

**STATEMENT OF
CHAIRMAN KEVIN J. MARTIN**

Re: *Implementation of the Commercial Spectrum Enhancement Act and Modernization of the Commission's Competitive Bidding Rules and Procedures*, Further Notice of Proposed Rulemaking (WT Docket No. 05-211)

The Commission agreed to initiate this examination to determine whether we should change the designated entity program. That program was intended to promote small businesses by providing them with bidding credits. During our reconsideration of the AWS-1 service rules, Council Tree Communications expressed concern that these bidding credits were being used by carriers with billions of dollars in revenues, who partner with small businesses in order to gain access to the bidding credits. Today, we initiate a review of the program to consider changing these kinds of practices. We also make clear our intention that any changes we make to the program will apply to the AWS auction scheduled for this summer.

We tentatively conclude that we should reform our program by preventing large incumbent wireless carriers from gaining access to bidding credits through partnering with designated entities. While I think that is a good step, I believe we should consider going further, applying the same rule to all large communications service providers. Why single out large wireless carriers alone for this kind of treatment and allow large wireline carriers, cable companies, satellite providers, and other communications companies to continue to participate in a program for small businesses? A more fair and reasonable way to reform the program would limit all large communications companies from such small business discounts. I remain hopeful that we will be able to adopt such a consistent approach in our final rules.