

**STATEMENT OF
CHAIRMAN AJIT PAI**

Re: *Expanding Flexible Use of the 3.7 to 4.2 GHz Band*, GN Docket No. 18-122

Securing United States leadership in 5G is a national priority. One study pegs 5G's economic potential at three million new jobs, \$275 billion in private investment, and \$500 billion in new economic growth. You can quibble with the numbers, but there's no question that 5G networks will be an important platform for innovation and investment in the coming years, as were 4G LTE and the mobile app economy it enabled over a decade ago. That explains why countries around the world are jockeying for global leadership in 5G. Whoever sets the pace globally will become the frontrunner in the development of the 5G ecosystem and attract the jobs, growth, and consumer benefits that come with that status. And I want the past to be prologue: I want America's success in 5G to match our leadership in 4G.

That's why the FCC has been pursuing a strategy to Facilitate America's Superiority in 5G Technology—the 5G FAST Plan. By executing that plan, the Commission has already made an unprecedented amount of spectrum available for commercial, flexible wireless use. In the high bands, we have successfully concluded our nation's first two millimeter-wave auctions in the 28 GHz and 24 GHz band, and our ongoing auction of the upper 37 GHz, 39 GHz, and 47 GHz bands will soon come to a successful end. With respect to low-band spectrum, the transition of the 600 MHz band for wireless use is on schedule, notwithstanding many predictions to the contrary. Indeed, mobile network operators are already deploying 5G wireless services in the band.

We have also taken decisive action with respect to mid-band spectrum, which is appealing for 5G as it combines good geographic coverage with good capacity. We've made more spectrum in the 2.5 GHz band available for 5G. We've reformed our rules regarding the 3.5 GHz band to encourage 5G deployment and will be auctioning licenses in that band this summer. We've approved the T-Mobile/Sprint merger, which, as the U.S. District Court for the Southern District of New York recently recognized, will allow critical mid-band spectrum to be used for 5G. And today, we adopt an Order that will repurpose 280 megahertz of new, mid-band spectrum for flexible use, which will help deliver 5G services to consumers across our country and promote our global leadership.

During this proceeding, I made it clear that my decision would be based on four guiding principles. First, the FCC must make available a significant amount of C-band spectrum for 5G. Second, we must do so quickly. Third, we must generate revenue for the federal government. And fourth, we must ensure that the services that are currently delivered using the C-band can continue to be delivered to the American people. The Order we adopt today advances each of these principles.

I'll start with the first two. This item will make a large swath of mid-band spectrum available, and will do so quickly. From Congress to my fellow Commissioners to wireless providers to equipment manufacturers, virtually everyone agrees that we need to act expeditiously to make a large amount of C-band spectrum available for 5G. Among other things, doing so will help close the digital divide, enabling all Americans—whether they live in rural or urban areas—to access new and innovative 5G applications and services.

To ensure that the 280 megahertz of repurposed spectrum from 3.7 GHz to 3.98 GHz is made available for flexible wireless use as quickly as possible, the Order provides for “accelerated relocation payments” for satellite operators if they meet deadlines for clearing C-band spectrum rapidly.

Why are accelerated relocation payments necessary? The answer is simple: speed. We want satellite operators to vacate the lower portion of the C-band quickly. And this transition will be much

faster if we align the incentives of satellite operators with the incentives of wireless providers who want expedited access to that spectrum.

To properly align those incentives, we are giving satellite operators the opportunity to receive accelerated relocation payments of \$9.7 billion if they meet our accelerated clearing milestones. Now, some believe that these payments are too small. Others have criticized them as being too large. But as Goldilocks might say, I believe we've gotten it just right. We arrived at this figure by working with our economists and other expert staff to determine the value to auction winners of having satellite operators clear the spectrum in an accelerated timeframe and to approximate the size of payments that would be made in the private marketplace absent holdout and free-rider problems.

Turning to my third principle, I believe that a public auction, run by our outstanding staff here at the FCC, will be the best way to ensure that we generate revenue for the federal government and value for U.S. taxpayers. And that auction will start later this year—on December 8. The Commission has a quarter-century track record of successful and transparent auctions. In fact, as of late last year, the Commission had conducted 93 spectrum auctions that generated over \$117 billion in revenue for the U.S. Treasury. That doesn't include the ongoing auction of the 37 GHz, 39 GHz, and 47 GHz bands, which is wrapping up and has already attracted over \$7.5 billion in gross bids. And we conduct our auctions in a fair, trusted, and transparent manner that assigns flexible-use licenses quickly and would be difficult, if not impossible, for a private sale to replicate.

With respect to this principle of revenue for the federal government, it's important to make a couple of points about accelerated relocation payments. First, they will be made by wireless carriers, not the FCC and not the American taxpayer. And second, to the extent they impact the proceeds of the auction at all, they are likely to increase those proceeds. That's because without a strong incentive for satellite operators to cooperate, it will take years longer to clear this spectrum, dramatically reducing the value of this spectrum opportunity to wireless bidders. It's like repainting your house before you sell it; yes, there are costs to doing that, but the costs are more than offset by the higher sales price. And our conservative approach here means the costs of accelerated relocation are easily outweighed by the benefits to the Treasury (not to mention the public at large).

As for the fourth principle, the Commission is adopting a transition plan for this band that will ensure that the American people are able to receive C-band services in a continuous and uninterrupted manner. The item lays out a comprehensive and systematic transition process that will ensure that all incumbents are held harmless, including registered earth station operators that will be able to continue serving over 110 million households. And the record is clear that the services provided through the C-band today can be delivered in the future through the upper 200 megahertz of the band.

The substance of today's Order is sound. But as to its timing, there are some who argue that we should wait—indefinitely. They complain that we are refusing to sit on our hands and wait for Congress to legislate. It's at once amusing and astounding that some making this criticism are the very same people who have previously complained that the agency isn't moving quickly enough on mid-band spectrum. Indeed, by now, it's become a tired refrain: Demand action on mid-band spectrum, but vote against putting 2.5 GHz spectrum to work for American consumers. Demand action on mid-band spectrum, but vote against making the 3.5 GHz band a testbed for 5G. Demand action on mid-band spectrum, but vote against letting New T-Mobile put underused spectrum to work in rural America. Demand action on mid-band spectrum, but vote against every single one of the infrastructure reforms needed to enable that spectrum to be used for 5G. Demand action on mid-band spectrum, but vote against the C-band public auction that will help ensure American leadership in 5G. For some, the imperative of criticizing the Commission no matter the issue appears to outweigh the importance of holding positions that bear even a semblance of internal consistency. We see this tactic of diametrically opposed talk and action a lot in

Washington. Some in the Beltway quietly accommodate themselves to it; others gleefully praise it as savvy. But the American people see it for what it is: a pretzel, not a principle.

So let me be clear regarding this tepid call to change course and sit still. For those waiting with bated breath for that favorite Washington catchphrase “the U-turn,” I have only one thing to say: You turn if you want to. This Chairman’s not for turning. The goal of leading the world in 5G is too urgent, the need to close the digital divide too pressing for us to put off action indefinitely. The time to act is now. And we are acting.

And we should, in part, because the law says we can. The Communications Act requires that the FCC act in the public interest and gives us ample legal authority to move forward with this public auction. Section 316 of the Act allows us to modify the licenses of C-band incumbents. Section 309 of the Act authorizes a public auction of the lower 280 megahertz of the C-band for flexible-use, overlay licenses. Section 303 of the Act gives us the authority to set new technical rules for the band. And section 303(r) of the Act lets us require the winners of the public auction to pay for the relocation of the band’s incumbents under our *Emerging Technologies* framework.

Of course, I’m always open to input from Congress. And if Congress passes legislation after our vote today so that revenue from this auction can supplement the \$20.4 billion the Commission dedicated to closing the digital divide just last month, I’m all for it. But as the Chairman of the FCC, it would be irresponsible for me to do nothing on a spectrum band vital for 5G in the hopes that a Congress under divided control and in an election year is going to pass C-band legislation addressing the difficult issues ably resolved by this Order.

Our decision today benefited greatly from the extensive comments in the record and feedback from a variety of stakeholders. In particular, I’d like to thank those members of the satellite industry, mobile wireless providers, wireless Internet service providers, cable operators, broadcasters, and content distributors who engaged in these issues in good faith and provided constructive feedback on our proposals. In order for the C-band transition to be a success, we will need to see continued cooperation and constructive engagement from all these stakeholders.

I’d also like to thank all our hardworking FCC staff. This is probably the most complicated proceeding that the Commission has encountered in many years. And we couldn’t have gotten to this point without the Herculean efforts of those across the Commission. From the Wireless Telecommunications Bureau, Ken Baker, Steve Buenzow, Peter Daronco, Thomas Derenge, Connie Diaz, Kamran Etemad, Anna Gentry, Jessica Greffenius, Joyce Jones, Susannah Larson, Roger Noel, Matthew Pearl, Paul Powell, Jessica Quinley, Jaclyn Rosen, Blaise Scinto, Dana Shaffer, Max Staloff, Donald Stockdale, Cecilia Sulhoff, Becky Tangren, Jeff Tignor, Brian Wondrack, and Janet Young; from the Office of Economics and Analytics, Valerie Barrish, Erik Beith, Craig Bomberger, Jonathan Campbell, Rita Cookmeyer, Patrick DeGraba, Shabnam Javid, Daniel Habif, Bill Huber, Pramesh Jobanputra, Evan Kwerel, Paul Lafontaine, Giulia McHenry, Eliot Maenner, Tajma Rahimic, Erik Salovaara, Linda Sanderson, Martha Stancill, Sue Sterner, Patrick Sun, and Margaret Wiener; from the Office of Engineering and Technology, Bahman Badipour, Michael Ha, Ira Keltz, Tom Mooring, Nick Oros, Robert Pavlak, Barbara Pavon, and Ronald Repasi; from the International Bureau, Jose Albuquerque, Paul Blais, Jameyenne Fuller, Jennifer Gilsenan, Kerry Murray, Robert Nelson, Jim Schlichting, and Tom Sullivan; from the Office of General Counsel, Deborah Broderon, Michael Carlson, David Horowitz, Thomas Johnson, and William Richardson; from the Office of Communications Business Opportunities, Chana Wilkerson; from the Office of Managing Director, Dan Daly, Sunny Diemert, Dawn DiGiorgio, Jae Seong, Timothy Siekierka, Deena Shetler, and Mark Stephens; and from the Enforcement Bureau, Christopher Killion and Jeremy Marcus.