

Notice of Ex Parte Presentation

June 6, 2013

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

**Re: Expanding the Economic and Innovative Opportunities of Spectrum
Through Incentive Auctions, GN Docket No. 12-268**

Dear Ms. Dortch:

On June 6, 2013 Peter Pitsch and Dave Horne of Intel Corporation met with Commissioner Ajit Pai and Courtney Reinhard, Nicholas Degani, Joshua Cox, Bryan Cleveland and Ian Moore of his office regarding the above referenced proceeding.

In the meeting Msrs. Pitsch and Horne presented the attached slides that summarize Intel's position regarding the duplex gap and guard bands and related band plan issues addressed in Intel's reply comment filed in the above proceeding. They explained that Intel favors maximizing the amount of licensed spectrum made available through an incentive auction and configuring it in a way that maximizes its value. Intel believes the technically reasonable size of both the duplex gap and guard band should be 10 to 12 MHz. Intel also believes that a band plan can be structured to accommodate reasonable variation in the amounts of cleared spectrum per market as proposed in its reply comment. They also recommended that the FCC define the technical parameters for any services in the duplex gap and guard band in advance of the auction and a manner that avoids causing harmful interference to adjacent mobile licenses. Otherwise these adjacent channels would no longer be fungible with the other auctioned licenses. In general, Intel advocates that the FCC create auction and service rules that maximize flexibility for the marketplace to determine technology and service outcomes.

In the course of discussing the importance of preserving a flexible, market-based approach to the auction, Pitsch also stated that Intel believes the U.S. mobile market is rivalrous and performing competitively. In support of that conclusion, he referenced analysis by economists Faulhaber *et al.* that found this market to be characterized by falling prices, improvements in price and quality, and substantial new investment and entry.¹ Notably, their analysis and review of the public record found that over the last 15 years revenue per voice

¹ Gerald R. Faulhaber, Robert W. Hahn, and Hal J. Singer, "Assessing Competition in U.S. Wireless Markets: Review of the FCC's Competition Reports," 64 Federal Communications Law Journal 319 (March 2012).

minute fell from \$.44 per minute to \$.05 per minute, since 2008 the data service costs fell from \$.47 per MB to only \$.05 pr MB, and over the 2007-2012 time span the top four carriers have invested approximately \$20 billion per year. Pitsch noted that over the last decade there have been significant competition-enhancing investments and entry and that he expects such investments and entry will continue to occur.

Pursuant to Section 1.1206 of the Commission's Rules, 47 C.F.R. § 1.1206, a copy of this letter is being provided to each of the abovementioned parties. Please contact the undersigned with any questions in connection with this filing.

Respectfully submitted,

/s/ Peter K. Pitsch

Associate General Counsel
Executive Director, Communications Policy
Intel Corporation

cc: Ajit Pai, Commissioner
Courtney Reinhard
Nicholas Degani
Joshua Cox
Bryan Cleveland
Ian Moore