



February 2, 2015

Thomas Wheeler, Chairman
Federal Communications Commission
445 12th Street S.W.
Washington, D.C. 20554

Re: *AWS-3 Spectrum Auction: Success Based on Sound Government Policies (Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions, GN Docket No. 12-268; Policies Regarding Mobile Spectrum Holdings, WT Docket No. 12-269)*

Dear Chairman Wheeler:

Mobile Future congratulates the FCC on a very successful AWS-3 auction. Generating \$44.89 billion gross bids, resulting in \$41.33 billion in net bids, the auction proceeds will fully cover federal incumbent relocation costs, the remainder of the \$7 billion to be raised for the construction of a nationwide broadband public safety network (“NBPSN”), \$135 million for state/local implementation of the NBPSN, \$300 million for public safety research, \$115 million for 911-related grants, and over \$20 billion toward deficit reduction.¹ The numbers certainly lay to rest any questions raised by the National Association of Broadcasters² and others as to whether there really is a spectrum crunch. By any measure, this auction demonstrates how critical all spectrum is – including mid-band spectrum – to the ability to meet consumer demand. Gross winning bids for the paired spectrum offered in the auction averaged \$2.71/MHz/POP – even higher than the average MHz/POPs prices generated for 700 MHz spectrum.

This incredible success is due in large part to the outstanding efforts of the Administration, Congress, the FCC, NTIA, and several additional Federal agencies. The Administration showed leadership in 2010, calling for the FCC and NTIA to work together to

¹ Middle Class Tax Relief and Job Creation Act of 2012, Pub L. No. 112-96, §§ 6301, 6206, 6303, 6413 (2012) (“2012 Spectrum Act”).

² Grant Cross, PC World, *Study disputes predictions of coming spectrum crunch*, available at <http://www.pcworld.com/article/2598000/study-disputes-predictions-of-coming-spectrum-crunch.html> (last visited Dec. 19, 2014) (quoting NAB’s Executive Vice President for Communications Dennis Wharton as saying “The question is whether there is a crisis, which was the hysteria narrative that led to issuance of the National Broadband Plan and passage of the TV spectrum auction legislation.”)

make available 500 megahertz of spectrum within 10 years, and 300 megahertz within 5 years.³ The FCC announced that goal in its National Broadband Plan that same year.⁴ NTIA worked tirelessly to identify candidate spectrum for reallocation to commercial use – and to evaluate on a fast track basis some of the most highly demanded spectrum.⁵ Federal agencies – particularly the Department of Defense – devoted significant resources and careful attention to reach a solution that would allow the 1755-1780 MHz spectrum band to be auctioned for paired use with the 2155-2180 MHz band – identified by service providers as among the highest priorities in enhancing consumer services.⁶ Congress promoted these efforts in the Middle Class Tax Relief and Job Creation Act of 2012 – calling for the auction and licensing of 65 megahertz of spectrum – including AWS-3 spectrum – by February 2015.⁷

And then there are the FCC’s efforts specific to the AWS-3 bands, which made this auction possible. From first crafting service rules designed to make the spectrum available for commercial use,⁸ to enabling the auction to proceed with an interference protection framework that allows parties to continue to work together to more effectively define and refine coordination zones and requirements,⁹ to permitting companies to engage in the auction with minimal government intervention intended to dictate auction outcomes to acquire the resources they desperately need to serve consumers.¹⁰ All of these efforts, together, have truly come to fruition. This is a good day for the Federal Government, and most importantly, for our consumers and America’s economy and continued technological leadership.

There’s an old saying – if it aint broke, don’t fix it. The FCC has, over a 20 year period, developed substantial expertise in conducting spectrum auctions and it has figured out what works well – and it has worked well time and time again – open spectrum auctions. The AWS-3 auction is hugely successful by several metrics in large part because it is an open spectrum auction where all may compete – without set asides – for the spectrum they need. When the

³ Memorandum of June 28, 2010 – Unleashing the Wireless Broadband Revolution, 75 Fed. Reg. 38387 (July 1, 2010).

⁴ Connecting America: The National Broadband Plan (“National Broadband Plan”), available at <http://transition.fcc.gov/national-broadband-plan/national-broadband-plan.pdf> (last visited at Dec. 18, 2014).

⁵ U.S. Department of Commerce, An Assessment of the Near-Term Viability of Accommodating Wireless Broadband Systems in the 1675-1710 MHz, 1755-1780 MHz, 3500-3650 MHz, 4200-4220 MHz and 4380-4400 MHz Bands (Oct. 2010) (“NTIA Fast Track Report”), available at http://www.ntia.doc.gov/files/ntia/publications/fasttrackevaluation_11152010.pdf (last visited Dec. 18, 2014); U.S. Department of Commerce, National Telecommunications and Information Administration, Progress Report on the Ten-Year Plan and Timetable (Nov. 2012), available at http://www.ntia.doc.gov/files/ntia/publications/third_interim_progress_report_final.pdf (last visited Dec. 18, 2014).

⁶ Letter from Teresa M. Takai, Chief Information Officer, DoD, to Lawrence E. Strickling, Assistant Secretary for Communications and Information, NTIA, U.S. Dept. of Commerce (July 17, 2013).

⁷ 2012 Spectrum Act, § 6401.

⁸ *Amendment of the Commission’s Rules with Regard to Commercial Operations in the 1695-1710 MHz, 1755-1780 MHz, and 2155-2180 MHz Bands*, Report and Order, 29 FCC Rcd 4610 (2014).

⁹ *Federal Communications Commission and the National Telecommunications and Information Administration: Coordination Procedures in the 1695-1710 MHz and 1755-1780 MHz Bands*, Public Notice, 29 FCC Rcd 8527 (2014).

¹⁰ *Policies Regarding Mobile Spectrum Holdings; Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*, Report and Order, 29 FCC Rcd 6133, 6219 ¶ 218 (2014).

FCC has used this approach, and companies have participated, all companies – large and small, rural and urban, acquire spectrum. This has once again proven to be the case. In the AWS-3 auction, 31 of the participants (nearly half of the bidders qualified to participate in the auction) won spectrum. In the nine auctions of terrestrial mobile spectrum conducted in the 10 year period after the FCC’s spectrum cap was eliminated in 2003, non-nationwide operators and small businesses won nearly half (46%) of the aggregate MHz/POPs offered.¹¹ In the 2006 Advanced Wireless Service (“AWS”) auction – the one auction during that time in which all four nationwide operators participated, T-Mobile acquired more spectrum (26% of all MHz/POPs acquired) than AT&T and Verizon Wireless combined (25%).¹² In other words, open spectrum auctions get spectrum to those companies – regardless of size – who will put it to use for consumers.

In contrast, restrictive and preferential participation rules harm consumers and the wireless marketplace. In those instances where the FCC has placed its hand on the scale in spectrum auctions, the intended goals have not been achieved, service was delayed to consumers, and valuable spectrum remained unused for several years. These experiences warrant a closer evaluation, and narrowing, of the proposed set-aside of spectrum in the upcoming broadcast Incentive Auction.

The plethora of FCC auction experience shows that open auctions, where all participants compete with minimal government intervention, can yield wildly successful results, and that altered auction frameworks harm consumers and ultimately fail to achieve the desired goal. The FCC should continue to follow its demonstrated effective approach of running open spectrum auctions.

Pursuant to Section 1.1206 of the Commission’s rules, a copy of this letter is being filed via ECFS in the above-referenced dockets. Please do not hesitate to contact the undersigned with any questions.

Sincerely,

/s/ Jonathan Spalter
Jonathan Spalter, Chairman
Allison Remsen, Executive Director
Rachael Bender, Policy Director
MOBILE FUTURE
1325 Pennsylvania Avenue, N.W., Suite 600
Washington, DC 20004
(202) 756-4154

¹¹ *FCC Spectrum Auctions and Secondary Markets Policies: An Assessment of the Distribution of Spectrum Resources under the Spectrum Screen*, Mobile Future, at ii (Nov. 2013) available at <http://mobilefuture.org/wp-content/uploads/2013/11/Paper-Distribution-of-Spectrum-Resources.pdf> (last visited Dec. 18, 2014).

¹² *Id.*

www.mobilefuture.org

cc: Renee Gregory
Louis Peraetz
Priscilla Delgado Argeris
Brendan Carr
Erin McGrath
Roger Sherman