

“U.S. Spectrum Policy: Bringing the Digital Dividend to All Americans”

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U.S. Federal Communications Commission
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These are revolutionary times in this ever-evolving digital world.

Many of the most innovative communications technologies and platforms are critical to facilitating services across a variety of economic sectors, such as healthcare via telemedicine, financial services via mobile banking, broadband services via mobile devices, and even advanced public safety communications.

The Federal Communications Commission (FCC) has been a global leader in the establishment of rules to unleash spectrum to promote these services. In 2006, we auctioned licenses for the Advanced Wireless Services (AWS) band, which raised \$13.7 billion and made available 90 megahertz of spectrum for 3G services. One of these licensees, T-Mobile, already is providing advanced services in this band.

More recently, in March of this year, we concluded an auction for spectrum in the highly valuable 700 MHz band. This spectrum is being made available as part of the U.S. DTV transition, which will take place on one day, February 17th of 2009. This auction of licenses in the 700 MHz band raised approximately \$19 billion – more than any other U.S. spectrum

auction – and also enabled the availability of 62 megahertz of spectrum for new and exciting commercial services, as well as for public safety first responders. Our rules included an “open access” requirement for one block in this band, allowing consumers to use devices and applications of their choosing. Verizon Wireless acquired this block, which it will use as part of its Open Development Initiative. Another winner in the 700 MHz auction, AT&T, will use this spectrum to build out its wireless broadband network, which will support the world’s hottest phone, the iPhone. Even small businesses – including small rural providers – were active participants in this auction, acquiring more than half of the licenses available.

Importantly, our spectrum policies also create incentives for new providers to enter the wireless market and compete across platforms. For example, Cox Communications, the third-largest cable company in the U.S., won licenses in both the AWS and 700 MHz auctions. Cox will extend its current services – video, Internet, and wireline phone – to include mobility, thus achieving the ultimate quadruple play. Another winner in the 700 MHz auction was a satellite television provider, DISH network. In addition, Qualcomm already has initiated a mobile television service, known as MediaFLO, in several markets.

In other bands, entrepreneurially minded firms are combining their spectrum, technology, and business strategies to offer broadband service in new ways. Sprint and Clearwire, for example, have joined cable companies Comcast and Time Warner, along with technology firms like Intel and Google, to provide WiMax, an exciting new mobile broadband service.

This availability of spectrum, combined with a light-touch approach to regulation, has promoted competition in the U.S. wireless market, with enormous benefits to consumers. In this favorable regulatory climate, wireless carriers invested about \$30 billion in infrastructure just last year. The benefits of such competition are huge. There are over 250 million mobile subscribers in the U.S., each paying an average of \$0.06 per minute, and who use over *two trillion* minutes every year.

Wireless services also account for the fastest-growing segment of the broadband market in the U.S., and they represent 35 million of the over 100 million total broadband connections. While some point to studies showing the U.S. with a below-average ranking in terms of broadband penetration, such studies often overlook important demographic differences between countries, such as household size and population density. Any overall assessment of broadband penetration should consider alternate means of connectivity, such as schools, libraries, community centers and even public

parks. The U.S. currently ranks first in the world in the number of Wi-Fi hotspots, with more than 66,000.

The FCC also has an additional 40 megahertz to be auctioned in other Advanced Wireless Services bands (known as the AWS-2 and AWS-3 bands). One proposal would be to use part of this spectrum to provide a free, family friendly broadband service. Elsewhere, in the 700 MHz band, another proposal involves establishing a public-private partnership to provide an interoperable broadband network for public safety and first responders.

Finally, the FCC and Congress will be considering issues related to universal service and whether broadband – wireless or wireline – should be subsidized. As chairman of the Federal-State Board on Universal service, I am committed to the sustainability and long-term reform of this fund in order to ensure that all Americans have continued access to world-class communications services at affordable rates, no matter where they live. We also must remain mindful that it is consumers who ultimately pay universal service contributions, and any increase in the fund size will increase the burden on consumers.

I am committed to sustaining a deregulatory approach that facilitates investment, innovation, and efficient use of the spectrum. We need leading-edge thinking to keep up with leading-edge innovation, not because we need a new regulation for every new technology, but to provide all our citizens the vast opportunities of the broadband world of today so they may compete in the global economy of tomorrow.