

**STATEMENT OF
CHAIRMAN TOM WHEELER**

Re: *Expanding the Economic and Innovation Opportunities of Spectrum through Incentive Auctions*, Report and Order, GN Docket No. 12-268

Today we take a huge step towards turning an innovative approach to making efficient, market-driven use of our spectrum resources from concept to reality.

The Incentive Auction is a once-in-a-lifetime opportunity to expand the benefits of mobile wireless coverage and competition to consumers across the Nation, offering more choices of wireless providers, lower prices, and higher quality mobile services. The auction will also provide a game-changing financial opportunity to broadcasters and fully fund the Public Safety Trust Fund (PSTF) for FirstNet. Maximizing participation by both broadcasters and wireless providers in the auction will be crucial to achieving these goals.

There has been much discussion about how we should define success for the Incentive Auction, with most of the talk focused on how many megahertz of spectrum will be repurposed for broadband and how much revenue will be raised from the auction.

Obviously, those are important objectives.

But we should not lose sight of the fact that simply creating a marketplace that enables us to buy spectrum, re-band it, and then re-sell it, and to do these three things nearly simultaneously, will be a tremendous accomplishment in and of itself.

This new approach to the marketplace could revolutionize how spectrum is allocated. The Incentive Auction will harness market forces to reallocate valuable low-band (below 1 GHz) spectrum from television broadcasters who voluntarily choose to relinquish some or all of their spectrum usage rights in exchange for incentive payments, to wireless providers who will bid against each other to buy those frequencies to provide mobile broadband services. The low-band spectrum we will auction is particularly valuable because it has physical properties that increase the reach of mobile networks over long distances at far less cost than spectrum above 1 GHz. It also reaches deep into buildings and urban canyons.

What happens in this new marketplace in terms of spectrum repurposed and revenue raised will depend on the fundamental economic concept of supply and demand. The rules we adopt today will help to establish a marketplace that will be attractive to both buyers and sellers, and will protect and promote competition.

Television broadcasters' participation in the Incentive Auction will be purely voluntary, and participation in the Incentive Auction does not mean they have to leave the over-the-air TV business entirely. New channel-sharing technologies offer broadcasters a rare opportunity for an infusion of cash to expand their business model and explore new innovations, while continuing to provide their traditional services to consumers. We will ensure that broadcasters have all of the information they need to make informed business decisions about whether and how to participate – including providing information about likely opening bids and a projected timeline of actions leading up to the auction.

Consistent with the requirements of the Spectrum Act, we will make available a significant amount of unlicensed spectrum (think Wi-Fi) on a nationwide basis, providing economic value to businesses and consumers alike.

We are also taking steps today to address the needs of wireless microphone users, which include broadcasters reporting on breaking news, and providers at sports and entertainment events, schools, places of worship and business venues. These users provide invaluable services to American consumers, and we will continue to develop a framework of solutions to ensure that the spectrum needs of these users will be met in the future.

Thank you to the dozens of staff from across the Commission for your unprecedented efforts to bring us to this point. I am confident that you will continue to make policy recommendations that will result in a successful auction in the middle of next year.