



STATE OF CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY

June 17, 2015

The Honorable Tom Wheeler
Federal Communications Commission
Chairman
445 12th Street SW
Washington, DC 20554

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

Dear Chairman Wheeler:

The Connecticut Public Utilities Regulatory Authority (CTPURA) appreciates the opportunity to comment on the broadcast incentive auction planned for early 2016.

That auction will help expand access to wireless broadband services throughout the United States. The superior in-building penetration and cost-effective coverage that this low-band spectrum makes possible will increase consumer choice, encourage innovation, and accelerate economic growth and development. The Federal Communications Commission cannot make this critical low-band spectrum available to the public soon enough.

In finalizing its rules for the incentive auction scheduled for early 2016, the FCC should make certain that all competitors have an opportunity to acquire these resources. Granting competitors access to low-band spectrum will increase reliability, lower costs, and accelerate the cycle of innovation that has provided meaningful benefits to consumers.

To improve the likelihood of a successful incentive auction, the CTPURA recommends that the FCC take the following actions:

Hold the 600 MHz Auction in Early 2016 as Scheduled. Given the importance of bringing additional low-band spectrum to market, the FCC should not "pause" the incentive auction processes to assess the results of the AWS-3 auction. If there is a lesson to be learned from the AWS-3 auction, it is that spectrum is in higher demand than anyone realized. Access to the spectrum in the 600 MHz band is too critical for the Commission to delay the incentive auction. Instead, the lessons of the AWS-3 auction should be translated into an auction policy that ensures that competitive carriers can bid successfully on 600 MHz spectrum, and one that prevents the foreclosure of smaller bidders from participating in the auction.

Expand the Spectrum Reserve. It is essential that the Commission protect competition in the wireless market by ensuring that all competitive carriers have the opportunity to win crucial low-band spectrum. Without meaningful competitive safeguards against spectrum concentration in the incentive auction that the FCC has adopted thus far, there is an incentive for some competitive carriers to prevent others from gaining access to the critical low-band spectrum necessary to compete in the market. This exercise of market power would result in these companies further entrenching their dominant positions and harming competition and consumer welfare.¹

The best way to combat the threat of anti-competitive behavior is to increase the size of the spectrum reserve. Currently, a maximum of 30 megahertz of spectrum (and potentially less in low-clearing scenarios) will be reserved for carriers without significant low-band spectrum holdings. This is an insufficient amount to safeguard future mobile broadband competition. Increasing the size of the reserve from 30 to 40 megahertz or a minimum of 50 percent of the total spectrum made available in each market will enable competitive carriers to offer the types of robust broadband services that consumers demand. Increasing the reserve would also be consistent with the Commission's statutory mandate to avoid excessive concentration of licenses and disseminate licenses among a wide variety of applicants.²

Encourage Competition by Multiple Facilities-Based Wireless Providers. To ensure multiple bidders are able to benefit from the competitive opportunity the spectrum reserve offers, no one bidder should be permitted to acquire the entire spectrum in the reserve. We suggest that the maximum amount of reserve spectrum that a single bidder should be able to win is 20 megahertz. Allowing a single bidder to win the entire spectrum reserve in a given market could limit the license diversification that the reserve was designed to promote. One bidder's "win" of the entire spectrum will be troubling because the two dominant carriers will be reserve-eligible in roughly 40% of the country, including many major markets. Allowing additional concentration of spectrum within the reserve would also introduce the risk of warehousing or foreclosure and potentially close the window of opportunity on facilities-based wireless competition for good.

Move Forward To Promote Competition. Having recently concluded the first of two important spectrum auctions, the Commission can now focus exclusively on the incentive auction. The considerable AWS-3 auction revenues are sufficient to fully fund the First Responder Network Authority and meet the additional funding goals set forth in the Spectrum Act.

¹ See 17th Mobile Competition Report ¶192 ("For robust competition to exist and persist, multiple competing service providers must have access to a sufficient mix of low-and high-band spectrum to be able to enter a marketplace or expand output rapidly in response to any price increase or reduction in quality, or other change that would harm consumer welfare.").

² See 47 U.S.C. § 309(j)(3).

The CTPURA understands that AT&T and Verizon have captured the majority of the most valuable paired spectrum blocks. The results from the AWS-3 auction illustrate the need for competitive safeguards. Having met the AWS-3 auction funding requirements, the Commission should concentrate on promoting robust competition rather than meeting arbitrary revenue targets.

The incentive auction will be the last opportunity for the foreseeable future for wireless service providers to acquire low-band spectrum at auction. In this regard the CTPURA notes the March 2015 letter to you from the National Association of State Utility Advocates, citing its longstanding support for fair spectrum allocations that encourage competition and innovation in the wireless industry, and stating why the auction is an important opportunity for the Commission to shape the future competitive landscape.

Toward that end, the CTPURA urges the Commission to ensure that smaller facilities-based carriers have a legitimate opportunity to win the valuable low-band spectrum that is essential to deploying cost-effective and robust wireless networks. By holding the incentive auction in early 2016, increasing the spectrum reserve, and ensuring that multiple facilities-based wireless providers have meaningful access to low-band spectrum, the Commission will promote competition, fuel innovation, and accelerate economic growth and development.

Sincerely,

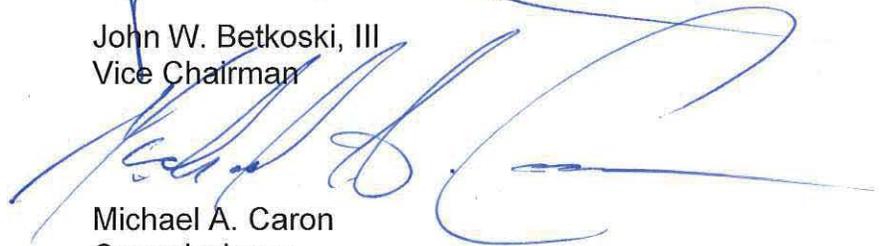
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