

**STATEMENT OF
CHAIRMAN AJIT PAI**

Re: *Promoting Investment in the 3550-3700 MHz Band*, GN Docket No. 17-258

Last year, the FCC decided to take another look at the 3.5 GHz band in order to better promote its potential for 5G, and American leadership in that next generation of wireless connectivity.

In particular, we wanted to re-examine the rules governing the Priority Access License (PAL) tier. The modifications proposed included a change to the size of the licenses to be auctioned off. Striking a balance wasn't easy. Some wanted the Commission to maintain its previous decision to license the PAL tier by census tracts. Others wanted the Commission to change the license size to a significantly larger geographic area called Partial Economic Areas. Others called for county-based licensing. And still others proposed a hybrid of these zones.

After extensive deliberations, and under Commissioner O'Rielly's leadership, the Commission charts a middle course. On one hand, it finds that census tracts are too small. For example, there are over 2,000 census tracts in New York City alone, which would make it incredibly difficult to acquire the necessary licenses to deploy 5G at scale. On the other hand, the Commission finds that Partial Economic Areas are too large. They would significantly limit the range of potential licensees interested in making this band work.

And so we find that county-based licenses are just right. This compromise will allow most interested parties, large and small, to bid on 3.5 GHz spectrum in order to provide 5G services.

To be sure, some have claimed that our decision today is bad for rural America. But that's just not true. For example, the county-based approach has been endorsed by the Rural Wireless Association, which told us that "the use of county-based license sizes will allow rural providers to participate in the 3.5 GHz auction for Priority Access Licenses ('PALs') and further deploy rural broadband service." This compromise has also been endorsed by NTCA-The Rural Broadband Association.

It's also been argued that our decision today will benefit large carriers at the expense of small carriers. But the Competitive Carrier Association, which represents smaller carriers, backs our decision today, saying that "[c]ounty license sizes provide competitive carriers, especially those that serve rural areas, with a meaningful opportunity to bid on and acquire spectrum to provide these areas with the latest broadband services."

License sizes aside, we make other necessary changes today to promote investment and innovation in the 3.5 GHz band, including extending the license terms and giving an expectancy of license renewal. And of course, our three-tiered framework ensures efficient use of the band regardless of license sizes. This is because even after PALs are granted, General Authorized Access users can provide service in the PAL spectrum until licensees deploy. Taken together, these reforms will help make this band a sandbox for 5G and represent another aspect of our comprehensive 5G FAST plan to secure American leadership in the next generation of wireless connectivity.

I thank Commissioner O'Rielly and his staff for their efforts over the last year. They pored over the record, met with all interested parties, and found a balanced path forward that enjoys broad support.

Thanks also to the staff who worked on this item and continue to make the 3.5 GHz band a success: Kamran Etemad, Jessica Greffenius, Joyce Jones, Gary Michaels, Matthew Pearl, Paul Powell, Kelly Quinn, Jeremy Reynolds, Becky Schwartz, Christian Segura, Dana Shaffer, Don Stockdale, Cecilia

Sulhoff, and Peter Trachtenberg from the Wireless Telecommunications Bureau; Corey Cahill, Navid Golshahi, Julius Knapp, Robert Pavlak, and Axel Rodriguez from the Office of Engineering and Technology; Chana Wilkerson from the Office of Communications Business Opportunities; and David Horowitz, Bill Richardson, and Anjali Singh from the Office of General Counsel.