November 4, 2013

VIA ELECTRONIC FILING

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

Re: 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 Ms. Dortch:

Pursuant to Section 1.1206 of the Commission's rules, the Consumer Electronics Association ("CEA") and the Expanding Opportunities for Broadcasters Coalition (the "Coalition") jointly submit these short Informal Comments regarding the consequences of adopting restrictions on participation and pricing in the forthcoming incentive auction.

The attached study by Fred B. Campbell, entitled *Maximizing the Success of the Incentive Auction*, provides empirical evidence of the detrimental effects that bidding restrictions and other forms of interference with market-driven pricing have upon the FCC's ability to maximize auction revenues and expedite service to the public. As Mr. Campbell warns, proposals to restrict the participation of AT&T and Verizon in the forward auction and to "score" the value of television stations in the reverse auction could discourage broadcaster participation, increasing the probability that the auction will fail.

The Commission must avoid restrictions on forward auction participation that will only serve to delay the benefits of spectrum reallocation and reduce government revenues. The primary purpose of the incentive auction, as originally articulated in the National Band Plan, is to facilitate economic development, technological advancement, and consumer welfare by expanding the amount of spectrum available for mobile broadband use. Yet, Mr. Campbell's analysis shows that imposing bidding restrictions on nationwide mobile spectrum historically has delayed the provision of wireless services to 68% of the public by a weighted average of nearly seven years. Thus, efforts by the FCC to limit the ability of AT&T and Verizon to bid on spectrum in the 600 MHz band are likely to be counterproductive, placing spectrum in the hands of less-efficient users, and thereby delaying the realization of the Commission's spectrum allocation goals.

Mr. Campbell's study also finds that imposing restrictions on bidding for nationwide mobile spectrum has reduced net auction bids by up to 61% with no corresponding competitive benefit. Even the perception that forward auction revenue will suffer based on FCC-imposed bidding restrictions could deter broadcaster participation, raising the prospect that the auction will fail. Moreover, Mr. Campbell's study questions the rationale behind imposing restrictions on AT&T and Verizon, observing that there is no evidence that an unrestricted auction would pose a significant likelihood of harm to competition and that, even if there were, restricting only the ability of AT&T and Verizon to participate in the incentive auction would not effectively combat such theoretical harm.

The Commission also must avoid adopting policies such as "scoring" that will encourage broadcasters to explore alternatives to auction participation. As Mr. Campbell's study finds, proposals to "score" broadcast stations by reducing their bid amounts to reflect anything other than the preclusive value of their spectrum rights would "take the 'incentive' out of the 'incentive auction.'" For the incentive auction to succeed and the FCC to achieve its spectrum allocation goals, the Commission must encourage widespread broadcaster participation by offering an attractive alternative, not a more complicated way to achieve the status quo. Scoring stations would do just the opposite and could cause the auction to fail.

CEA and the Coalition encourage the Commission to carefully consider Mr. Campbell's study and to forego any restrictions on participation or pricing that will interfere with an efficient, market-driven outcome of the incentive auction.

Sincerely,

/s/ Julie Kearney /s/

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