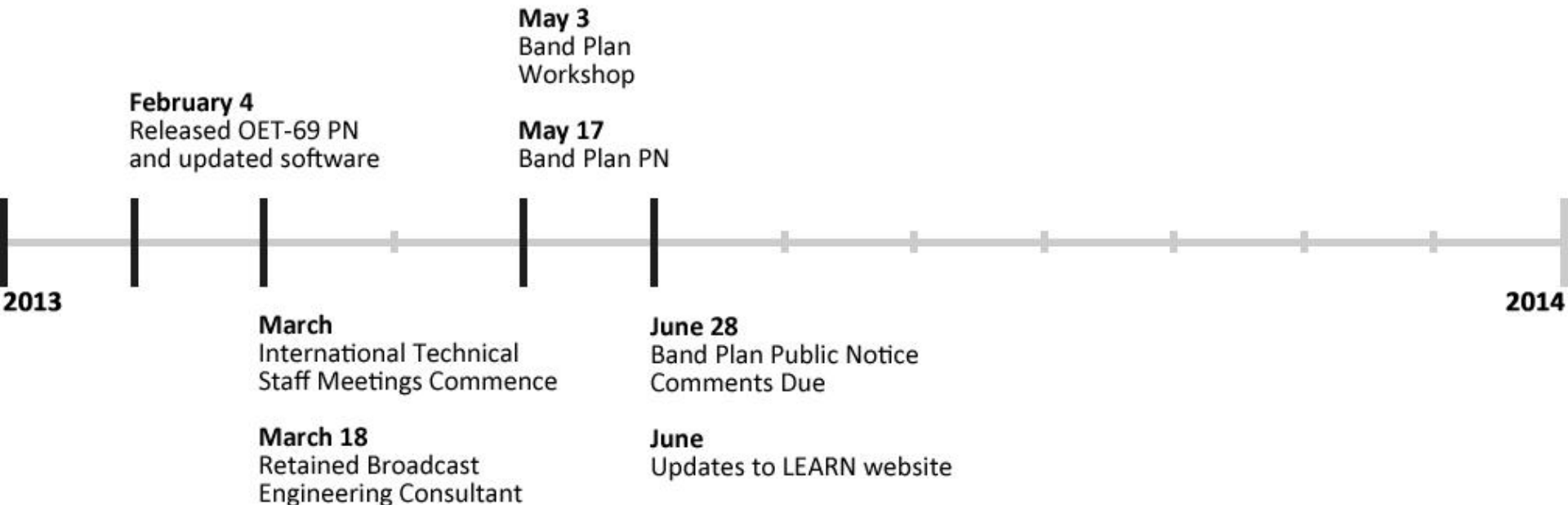


<http://fcc.gov/learn>

PUBLIC ENGAGEMENT – SIGNIFICANT EVENTS OF 2012-2013

1. ***Channel Sharing Workshop*** – Explored financial and strategic opportunities presented by channel sharing and challenges and potential solutions for broadcasters considering sharing
2. ***Reimbursement Fund Workshop*** – Explored possible design of process to reimburse broadcaster costs resulting from incentive auction-related channel reassignments
3. ***LEARN Workshop: NPRM Overview*** – Provided overview explanation of proposals contained in Incentive Auction Notice of Proposed Rulemaking
4. ***SIEPR Conference*** – Participated in a conference hosted by the Stanford Institute for Economic Policy Research (SIEPR) to explore auction design principles with world-leading auction experts
5. ***Band Plan Workshop*** – Examined technical issues relevant to the design of the 600 MHz band plan
6. ***Industry Conferences*** – Panel participation at industry conferences, including CES, NAB Show, NCTA Show, and others

SIGNIFICANT PROGRESS – JANUARY TO JUNE 2013



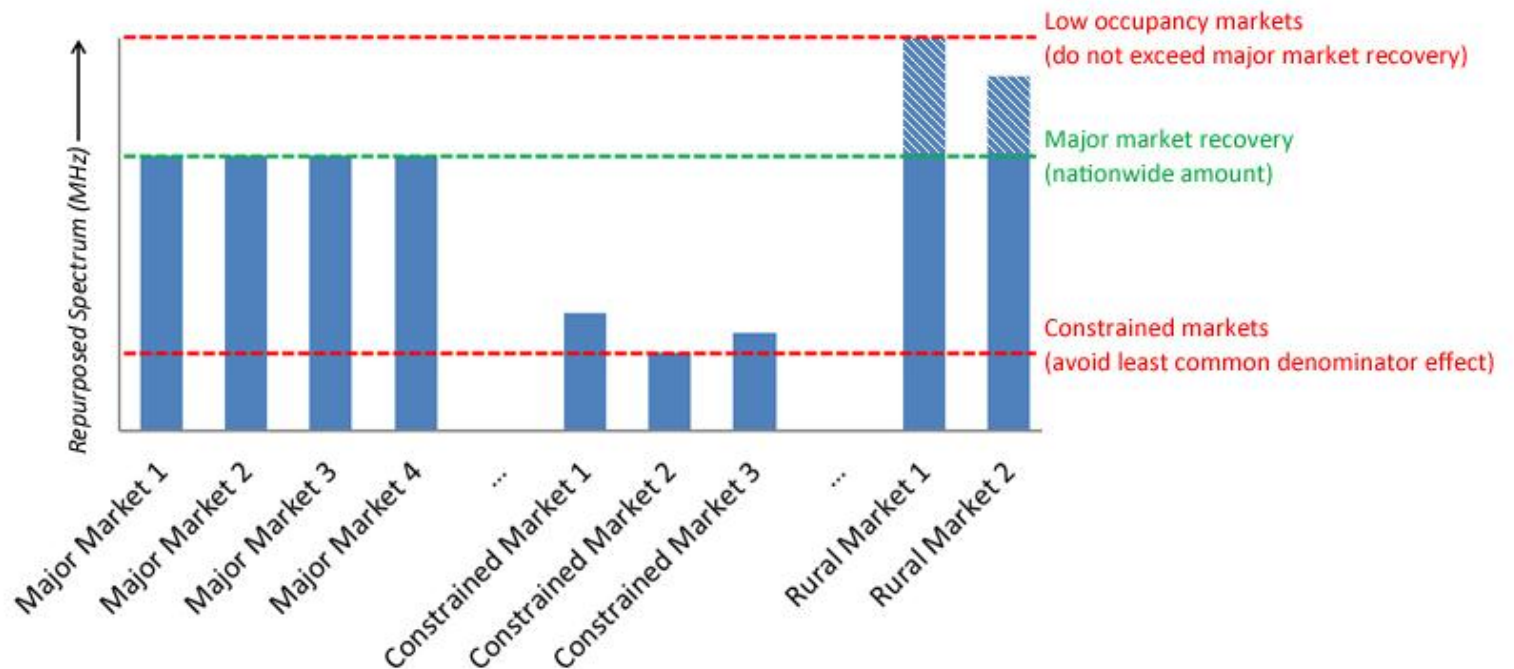
OET-69

1. **OET-69 - *Longley-Rice Methodology for Evaluating TV Coverage and Interference***
2. **Feb. 4, 2013 Public Notice invited comment on new *TV Study* software:**
 - a) **Software is based on same methodology as OET-69**
 - b) **Software includes options:**
 - Population data
 - Terrain data
 - Treatment of inaccurate data in FCC database
 - Treatment of antenna beam tilt
 - Calculation of depression angles
 - Level of precision of geographic coordinates
 - Establishment of calculation (cell) grid
 - Treatment of internal (Longley-Rice) warnings
3. **Evaluating comments**

Band Plan

1. **Multiple Band Plan proposals in NPRM**
2. **Over a dozen Band Plan proposals in the record**
3. **Band Plan workshop advanced understanding of technical issues**
4. **Public Notice solicited comment on how best to accommodate market variation**

MARKET VARIATION: ILLUSTRATION



BROADCASTER TRANSITION

1. Contracted with Widelity for preliminary review of:
 - Range of unit costs for equipment replacement
 - Sourcing and timing of replacement equipment availability
 - Logistical challenges of limited tower crews
2. Collecting internal data on installed base of equipment to estimate replacement costs.
3. Evaluating various policy approaches (*e.g.*, payments in advance or in arrears, provisions for public television stations, etc.)
4. Exploring tax treatment of various approaches to reimbursement

NEXT STEPS

- 1. Developments in Repacking**
- 2. Advances in International Coordination**
- 3. Encourage Channel Sharing**

DEVELOPMENTS IN REPACKING

Release data files and details of an approach to determine permissible channel assignments in the repacking process, as well as additional data to facilitate independent analysis and public input

ADVANCES IN INTERNATIONAL COORDINATION

- 1. Continue staff-level meetings with Canadian and Mexican regulators**
- 2. Continue contacts by Chairwoman Clyburn with high-level Canadian and Mexican officials**
- 3. Increase consultation with U.S. Industry**

ENCOURAGE CHANNEL SHARING

- 1. Continue recognition of the “Prime Directive” – facilitate broadcaster participation**
- 2. Develop STAs and waivers of the Commission’s rules to facilitate pilot projects**
- 3. Encourage channel sharing pilot projects**

THE INCENTIVE AUCTION TASK FORCE IS:

- 1. Working steadily to provide options for the Commission in the design of the auction and development of auction rules**
- 2. Engaging with interested parties, receiving substantial input, and continuing to provide the public with opportunities to contribute to the record and inform the rulemaking process**
- 3. Continuing to work towards providing a record to allow the Commission to adopt a Report and Order in 2013 and hold the broadcast incentive auction in 2014**

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