

**STATEMENT OF
CHAIRMAN THOMAS E. WHEELER**

Re: *Policies Regarding Mobile Spectrum Holdings, Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*, Report and Order, WT Docket No. 12-269, Docket No. 12-268.

I'm an unabashed believer in competition. And I'm committed to this proceeding because it begins and ends with one basic idea – how best to preserve and promote competition to the benefit of all Americans.

I am also a believer in the Incentive Auction that Congress has established and that will be held in mid-2015. The approach we are voting on today marks a critical turning point in our work towards the Incentive Auction. I am confident that the wireless industry, including providers of all sizes, will rally around this rules package and make clear that they want to participate aggressively in this auction. With this consensus on a path forward, we can turn our attention to making clear to the broadcast industry that this is a once-in-a-lifetime opportunity and there are companies ready to spend real money at auction.

We have been working hard to develop pro-competition and pro-consumer rules to promote a healthy, competitive mobile marketplace with clear rules of the road regarding spectrum aggregation.

Without spectrum, mobile carriers can't compete. But not all spectrum frequencies are created equal. Spectrum below 1 GHz, known as "low-band" spectrum, has physical properties that increase the reach of mobile networks over long distances at far less cost than spectrum above 1 GHz, and are better suited for transmitting wireless signals through walls. High-band spectrum has more bandwidth, meaning that it carries data well, but it doesn't travel as well over distances or through walls.

For consumers, the mobile spectrum holdings rules we adopt today will mean more competition in more markets. All American consumers, regardless of where they live, should enjoy the benefits that competition can bring: more choices of wireless providers, lower prices, and higher quality mobile services.

There are three interrelated parts to the Mobile Spectrum Holdings rules we adopt today. Many parties have focused on just one piece of the package; yet, all of the pieces work together.

First, we increase our spectrum screen to reflect spectrum that is currently suitable and available for mobile broadband.

Second, we clarify that we will continue to look closely at low-band spectrum transactions in our competitive review of proposed transactions.

Third, we set clear pre-auction rules regarding spectrum aggregation for our upcoming auctions.

In the upcoming AWS-3 auction of high-band spectrum, any bidder will be able to win any amount of spectrum it is willing to pay for. And any spectrum a bidder wins, it can keep. We will not require any divestitures, regardless of whether the adjusted total spectrum screen is triggered.

In the upcoming Incentive Auction, we adopt reasonable spectrum aggregation rules to promote competition, with all bidders vying to win spectrum at a fair market price, as explicitly authorized by the Spectrum Act. There has been much focus on this aspect of the rules, so let me be clear about what it means.

Every bidder, regardless of size or spectrum holdings, will be able to bid on spectrum in every market throughout the country.

Let me repeat, every bidder, regardless of size or spectrum holdings, will be able to bid on spectrum in every market throughout the country.

We are also adopting a rule that establishes a “market-based reserve” for bidders that do not currently hold significant amounts of low-band spectrum in specific markets, provided that “reserve bidders” pay their fair share of auction costs. When the Incentive Auction commences, all bidders will be bidding and competing against each other for all blocks of spectrum. Given the value of this spectrum, we expect a fulsome bidding process. When the auction reaches the “spectrum reserve trigger” point – which includes fully funding FirstNet – wireless providers without significant low-band holdings in a license area will bid on “reserved” spectrum blocks. Put another way, we are adopting a limited rule that says the biggest holders of low-band spectrum can’t run the table, as long as there is sufficient demand for reserved spectrum.

Here is the bottom line: for the first time ever we have established a viable spectrum reserve for competitors in every market nationwide. Most importantly, this reserve will make sure that consumers are more likely to benefit directly from increased competition in all parts of the country – rural, suburban and urban areas included.

Again, this is about bringing the benefits of competition to consumers and this market based reserve will deliver on our core objective: better service, more choices, and ongoing innovation.

Thank you to the Wireless Telecommunications Bureau and the Office of General Counsel for their work on this item.