

**STATEMENT OF
COMMISSIONER JESSICA ROSENWORCEL**

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

A few weeks ago, during a long road trip, my family pulled off the highway and rolled into a restaurant for dinner. You know the place. The adults get the laminated full-sized menus and the kids get the paper menus with coloring games and puzzles.

Armed with only a cheap crayon and what I like to think is wisdom beyond her years, I watched my daughter whip through a maze on her menu without lifting the crayon off the paper. She accomplished this feat by beginning at the finish line of the maze and ending at the start. It dawned on me that I was watching my child play out the old management maxim: “Begin with the end in mind.”

I think that our Report and Order today begins with the end in mind. The Chairman and his hard-charging auction team have focused on the finish line—freeing up more spectrum for mobile broadband, providing more opportunities for broadcasters, and raising funds to support our first responders.

I am also pleased that our Report and Order is largely faithful to the four central building blocks to a successful incentive auction that have guided my thinking since we began this process in 2012: simplicity, fairness, balance, and public safety.

Simplicity is key. Incentive auctions are an undeniably complex undertaking. But at every structural juncture, I believe that a bias towards simplicity is crucial. So I am pleased that we choose simplicity with the descending clock auction rules we adopt today. This design provides a simple onramp to the auction and allows broadcasters to come armed with little more than a willingness to participate, not a bevy of experts and lawyers.

Fairness is essential. This is especially true with regard to the treatment of broadcasters that do not participate in the auction. Fairness demands that we consider how to accomplish repacking by minimizing unnecessary disruption and maximizing the ability of the public to continue to receive free, over-the-air television.

Balance is necessary. None of the three legs of the incentive auction—the reverse auction, the repacking, or the forward auction—can stand on its own. And we must realize that the choices we make in one area have implications throughout the auction.

I am particularly excited, however, that we have found creative ways to strike the right balance between licensed and unlicensed spectrum. This creativity started with ditching the tired notion that we face a choice between licensed and unlicensed spectrum. This is a simplistic relic from the past that we should have long since retired—because good spectrum policy requires both. Moreover, we recognized that other services striving for white space in the 600 MHz band—like wireless microphones, low-power television, and medical telemetry—matter. So by

being creative we found ways to expand the duplex gap, find new locations for unlicensed microphones, and provide unlicensed opportunities in channel 37—while also protecting existing users. This approach can increase the value of licensed spectrum without diminishing the number of licenses we sell at auction. It is all-around good.

Finally, public safety is fundamental. Built into the fabric of our upcoming incentive auctions is a recognition that they are intertwined with the future of public safety communications. The revenues we raise are designated to support a nationwide, interoperable, wireless, broadband network for public safety. This is important.

Although I am pleased with the general framework we put in place today, I would like to suggest a few areas where we should pause and “lift our crayon from the paper” to do more in the name of simplicity and fairness.

Simplicity remains key. As I have said upfront, station owners that operate small-and medium-sized businesses should be able to understand their options without hiring high-priced auction experts. To this end, I am pleased that with the assistance of KLCS and KJLA in Los Angeles we have explored the technical feasibility of channel sharing, which could provide some broadcasters with a new way to operate. As a result, the technical parameters of sharing are now better understood. However, we know too little about the legal and business arrangements that are needed to put sharing into operation. For instance, how do you address property ownership issues between commercial and non-commercial broadcasters? Should we consider developing some “off the rack” templates that assist with putting these sharing arrangements in place? I am concerned that without this kind of groundwork, we risk broadcasters sitting this opportunity out.

Fairness remains essential. We are asking broadcasters to make a fair assessment of the opportunities this auction provides the industry. I have spoken with many broadcasters—large and small—about what the Commission can do to help them make a decision about how to proceed. Every meeting yields the same refrain: “We need a number.” This does not need to be difficult or resource intensive. But until the agency can provide broadcasters with a better sense of what price their spectrum might yield, including the tax consequences, broadcasters do not have the tools to make smart and dispassionate decisions about whether or not to participate. This is not just a matter of fundamental fairness; this is a threshold matter that could very well determine whether or not these auctions achieve their lofty goals.

So we have come a long way. Chairman Wheeler deserves tremendous credit. So does our whip-smart auction team. They took the difficult maze of issues involved in incentive auctions and put us on a path to get this done. This is historic. This is exciting. I am pleased to be a part of it and I am pleased that we began with the end in mind.