

680

COMMITTEE ON
WAYS AND MEANS
SUBCOMMITTEES ON
SELECT REVENUE MEASURES
AND
HUMAN RESOURCES

*Spectrum
Incentive
Auctions*

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Congress of the United States
House of Representatives
Washington, DC 20515

July 8, 2015

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

Dear Commissioners:

We commend the Federal Communications Commission (FCC) for its ongoing work to design and implement the 600 MHz Broadcast Incentive Auction (Incentive Auction). Given its propagation characteristics, 600 MHz spectrum provides a unique opportunity to ensure that consumers, small businesses, students, agriculture and energy producers and others based in rural America have access to state-of-the-art wireless broadband communication services.

Section 309(j) of the Communications Act of 1934, as amended, requires the agency to ensure that rural telephone companies have the opportunity to participate in the provision of spectrum-based services. The Chairman's proposed bidding credit rules are a positive step toward promoting a competitive marketplace and ensuring rural consumers obtain wireless services that are reasonably comparable to their urban counterparts.

We are encouraged to see that the rules proposed recognize the congressional intent in Section 309(j), but we recommend that the FCC adjust its rural carrier bidding credit proposal to more comprehensively address the challenges faced by rural telephone companies. A well-designed rural telco bidding credit would offer rural providers the opportunity to better compete for spectrum.

Given our shared commitment to rural consumers and a successful implementation of the Incentive Auction, we urge the FCC to readjust the rural provider bidding credit to help ensure that rural providers have a reasonable opportunity to obtain spectrum to serve rural consumers. We look forward to hearing from you about this important matter.

Sincerely,

Todd Young
TODD YOUNG
MEMBER OF CONGRESS

Ron Kind
RON KIND
MEMBER OF CONGRESS



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

September 1, 2015

The Honorable Ron Kind
U.S. House of Representatives
1502 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Kind:

Thank you for your letter regarding the Commission's efforts to update our competitive bidding rules to provide small businesses and rural service providers with greater flexibility to compete in today's wireless marketplace. I appreciate your leadership and support for our efforts to ensure that *bona fide* small businesses and eligible rural service providers have the opportunity to participate in our spectrum auctions and in the provision of spectrum-based services.

To that end, the Commission recently adopted a Report & Order updating our competitive bidding rules to reflect the dramatic changes in the wireless marketplace since they were last updated in 2006. In 2006, the top four national carriers served 82 percent of the market; today the share of the top four national carriers has increased to 98 percent. Given these changes, the Commission acted in order to afford *bona fide* small businesses and eligible rural service providers a better on-ramp into the wireless industry and the flexibility to make businesses decisions that can create more wireless choices for consumers.

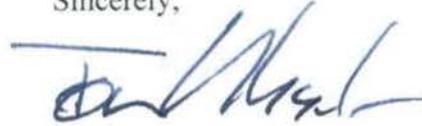
As you note, the Communications Act of 1934, as amended, directs the Commission to ensure rural service providers have the opportunity to compete for spectrum in the Commission's spectrum auctions. To aid these rural service providers, the Report & Order creates a bidding credit to incentivize their participation in future auctions and facilitate competition in rural areas. Specifically, the rural bidding credit will allow entities that serve predominantly rural areas and provide services to 250,000 subscribers or less to receive a 15 percent bidding credit or discount on the amount they must pay for licenses awarded at auction. For the upcoming Incentive Auction, at the request of rural service providers, the Report & Order also establishes a \$10 million cap on the overall amount of discounts that either small businesses or rural service providers may receive in smaller markets to ensure that they can compete for spectrum on equal footing with larger, well-financed small businesses.

Ultimately, the reforms adopted in the Report & Order will increase the economic opportunity for small and rural businesses, as well as ensure that the beneficiaries of our competitive bidding rules are those intended by Congress.

Page 2—The Honorable Ron Kind

Thank you for your ongoing support of our efforts to promote competition and choice in mobile broadband.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Wheeler", with a horizontal line above the first few letters.

Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

September 1, 2015

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U.S. House of Representatives
1721 Longworth House Office Building
Washington, D.C. 20515

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