May 7, 2014

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

Dear Ms. Dortch:

As the Commission prepares to consider a Report and Order in the above-referenced docket, the Expanding Opportunities for Broadcasters Coalition (the "Coalition") hereby submits these short Informal Comments pursuant to Section 1.1206 of the Commission's rules. It is universally acknowledged that widespread broadcaster participation is the indispensible key to a successful auction. Up to this point, the Commission has focused almost exclusively on carving up spectrum that it does not yet have. The Commission has done almost nothing positive and proactive to attract the broadcasters needed to actually get the spectrum it plans to sell in the forward auction. We can think of no more sure path to a failed auction.

The Coalition believes that the following four issues are critical to maximizing broadcaster participation and achieving a successful auction that: (a) reallocates at least 120 MHz for mobile broadband use; (b) raises plenty of money for FirstNet, deficit reduction, and other Congressional priorities; and (c) preserves competition in the wireless marketplace.

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(1) The FCC must disavow the use of enterprise value and other proxies for a station's enterprise value (e.g., the population its signal covers) as factors for determining the price paid to broadcasters.

- The Commission is looking to purchase only one asset from broadcasters: their spectrum. The Commission is NOT purchasing broadcast businesses.
- The only factor relevant to the FCC's valuation of a broadcast license, therefore, is the value of not having to repack that station – its preclusive effect.
- The Coalition repeatedly has demonstrated that there is no meaningful correlation between a station's population served and its preclusive effect. As such, there is no place for population in the Commission's "scoring" plans.

(2) Any forward auction bidding restrictions should allow AT&T and Verizon each to emerge from the auction with at least 20 MHz of spectrum in any given geographic area.

- Broadcasters interested in participating in the auction are closely monitoring the proposed bidding restrictions to ensure that there will be enough revenue to support a successful auction.
- If the FCC prevents Verizon and AT&T from obtaining at least 20 MHz each, it could severely restrict auction revenues, dampening broadcaster interest and thereby reducing the overall amount of spectrum reallocated for mobile broadband use.
- To avoid spectrum "giveaways," the bidding threshold at which any restrictions kick in must be very high. Under no circumstances should bidding restrictions take effect before the auction has generated enough revenue to satisfy the closing conditions.

(3) The FCC must immediately provide broadcasters with a timeline of auction milestones.

- The television stations that the FCC needs to entice for the auction to succeed are going enterprises with leases, capital expenses, and long-term business plans.
- To assist interested broadcasters with their planning, it is incumbent upon the Commission to provide a detailed roadmap of events from the release of the Report and Order until the date that those stations fortunate enough to sell their spectrum in the auction must cease operations.

(4) The time is now for the FCC to provide stations with guidance about the range of initial offers that they can expect in the incentive auction.

- The single most important factor that broadcasters will consider when deciding whether to participate in the auction is money. If the offered amounts are sufficiently high, the FCC should have no problem attracting widespread participation that will lead to a successful auction.
- In the absence of pricing guidance from the Commission, innovative channel sharing agreements are on hold and interested broadcasters are developing alternatives to auction participation – launching new networks and entering into lucrative new programming arrangements.
- Even if the FCC is not prepared to share actual numbers with individual stations at this time—the "book" that Chairman Wheeler has described—it should not wait to provide as much information as possible about how the Commission will set prices.
- The FCC need not hire an outside consultant to begin this process. The Commission can use existing staff to communicate to broadcasters, thereby expediting the process and preserving resources to ensure that the closing conditions are met and Congressional goals are satisfied.

On the eve of this historic vote, the Coalition remains hopeful that the FCC can successfully conduct a first-of-its-kind incentive auction that achieves all of the goals set forth by the Commission in the National Broadband Plan and adopted by Congress in the Spectrum Act. The only thing that can derail these prospects is a weak supply of broadcast spectrum. By adopting the foregoing recommendations, the Commission will take several important steps toward securing robust broadcaster participation and delivering on the promise of a successful auction.

Respectfully Yours,

/s/ Preston Padden /s/

Preston Padden
Executive Director
Expanding Opportunities for Broadcasters Coalition