

**STATEMENT OF COMMISSIONER AJIT PAI  
ON THE PRESENTATION BY THE INCENTIVE AUCTION TASK FORCE**

**January 30, 2014**

Much has been said at past Commission meetings about the upcoming incentive auction, and I'm sure that much more will be said at future meetings. So my remarks this morning will be limited to three simple points.

*First*, I applaud Chairman Wheeler for his focus on ensuring that the technological components of the auction are rigorously tested beforehand. Under the law, the Commission is only given one chance to conduct a successful incentive auction. So we need to heed the wise words of recent Kennedy Center honoree Billy Joel: "[G]otta get it right the first time. That's the main thing. . . . You get it right the next time that's not the same thing." And one of the first things that we need to get right is the repacking software. To do that, we should enlist assistance from stakeholders prior to the auction. Specifically, once the Commission has decided upon a repacking methodology, we should set up an expert user group with representation from broadcasters, wireless carriers, consumer electronics manufacturers, and other interested parties. This group would test the software implementing the Commission's methodology. And it would produce a report for the Commission identifying any problems and making recommendations for fixing them. After that, we should repeat the process with other auction-related software, and especially with testing integration—making sure all of the pieces work together during the load and stress of an actual auction.

*Second*, we need to redouble our outreach efforts to broadcasters. If there is not sufficient broadcaster participation in the reverse auction, the incentive auction will fail. It is as simple as that. I am therefore pleased that the task force in today's presentation indicates that it plans "increased, robust broadcaster education and outreach." One suggestion I have is to focus on the "incentive" part of the "incentive" auction. I have heard repeatedly a message from interested broadcasters that brings to mind that famous line from Jerry Maguire: "Show me the money!" Simply put, broadcasters want some idea of how much money they could receive by participating in the auction, and they want to know soon. I believe that we should let each broadcaster in the United States know as quickly as possible how much participating in the reverse auction might bring in for its station(s). In short, we need to turn the abstract concept of an incentive into the concrete reality of cash.

We also need to let broadcasters know that participating in the reverse auction doesn't necessarily mean exiting the industry—the channel-sharing and UHF-to-VHF options allow broadcasters to stay on the air while getting new funding that can strengthen their operations. Let's partner with someone broadcasters trust—like the National Association of Broadcasters (NAB)—to conduct a joint education campaign that will present straightforward and objective information to broadcasters across the country on these options for participating while remaining on the air. NAB has stated publicly that it is committed to helping the Commission conduct a successful incentive auction, and this would be an important way for the organization to help us achieve that goal. I also applaud CTIA-The Wireless Association for its proposal of a channel sharing pilot program in Los Angeles. I hope that the Commission will take up that proposal soon.

*Third*, we must ensure that the voluntary incentive auction is truly voluntary. For this reason, I strongly oppose regulatory ratchets designed to pressure broadcasters into participating in the incentive auction. For example, now is not the time for the Commission to change its rules regarding Joint Sales Agreements (JSAs) and Shared Services Agreements (SSAs). Pro-competitive agreements can allow stations to save costs and provide the services that we should want television broadcasters to offer. In my home state, for example, a JSA between two Wichita stations enabled the Entravision station, a Univision

affiliate, to introduce the only Spanish-language local news in Kansas. And across the border in Joplin, Missouri, a JSA between Nexstar and Mission Broadcasting not only led to expanded news programming in that market but also nearly \$3.5 million in capital investment. Some of that money was spent upgrading the stations' Doppler Radar system, which probably saved lives when a devastating tornado destroyed much of Joplin in 2011. Most importantly for these purposes, targeting JSAs and SSAs would poison the FCC's relationship with broadcasters at the very time that we need their cooperation to make the incentive auction a success.

Finally, I would like to thank the incentive auction task force for today's presentation as well as for all of its hard work on this critically important matter. I look forward to collaborating with my colleagues and the task force to craft the Report and Order in this proceeding.