

**STATEMENT OF
COMMISSIONER JESSICA ROSENWORCEL**

Re: *In re Comment Sought on Competitive Bidding Procedures for Broadcast Incentive Auction 1000, Including Auctions 1001 and 1002, AU Docket No. 14-252; Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions, GN Docket No. 12-268*

In many ways, the Public Notice we adopt today is similar to so many others that the Federal Communications Commission has issued in advance of major spectrum auctions. We outline the application process for potential bidders. We ask what information participants should disclose to the Commission and conversely, what information we should provide to participants. These are the kind of details that make all of our spectrum auctions work.

But this auction is not like the others. That's because this Commission has been charged by Congress with holding the world's first spectrum incentive auctions. The art and science of reclaiming old airwaves and repurposing them for new wireless use are not for the timid or fainthearted. There is a lot of work to do. The novel, thorny, and flat-out hard come together in an auction like this—and it is the responsibility of the Commission and our terrific auction experts to make it all work.

So in this Public Notice we ask about a lot that is new. That includes questions about how to integrate a forward auction with a reverse auction, how to determine prices for broadcast stations, and how to ultimately close this two-sided auction.

But one novel issue strikes me as deserving special attention—what to do when new wireless licenses are impaired by interference. This is important because with these new wireless licenses the potential for co-channel interference and adjacent channel interference is real. After all, this auction is bound to introduce new border issues and challenges from having broadband next to broadcasting in our airwaves.

To manage this kind of interference, this Public Notice proposes to create new categories of impaired wireless licenses to sell side by side with unimpaired wireless licenses. In turn, that means our auction software must identify impairments, notify wireless bidders, and assign these licenses to different categories for the forward auction. It also means we may need to repack some remaining broadcasters within the wireless band plan.

I think this proposal shows an admirable bias toward maximizing the number of licenses we can offer in the forward auction—and put to new mobile broadband use. This is a good and respectable goal.

But if we are honest, we must also acknowledge that our commitment to this objective here comes at a cost. By adding this layer of complexity we sacrifice simplicity. That's because under this proposal we need to identify what broadcast stations could be relocated into broadband spectrum. Then we need to determine the interference these stations could cause to adjacent wireless services in order to develop a new category of impaired wireless licenses. Our bidders will need to decide how to value not one but two categories of licenses—impaired and unimpaired. Then, when we reach the last stage of the auction, we will have to determine which bidders in reserved and unreserved categories are eligible to bid on both categories of licenses.

This is challenging. So as the record develops, I hope we can consider other ways forward. We might want to limit the number of impaired licenses we offer. We might want to distinguish between short-term interference along the Canadian border and longer-term encumbrances. In short, we need to ask if instead of trying to maximize licenses through a complex architecture we should be trying to attract more participation through simplicity of design.

These are not easy issues. But then again, this is not your typical Public Notice—or your average spectrum auction. With incentive auctions, we are in new territory. We have hard choices to make, big decision to reach, and promises to keep.