

**STATEMENT OF  
COMMISSIONER AJIT PAI**

Re: *Incentive Auction Task Force Update* (August 9, 2013)

It's difficult to overstate the importance of repacking to the incentive auction proceeding. A smooth repacking process will help preserve a vibrant over-the-air television broadcast service after the auction. The repacking process will impact how much spectrum we are able to clear for mobile broadband. And our repacking calculations must fit hand-in-glove with the auction design we adopt.

One key component of the repacking process will be the *TVStudy* software we use to ensure that broadcasters receive the protections afforded them by the Spectrum Act. At the end of the day, the full Commission will have to decide how to update this software. To that end, I continue to believe that the broadcast and wireless industries should come together and develop a mutually acceptable compromise. Until that compromise is either presented or precluded, I'll reserve judgment on this issue, which I know is a controversial one. But I will make two observations.

First, broadcasters should support updating our software so that it can work on modern computer systems, run more quickly, and perform the type of analysis that will be necessary to support the incentive auction. Likewise, they should be open to including the most recent census data in that software.

On the other hand, wireless carriers should focus on the important changes that need to be made to the software for it to work, instead of every change that could be made. Debating each minor update to the software won't serve anyone well, and we certainly don't want this project to end up in court.

To date, I've been impressed by how wireless carriers and broadcasters have cooperated in the incentive auction proceeding. For example, they developed the consensus "Down from 51" band plan that I hope the Commission will adopt. We should welcome their collaboration, especially if it yields similar progress with respect to the *TVStudy* software.

On July 22, the task force also released data to allow parties to assess how the Commission might conduct what is known as a "feasibility check." This "check" would allow the Commission to determine during the auction whether assigning channels to a given set of stations (i.e., those not participating and those no longer participating in the reverse auction) is feasible without violating any statutory or other constraints when attempting to clear a predetermined amount of spectrum in a market. I commend the task force for taking this step.

It is also important that we develop as soon as possible software that can produce optimal repacking solutions—that is, software that minimizes the costs of paying bidders and repacking

while ensuring that every non-participating broadcaster has an actual channel after the auction. All things being equal, an optimal repack should be our goal. After all, this could minimize costs, maximize the amount of cleared spectrum, and increase net revenues for public safety and deficit reduction.

In a July 22 Public Notice, the task force indicated that it would be difficult for the Commission to use optimization analysis during the auction given the design that the task force is contemplating. But as the full Commission decides how to design the auction, we should consider all options. For example, some auction designs would allow us to conduct an optimization analysis during the auction. Those options should be on the table when the full Commission addresses auction design. We shouldn't discover too late that those alternatives aren't practical because we don't have the right software.

In closing, I'm pleased that we have made progress on the repacking front. But we have much work ahead of us. This is a critical issue. If we don't get it right, it could sink the entire auction. It's imperative that we engage with all stakeholders and be as transparent as possible. We need to get potential problems out in the open as soon as possible and fix them before the auction. I thank the task force once again for all of their hard work and look forward to continued progress in the months ahead.