**STATEMENT OF**

**COMMISSIONER MICHAEL O’RIELLY**

Re: *Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993*; *Annual Report and Analysis of Competitive Market Conditions With Respect to Mobile Wireless, Including Commercial Mobile Services*, WT Docket No. 17-69

For the first time in eight years, the Commission has found correctly that there is effective competition in the provision of commercial mobile services. I am pleased that, after all of this time, we have returned to complying with the requirements of the law, under section 332(c)(1)(C), by drawing a simple conclusion.

On a purely evidentiary standard, it is clear that the mobile sector is competitive. There are four nationwide and numerous regional providers that are investing in spectrum and infrastructure, innovating and providing new services, and fiercely competing for customers. In fact, you can simply turn on your television or look at the Internet to watch the various marketing campaigns of providers vigorously fighting it out for market share. These entities banter back and forth about who has better coverage, faster speeds, cooler offerings, the latest phones and which plans are the best bang for your buck. But, for those of us involved in the policy side of the equation, we can also look at the statistics in this report and the important picture it presents.

Providers are actively improving their products to meet consumer expectations and to differentiate themselves in the marketplace to attract and retain customers. Each year, more and more devices are connected to wireless networks, which are delivering exponential increases in data and faster speeds. For instance, in one year, wireless connections grew eight percent, data usage per smartphone subscriber increased 39 percent, and the average LTE download speed went from 14.4 to 23.5 Mbps. Further, because of the competitive situation, consumers have the choice of several unlimited plans, pre- and post-paid options, offers for free video services, and special promotions to change carriers. And, in the midst of all this competition-driven innovation, prices, as measured by average revenue per user, have decreased by seven percent and the cost per megabyte has fallen from $1.37 to less than half a cent over the last ten years.

This price decrease is particularly remarkable because we are entering an era of tremendous network investment. The report details that, over the past six years, providers invested $200 billion, and that is despite the – let’s say – less than friendly regulatory environment that existed during that time period. It is expected that another $275 billion will be invested over the next several years. In fact, this amount may be understated when you consider the auctions we have had over the past few years and those yet to be scheduled. The race amongst our largest providers to deploy, trial and market next generation, or 5G, offerings may incur investment levels that we have never seen before.

While this report focuses on competition between commercial mobile providers, it provides a glimpse into industry trends and the competitive pressures from outside sources. For instance, while data usage is increasing, the annual voice minutes and the use of traditional SMS text messaging are decreasing. Many of the legacy wireless cellphone functions are being overtaken by Internet apps, such as Skype, FaceTime, WhatsApp and Facebook messenger. In the future, the traditional mobile sector is likely to experience more, not less, competition from new 5G services, next generation satellites and other innovations we don’t even know about yet.

Then, there are the actual coverage numbers. More than 98 percent of Americans have a choice of three or more providers and almost 97 percent have a choice of three or more LTE options. And, in rural America, 91 percent of the population has the choice of three or more providers, and more than 95 percent have at least two LTE options. While urban consumers still have more choice than their rural counterparts, these numbers are impressive because rural and remote areas, with far fewer consumers, cannot support the same number of competitors as Washington, D.C., Los Angeles, or even Buffalo, New York.

For these reasons, the Commission rightfully concludes that the mobile sector is competitive, but what exactly does this finding mean? While these statistics show the current state of competitiveness of our wireless industry, the situation can be even better and there is room for improvement. We will leave this meeting and continue our mission to create an environment that promotes innovation and investment, so that consumers will benefit not only from network improvements, next generation technologies and new service offerings, but hopefully future new entrants. We will return to the Spectrum Frontiers and infrastructure proceedings, and we will continue our efforts to ensure that rural service offerings are improved and, most importantly, that service gets to the unserved.

This is why I am dismayed that some have expressed concerns that the FCC would no longer have any impetus to promote further wireless network expansion or broadband deployment, if it finds that mobile services are competitive or, in the context of the annual section 706 report, that broadband is being deployed in a reasonable and timely manner. Just because a report finds there is competition or that industry participants are doing a good job does not mean we all get to go home. I see no risk that we would halt our Mobility Fund efforts or other broadband infrastructure initiatives based on the findings in any of the Commission’s competition-related reports. Instead, our job is to conduct the review as required by Congress and issue this report, and then we will be right back at it to improve the situation even further.

Finally, I thank the Chairman for righting a procedural wrong and putting this report before the Commission, as opposed to following recent precedent of releasing the item on delegated authority. While we may disagree about the findings, hopefully we all can agree that such issues should be reviewed and debated by the Commissioners.