



June 3, 2019

By Electronic Filing

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Re: *Transforming the 2.5 GHz Band*, WT Docket No. 18-120

Dear Ms. Dortch:

The Schools, Health & Libraries Broadband (SHLB) Coalition, in partnership with Dr. Raul Katz, President of Telecom Advisory Services, LLC and Director of Business Strategy Research at the Columbia Institute for Tele-Information, hereby submits the attached report: **“The Economic Benefits of Keeping the ‘E’ in EBS: A Comparison of Licensing Unassigned EBS to Educators and Nonprofits vs. Commercial Auctions.”** As the only authentic economic analysis in the record, this study provides critical evidence comparing the costs and benefits of the two proposed approaches for licensing unassigned EBS—making EBS spectrum available through priority windows versus conducting an auction.¹ The conclusion is clear: licensing EBS white space to educators through priority filing windows provides significantly greater benefits relative to an auction.

The study provides compelling evidence in support of providing priority windows for educational entities and tribes to access unassigned EBS spectrum. For areas that lack existing wireless broadband service today, tribal, educational, and nonprofit EBS providers can increase LTE penetration by 3,354,000 new subscribers. Additionally, by offering affordable EBS service in areas served by commercial wireless carriers using other spectrum bands, educational and nonprofit EBS providers can increase subscribers by 5,002,000. Taken together, this represents a reduction of the digital divide equivalent to 18.28%. That increase in wireless broadband subscriptions would yield positive externalities and a contribution to the U.S. GDP in an amount of \$70.93 billion, a large portion of which will be concentrated in rural areas, with a derivative impact on job creation and the mitigation of rural migration. Furthermore, the increase in wireless broadband subscriptions would result in a reduction of the rural homework gap by 29.6%. In comparison, adopting a new policy in favor of auctioning EBS licenses would generate meager economic and social benefits.

¹ See generally *Transforming the 2.5 GHz Band*, Notice of Proposed Rulemaking, 33 FCC Rcd. 4687 ¶¶ 26–48, 58–62 (2018) (“NPRM”).

Last month, Dr. Katz presented the preliminary results of this analysis to Commission representatives from the Office of Economics and Analytics and the Wireless Telecommunications Bureau.² In that meeting, FCC staff asked several insightful questions about Dr. Katz's approach and Dr. Katz has continued to refine his analysis, in part, in response to those questions. In particular, Dr. Katz has performed additional analysis of the feasibility of educational and tribal entities delivering on the estimated economic and social contributions if they are awarded EBS licenses through a priority windows approach. These refinements, which are included in the attached final version of the report, do not alter the overarching conclusion that a priority windows approach to EBS licensing offers far greater economic and other social benefits than directly proceeding to assign EBS licenses to commercial operators by auction.

Also since that presentation, on May 20, 2019, T-Mobile US, Inc. (T-Mobile) and Sprint Corporation (Sprint) made certain proposed commitments to the FCC with regard to 5G deployment, including rural 5G deployment, and pricing in connection with their pending merger application.³ SHLB takes no position on that merger proceeding. We have, however, considered these proposed commitments and find that they do not impact Dr. Katz's findings for several reasons. First, the resolution of the proposed merger—and, thus, these commitments—remains uncertain, pending Department of Justice and state regulatory approvals separate and apart from the FCC's review of the transaction. Second, it is not clear whether the commitments to rural deployment could be met through upgrades to the companies' current networks, or new network buildout to unserved areas. Third, in those areas where T-Mobile and Sprint do provide service, the commitment to maintain prices for three years would not impact adoption rates by those who cannot afford broadband today. As a result, there is no impact on Dr. Katz's findings about the affordability gap and the extent to which it could be reduced through priority windows for educational entities and tribes.

In all events, Dr. Katz's work represents the first in-depth evaluation of *the* central issue in this proceeding—how to maximize the economic and social benefits of licensing EBS spectrum that has remained unassigned for more than two decades, primarily in rural and underserved parts of the United States. While Dr. Katz's study is extremely well-researched, it also highlights several uncertainties and areas for further research. For instance, the report identifies but could not properly evaluate the impact that auctions might have in reducing the demand for current lease arrangements, the effect of various build-out requirements on auction demand and service delivery, the breadth of affordable service offerings, limitations in the ULS database, and the impacts of an incentive auction and creation of a Homework Gap fund. Each of these items warrants further exploration before the FCC finalizes its decision on EBS licensing.

The U.S. adopted a policy in favor of educational use of the 2.5 GHz band over 50 years

² See Letter from John Windhausen, Jr., Executive Director, SHLB Coalition, to Marlene H. Dortch, Secretary, FCC, WT Docket No. 18-120 (filed May 17).

³ See Letter from Regina M. Keeney & Nancy J. Victory, Counsel for Sprint and T-Mobile, to Marlene H. Dortch, Secretary, FCC, WT Docket No. 18-197 (filed May 20, 2019); Letter from Nancy Victory, Counsel for T-Mobile, to Marlene H. Dortch, Secretary, FCC, WT Docket No. 18-197 (filed May 20, 2019).

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ago; this policy simply cannot be overturned based only on theoretical predictions. If these licenses are auctioned, the opportunity to use this spectrum to promote education for students and to connect rural residents to affordable broadband could be lost forever. We strongly urge the Commission to conduct a detailed factual analysis of the economic and social implications of these licensing options and to seek public comment on Dr. Katz's study, among other issues, before reaching a final decision in this proceeding.⁴

Respectfully submitted,

A handwritten signature in black ink that reads "John Windhausen, Jr." The signature is written in a cursive style with a small "Jr." at the end.

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⁴ See Letter from John Windhausen, Jr., Executive Director, SHLB Coalition, et. al., to Marlene H. Dortch, Secretary, FCC, WT Docket No. 18-120 (filed May 13, 2019).