

**STATEMENT OF
CHAIRMAN JULIUS GENACHOWSKI
HEARING ON “KEEPING THE NEW BROADBAND SPECTRUM LAW ON TRACK”
HOUSE SUBCOMMITTEE ON COMMUNICATIONS AND TECHNOLOGY
COMMITTEE ON ENERGY AND COMMERCE
DECEMBER 12, 2012**

Chairman Walden, Ranking Member Eshoo, members of the Committee, thank you for the opportunity to be here today.

I will focus my remarks on the implementation of incentive auctions, but will first briefly update you on some of the Commission’s work since my fellow Commissioners and I were last before this Committee.

Mobile and other communications technologies are creating enormous opportunities and challenges in connection with natural disasters and other public safety emergencies, as Hurricane Sandy recently reminded us. The agency worked around the clock to monitor the impact on communications networks and broadcasters, and to coordinate with local, state, and federal authorities to support disaster response and recovery, including by helping get resources such as fuel and generators where they were needed to sustain communications services. After the storm, I announced a series of field hearings to help inform recommendations and actions to improve network resiliency during natural disasters, and we will also soon release a report on the 911 outages that followed last summer’s Derecho.

Last week, I was pleased to announce that the nation’s four largest wireless carriers, working with leading public safety organizations NENA and APCO, will accelerate the availability of text-to-911, with major deployments expected in 2013 and a commitment to nationwide availability by May 15, 2014. This agreement ensures that over 90 percent of the nation’s wireless consumers, including millions of consumers with hearing or speech disabilities, will be able to access emergency services by sending a text message to 911. At our Commission meeting later today, we will consider further actions to advance text-to-911.

We have also moved forward with our initiative to crack down on cell-phone theft. Answering calls from major city police departments and members of Congress, the Commission announced the creation of a new mobile industry database to blacklist stolen cell phones. Last month, I signed agreement with the Mexican government to extend the database across our borders, so that mobile phones stolen in the U.S. can’t be activated in Mexico, and vice versa. These actions send a clear message to criminals: cell phone theft is a crime that doesn’t pay.

Also last month, the Commission adopted final rules to implement the Local Community Radio Act, authorizing thousands of lower power FM radio stations. This will empower community

voices, promote media diversity, and enhance local programming. We were pleased to have the two key sponsors of the law, Congressmen Doyle and Terry, speak at the Commission meeting. It is a great example of Congress and the FCC working together, and of Democrats and Republicans working together.

This past week Commissioner McDowell and I were part of the U.S. delegation to the World Conference on International Communications in Dubai, where we defended the free and open Internet by opposing efforts by some nations to impose new rules that would radically change the existing model of Internet governance.

While in Dubai, conversations with many of my foreign counterparts drove home the fact that we are living in a flat, competitive world, where capital and talent can flow anywhere, and where broadband infrastructure—wired and wireless—is critical to attracting capital and talent. We're in a global bandwidth race, similar to the space race in that success will unleash waves of innovation that will go a long way toward determining who leads our global economy in the 21st century.

In the last few years, America has regained global leadership in mobile communications. We have more 4G LTE subscribers than the rest of the world combined, and we are setting the pace on innovation in mobile software, apps, and devices. This leadership means that we face a particularly acute challenge to meet exploding mobile demand—the spectrum crunch—and that we must use all policy levers at our disposal to solve it.

Congress recognized this in authorizing the Commission to conduct incentive auctions. As a result of this important legislation, the U.S. will be the first country in the world to conduct incentive auctions. Our obligation is to implement the legislation in accordance with the statute.

With our vote on a Notice of Proposed Rulemaking in September, the Commission launched formal implementation of the new law.

Key goals and principles include:

- Maximizing the overall amount of spectrum freed up, while enabling the continued role of a healthy broadcast industry.
- Maximizing broadcaster participation in the auction by making the auction process as transparent and easy to understand as possible.
- Providing funding for the FirstNet broadband network for first responders.
- Focusing on engineering and economics by drawing on the expertise of the world's leading economists, auction design experts, and engineers, both inside and outside the agency.

- Engaging with all stakeholders in a transparent process in which we will learn from the public record we are building, aim for simplicity, and adjust our proposals as necessary to ensure the auction succeeds.

In addition to the NPRM, we have taken significant steps since enactment of the statute to ensure success.

Shortly after passage of the legislation, I assembled a cross-agency team, including the Wireless Bureau, Media Bureau, Office of Engineering and Technology, and Office of General Counsel to coordinate implementation.

In March, the Commission announced the retention of leading experts in auction theory and implementation. We are delighted to have this world-class team of experts advising the Commission on this historic undertaking. The knowledge and experience of this team complements the substantial expertise of agency staff and will help us meet the statute's goals.

During the summer and fall, we expeditiously took the actions necessary for NTIA to stand up FirstNet, including transfer of the D Block license. We continue to coordinate with NTIA and assist them in bringing FirstNet into existence.

We established the Broadcaster LEARN (Learning Everything About Reverse Auctions Now) Program, which is designed to inform and empower broadcaster decision-makers as they participate in our comment process and consider the business opportunities that incentive auctions create.

We have already conducted more than 40 webinars to inform and empower broadcasters and their investors, attracting 2,500 attendees.

We have begun coordination with our Mexican and Canadian counterparts to address cross-border issues, as the statute requires.

And as I mentioned in September the Commission adopted a Notice of Proposed Rulemaking with detailed proposals and draft rules. Comments from stakeholders are due in the first quarter of 2013. We anticipate going to order in 2013 and conducting the auction in 2014.

The new incentive auction concept poses a long list of new challenges, but we are focused on smart solutions. For example, our proposed wireless band plan consists of 5 MHz "building blocks" to allow for the greatest amount of flexibility and efficiency, including allowing for additional downlink blocks that could be auctioned separately. In developing this proposal, we're optimizing for the new mobile data world.

In addition to unleashing a substantial amount of licensed spectrum, the NPRM proposes to free up a significant amount of unlicensed spectrum for Wi-Fi-like uses and other innovations. Both licensed and unlicensed spectrum have contributed to U.S. leadership in mobile, and I believe both will be essential parts of the landscape in the future. Unlicensed spectrum has a powerful record of driving innovation, investment, and economic growth – hundreds of billions of dollars of value creation for our economy and consumers.

As part of our implementation of incentive auctions, we are also engaging broadcasters in a constructive dialogue to meet statutory directives concerning repacking. Our notice describes specific ways in which we could implement the Act’s directive to preserve broadcasters’ coverage areas and population served, and we look forward to comments on those proposals, as well as ways to implement the post-auction transition with minimal consumer disruption and within the timetable set by the law.

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Incentive auctions are one of a number of vital tools to address the spectrum crunch. Later today, the Commission will formally launch an effort to free up 100 MHz of spectrum in the 3.5 GHz band for broadband use. That action promotes two major policy and technology innovations that will advance our global competitiveness, and demonstrate our leadership in mobile: spectrum sharing and small cells, both innovations that will help us seize the opportunity of wireless broadband, economic opportunities as well as advance healthcare, education, energy and other uses yet to be discovered that touch people’s lives every day.

We are also on track to initiate a proceeding in early 2013 to free significant amounts of additional spectrum in the 5 GHz band for unlicensed use.

This year we’ve already taken steps to free up about 30 MHz of spectrum for wireless broadband by removing unnecessary regulatory barriers from spectrum in the wireless communications service bands, and we are committed to final action to free up an additional 40 MHz in the mobile satellite service band. We’re moving forward with new auctions that will result in about 65 megahertz of newly available spectrum by early 2015, in addition to the substantial spectrum from incentive auctions. I expect the Commission to hold the first of those auctions – of H block - in 2013.

We’ve also unleashed more spectrum for broadband by approving efficiency-enhancing transactions that will enable the use of previously underutilized spectrum. And we’re pursuing spectrum sharing, small cell use, and next-generation database-driven unlicensed spectrum use.

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I was at the FCC in the days of the first spectrum auctions. I remember how the auction design evolved from a simple oral outcry – like a cattle auction - to today’s sophisticated simultaneous ascending auction format.

I recall the concerns that spectrum auctions would never work, but thanks to the incredible work of FCC staff, the auctions turned out to be a major success.

Working with my colleagues and FCC staff, I hope and expect that incentive auctions will be another major success for the country.

Thank you and I look forward to your questions.