

Congress of the United States
Washington, DC 20515

June 17, 2015

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The Honorable Tom Wheeler
Chairman
Federal Communications Commission
445 12th Street S.W.
Washington, D.C. 20554

Dear Chairman Wheeler:

We commend the Federal Communications Commission for its progress in preparing for the broadcast incentive auction scheduled for 2016. We urge the FCC to take additional measures to ensure the incentive auction increases competition in the wireless broadband market.

The Department of Justice has warned – and the FCC has agreed – that the incentive auction threatens to foreclose future competition in the wireless broadband market.¹ To protect competition and prevent gaming, the FCC created a market-based spectrum reserve in each market that prevents dominant providers from knocking non-dominant providers out of the bidding in the hopes of raising prices or reducing quality later.² As currently structured, however, the FCC has adopted a three-block reserve that is not large enough to allow more than one non-dominant carrier the opportunity to acquire enough spectrum for a commercially successful deployment.

Expanding the spectrum reserve from its current maximum to at least four blocks, or 40 megahertz of high-quality spectrum, will enhance post-auction competition in the mobile broadband market by allowing for up to two non-dominant competitors to acquire the low-band spectrum they need to deploy reliable broadband service. Increasing the number of broadband providers with access to low-band spectrum promises to increase broadband investment, accelerate deployment, and enhance innovation in rural and urban areas alike. Absent such an expansion, dominant carriers have the incentive and ability to limit competition in the post-auction market while splitting the non-reserve blocks evenly between each other – an auction outcome that would discourage participation and threaten broadcast incentive auction revenue.

¹ See *Ex Parte Submission of the United States Department of Justice*, Docket No. 12-269 at 11 (Apr. 11, 2013); *Policies Regarding Mobile Spectrum Holdings: Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*, Report and Order, 29 FCC Rcd 6133, 6169 ¶ 153 (2014) (“*Mobile Spectrum Holdings Order*”).

² *Mobile Spectrum Holdings Order* at 29 FCC Rcd 6133, 6169-71 ¶¶ 153-71.

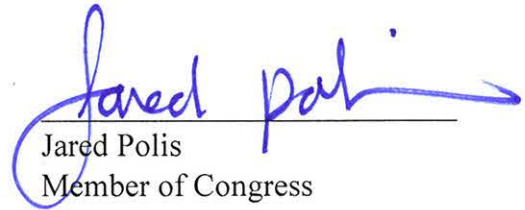
The broadcast incentive auction represents the last opportunity in the foreseeable future for the FCC to provide access to the low-band spectrum necessary for robust wireless broadband competition. Expanding the size of the spectrum reserve will help ensure that this "once-in-a-lifetime" auction promotes wireless broadband investment, innovation and deployment. We, therefore, urge the FCC to consider expanding the incentive auction's spectrum reserve to at least four blocks of high-quality spectrum.

Thank you for your attention to this important issue.

Sincerely,



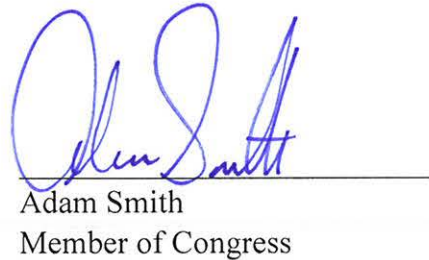
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