



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 13, 2014

The Honorable Charles Schumer
United States Senate
322 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Schumer:

Thank you for sharing your views on the importance of the Broadcast Television Incentive Auction. I agree with you that it is important to structure the auction so that both broadcasters and wireless providers have incentives to participate.

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 – particularly consumers in rural areas – offering more choices of wireless providers, lower prices, and higher quality mobile services. Consistent with the Middle Class Tax Relief and Job Creation Act of 2012, all who want to participate in the Incentive Auction will be able to bid. At the same time, a priority of the auction will be to ensure that nationwide providers that already possess significant amounts of low-band spectrum are not able to use the auction to keep competitors from accessing the spectrum they need to provide additional choices to consumers. This is important not only in rural areas where such spectrum is necessary if competitors are to fill in the white spaces on the coverage maps that we see on TV commercials, but also in urban areas where low-band spectrum allows cost-effective reliable coverage in urban canyons and deep into buildings.

The market-based reserve for the Incentive Auction that the Commission recently adopted appropriately balances the goals of promoting competition and making more spectrum available to all providers in the Incentive Auction. Many in the industry share this view. Indeed, following the Commission's adoption of the Incentive Auction and the Mobile Spectrum Holdings rules, wireless providers of all sizes made positive statements about the Commission's actions. AT&T, in particular, indicated that it plans to vigorously participate in the Incentive Auction.

The Incentive Auction will also fully fund the Public Safety Trust Fund (PSTF) for FirstNet. Specifically, under the rules the Commission recently adopted, the proceeds of the auction must be sufficient to fund incentive payments to participating broadcasters, the other mandatory expenses set forth in section 6403(c)(2) of the Spectrum Act,⁵ and any PSTF amounts still needed in connection with FirstNet after the close of the H Block and AWS-3 auctions.⁶ The Spectrum Act establishes the priority for making payments or deposits from the PSTF as amounts are deposited into the Fund, including for FirstNet and for deficit reduction, but does not mandate such deposits.

⁵ The Spectrum Act requires only that the forward auction generate proceeds sufficient to pay winning bidders in the reverse auction and cover relevant administrative costs of the auction and an estimate of relocation costs subject to reimbursement.

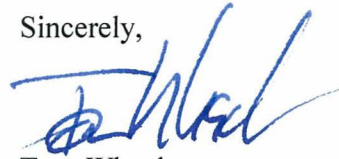
⁶ I expect that these two auctions will nearly or fully fund the PSTF with amounts needed for FirstNet, even before the Incentive Auction takes place.

Page 2—The Honorable Charles Schumer

Designed with the goal of preserving and promoting competition, the Incentive Auction can deliver to consumers – regardless of their zip code – greater choices, improved services, and lower costs, as well as funding for the FirstNet public safety broadband network.

Thank you again for apprising me of your views on this important matter.

Sincerely,

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Tom Wheeler



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June 13, 2014

The Honorable John Thune
United States Senate
511 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Thune:

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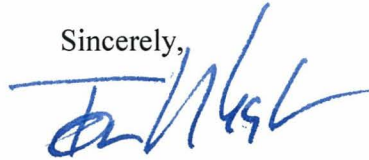
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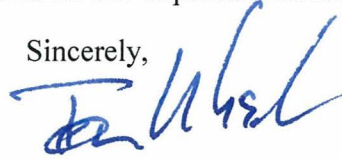
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The Honorable Sherrod Brown
United States Senate
713 Hart Senate Office Building
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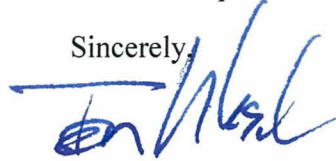
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