



Competitive Carriers Association  
Rural • Regional • Nationwide

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March 24, 2014

**VIA ECFS**

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

**Re: EX PARTE NOTICE**

*Wireless Telecommunications Bureau Seeks Comment on the State of Mobile Wireless Competition*; WT Docket No. 13-135;  
*Policies Regarding Mobile Spectrum Holdings*, WT Docket No. 12-269;  
*Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*, GN Docket No. 12-268  
*Amendment of the Commission's Rules with Regard to Commercial Operations in the 1695-1710 MHz, 1755-1780 MHz, and 2155-2180 MHz Bands*, GN Docket No. 13-185

Dear Ms. Dortch:

Competitive Carriers Association (CCA) submits the attached study prepared by Dr. William Lehr of the Massachusetts Institute of Technology. In this study, entitled “Benefits of Competition in Mobile Broadband Services,” Dr. Lehr explains how mobile broadband competition contributes to consumer surplus and the creation of value, and he conservatively estimates that the value of effective mobile broadband competition has a net present value of approximately \$200 billion. In quantifying these economic benefits, Dr. Lehr explains that the downstream consumer value derived from effective mobile broadband competition dwarfs any one-time benefit related to auction revenues.

Dr. Lehr explains that mobile broadband is essential infrastructure for the 21st Century economy. The “smart” future, captured by such concepts as the “Internet of Things,” “Cloud Computing,” and “Big Data,” depends on a healthy mobile broadband ecosystem. Mobile broadband will power smart homes, smart supply chains, smart healthcare, and smart power grids. Through these and other innovations, mobile broadband is expected to increase U.S. Gross Domestic Product (GDP) between 1.6% to 2.2%, or \$259 to \$355 billion, just four years from now.

Competition in the mobile broadband ecosystem is critical to realizing this future.<sup>1</sup> Competition forces firms to innovate and match increasingly higher expectations to remain viable. Effective

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<sup>1</sup> See Competitive Carriers Association, *A Framework for Sustainable Competition in the Digital Age: Fostering Connectivity, Innovation and Consumer Choice* (2013), available at [http://competitivecarriers.org/wp-content/uploads/2014/01/CCA\\_SustainableCompetition\\_FINAL.pdf](http://competitivecarriers.org/wp-content/uploads/2014/01/CCA_SustainableCompetition_FINAL.pdf).

competition lowers prices and avoids the significantly less attractive alternative of after-the-fact government regulation. Competition fuels a virtuous cycle where firms introduce new network capabilities, new devices, and new content, stimulating growth in consumer demand for these services, which in turn stimulates additional investment in expanding capacity and enhancing network quality.

To quantify the extent of these economic benefits from mobile broadband competition, Dr. Lehr examines data from several communications industry sectors, including cable television, wired telephone service, and mobile services. The historical evidence from each of these markets shows that competition consistently reduces end-user prices by 10%, 20%, or more. Based on this experience, Dr. Lehr conservatively estimates that mobile broadband prices would have been and will likely be in the future at least 10% lower with effective competition in the mobile broadband market. This translates into consumer surplus of \$20 billion per year.

Dr. Lehr also details the extensive non-price benefits provided by competition, particularly in the mobile sphere. Driven by competition, firms strive to differentiate their services in their relentless quest to attract and retain customers. In the past, mobile operators have sought to differentiate their services by offering improved network technologies (*e.g.*, 2G, 3G, and LTE), expanded network coverage, and expanded handset choice (*e.g.*, camera phones, iPhones, Blackberries and Android phones). These examples illustrate the genius of competition – competitors across the spectrum continuously seek advantages, driving distributed experimentation and accelerating the innovation cycle.

Mobile broadband has the potential to unlock economic growth opportunities worth trillions of dollars as the nation transitions to a “smart” economy; however, fully realizing those benefits requires effective mobile broadband competition. Based on the historical record and the extraordinary economic benefits of competition to our nation’s economy, Dr. Lehr concludes that promoting competition is and should remain the principal priority in shaping spectrum auction policy.

This *ex parte* notification is being filed electronically with your office pursuant to Section 1.1206(b)(2) of the Commission’s rules.

Sincerely,

*/s/ Rebecca Murphy Thompson*

Rebecca Murphy Thompson  
General Counsel