

**REMARKS OF FCC CHAIRMAN AJIT PAI
AT THE AMERICAN CONSUMER INSTITUTE CENTER FOR CITIZEN RESEARCH**

WEBINAR ON “REPACKING THE AIRWAVES”

JULY 13, 2020

Thank you to Oregon’s finest, Representative Greg Walden, for that introduction, for your leadership on this issue, and for that beer at Prodigal Son Brewery in Pendleton (I owe you one!). Thank you to Steve Pociask and the American Consumer Institute for hosting today’s event. And a special thanks to today’s panelists: Jean Kiddoo and Hillary DeNigro of the FCC’s Incentive Auction Task Force, Rick Kaplan of the National Association of Broadcasters, Steve Sharkey of T-Mobile, and Peter Starke of American Tower, all but one of whom have the good sense not to follow me—openly, anyway—on Twitter.

Typically, acknowledging your fellow speakers is a polite formality before moving onto formal remarks. But in this particular instance, recognizing them is actually the main point of my remarks. That’s because each of them, and their respective colleagues, are the co-authors of a remarkable success story that deserves to be celebrated.

This story effectively begins in February 2012, with the passage of a law called the Middle Class Tax Relief and Job Creation Act. At the FCC, we often call this law the “Spectrum Act” because it contained a series of spectrum-related provisions. Plus, that’s a lot easier to say than the Middle Class Tax Relief and Job Creation Act.

One of the bill’s many, many provisions created a huge amount of buzz: the authorization of the world’s first incentive spectrum auction.

To meet the booming demand for mobile broadband that was being fueled by the smartphone revolution, Congress empowered the FCC to conduct a first-of-its-kind, two-sided auction that would allow spectrum used for broadcast TV to be repurposed for wireless services. The novel idea was that you would start with a “reverse auction” in which broadcast television licensees submitted bids to voluntarily relinquish their spectrum usage rights in exchange for payments. Then, you would have a “forward auction” of wireless licenses for flexible use of the newly available spectrum.

The Commission embraced this new authority from Congress. And thanks to the remarkable efforts of FCC staff, starting under Chairman Julius Genachowski in 2012, we successfully executed on this ambitious idea. In April 2017, we closed the bidding in the incentive auction, which yielded \$19.8 billion in revenue. Roughly \$10 billion went to broadcasters as incentive payments for giving up their spectrum. \$7 billion went to deficit reduction, and \$1.75 billion is available to repacked broadcasters to reimburse them for their reasonable costs of relocating to new channels. And most important, 84 megahertz of low-band spectrum in the 600 MHz band would be repurposed for licensed and unlicensed wireless use.

It’s worth remembering that this had never been done before. There was no roadmap. So it makes sense that the broadcast incentive auction is widely recognized as one of the most challenging undertakings in FCC history. But here’s the thing: I haven’t even described the hard part yet.

As a result of the incentive auction, roughly half of our nation’s broadcast TV stations would have to change their transmission frequencies to clear 600 MHz band spectrum for wireless use. We’re talking about a channel and/or location change for approximately 1,000 full-power and Class A television broadcasters.

This enormous project is what we call “the repack.” And it wouldn’t just happen with the flip of a switch or the stroke of a pen. No, it would happen because hundreds of men and women would climb hundreds of towers hundreds of feet into the sky to install new equipment. And these tower crews would be asked to do this work in the face of labor shortages, unpredictable weather, and tight deadlines. And some considered those deadlines impossible, even before the onset of a global pandemic.

Well, the deadline for the transition is today, and I’m proud to announce that we have accomplished our objective. All of the valuable low-band airwaves sold in the ground-breaking broadcast incentive auction are now available for wireless broadband service.

Specifically, over 99% of the 987 repacked TV stations have transitioned off their pre-auction channels. Now, if you’re looking at this figure as my mom used to scrutinize my grade school report card, you might ask—why 99% and not 100%? Well, the remaining stations that were granted short extensions due to unforeseeable circumstances are on track to transition before the end of the summer. But none of those stations will delay the deployment of wireless services in the new 600 MHz wireless band. That’s because they are currently located either in the portion of the band that remains allocated for broadcast television or in the duplex gap.

Today represents a major milestone in the Commission’s goal to repurpose spectrum to meet the demands of today’s wireless consumer. The 600 MHz band is already being used to provide mobile broadband, including 5G service, to Americans across the country. And with the end of the repack, we’ll see even broader and deeper deployment. With its favorable coverage characteristics, this spectrum will help close the digital divide in rural America. It will help promote American leadership in 5G. It will help ease congestions on wireless networks. And it will spur job creation and economic growth.

But you don’t have to project into the future to understand the benefits of repurposing this spectrum. During the coronavirus pandemic, we’ve seen a spike in consumer demand for broadband services. Back in March, T-Mobile asked the FCC for access to additional spectrum to meet this increased demand. And we acted quickly. In March, the Commission granted T-Mobile temporary authority to use additional spectrum in the 600 MHz Band. This additional spectrum has not only helped T-Mobile avoid congestion and slower service in the face of increased traffic. We’ve actually seen independent reports that T-Mobile customers have seen speeds up to twice as fast in certain parts of the country.

I should add that the pandemic also has Americans looking to their local broadcasters. Multiple surveys have shown that local broadcasters are the most trusted source for news about the coronavirus pandemic. The successful repack, plus the fact that only 41 broadcast stations nationwide sold their spectrum assets and went off the air after the incentive auction, means that local TV stations have been there for their communities when their communities have needed them most.

On that note, let me say thank you to America’s broadcasters, not only for your role as first informers, but also for your partnership during the repack. For those stations that weren’t winners in the incentive auction, this repack has meant a lot of work for little if any individual benefit. But broadcasters nonetheless stepped up to the plate and made sure that we were able to accomplish this national priority. I also recognize that a cleared 600 MHz band does not render our task complete. Up to 15% of repacked broadcasters are currently operating on interim facilities. In the coming weeks and months, they’ll need to move to their permanent facilities. The FCC will do whatever we can to help make that happen. We’ll also keep working with broadcasters to educate consumers who need to rescan their TVs so that they can still receive local stations that change channels.

Let me also say thank you to the tower crews for all you’ve done over the past 39 months. I have a keen appreciation for difficulty of this work. As you may know, I climbed a 131-foot tower in rural Colorado, and that height is a rounding error for some of the tall broadcast towers that you climbed. And on top of all that, tower workers are also deploying infrastructure so that wireless carriers can put the

licenses awarded to incentive auction winners to use. I think it's fair to say that no group has done more on the ground and in the air to make the benefits of the broadcast incentive auction a reality.

Thank you to the carriers who invested billions to acquire licenses in the auction and are investing billions more to deploy broadband networks. By putting your capital at risk, you are helping to deliver the benefits of the mobile revolution for U.S. consumers.

Thank you to the Members of Congress who entrusted the Commission with this authority. Once again, we've shown that when we work together on a bipartisan basis to put spectrum to its highest value use, we can unlock tremendous benefits for our economy and the American people.

Last, and most, thank you to the staff of the FCC. The idea of the incentive auction has been kicking around the Commission since Senior Economist Evan Kwerel wrote a white paper in 2002. And there's no way I could adequately recognize all the people who have contributed to this endeavor over the two decades since. But let me single out three, at least. First, Gary Epstein, who served as the first Chair of our Incentive Auction Task Force until the auction's close. Second and third, our current leaders of that Task Force, and panel participants today, Chair Jean Kiddoo and Deputy Chair Hillary DeNigro. They reflect the deep commitment to public service at the FCC and the agency-wide dedication to making this challenging project a success for the American people.

Thirty-nine months ago, we set out an ambitious, 10-phase transition plan to make sure that 84 megahertz of spectrum repurposed by the incentive auction would be fully available for use by July 2020. Executing this plan would require the installation of new equipment on a massive scale, while solving for interference problems, seasonal constraints, and labor shortages.

Many people said it couldn't be done. But broadcasters, wireless carriers, tower workers, and FCC staff worked hard and worked together to do it. And even in the face of an unprecedented national emergency that effectively shut down our country, they got the job done on time. This is huge win for consumers who will benefit from the deployment of new wireless services. And it may well be inspiration for the next seemingly crazy idea for spectrum reallocation, scribbled on the proverbial cocktail napkin. Thanks again to everybody who contributed to this remarkable success story!