

BEFORE THE SENATE  
COMMERCE COMMITTEE

TESTIMONY OF LOWELL W. PAXSON  
CHAIRMAN  
PAXSON COMMUNICATIONS CORPORATION  
(AMEX: PAX)

TUESDAY, JULY 31, 2001

Thank you Mr. Chairman and distinguished members of the Committee for providing me with the opportunity to produce this written statement on spectrum management and the need for spectrum for 3G wireless services.

My name is Lowell W. Paxson and I am Chairman of Paxson Communications Corporation, the largest television station group owner in the United States and the creator of the PAXTV network which provides 82% of all American households.

Spectrum management is vitally important to the continued economic growth of the telecommunications industries in this country. That is why I want to congratulate you for scheduling a hearing before the Senate Commerce Committee to review the spectrum crisis facing the deployment of third generation (3G) wireless services in this country. The current spectrum scarcity in the United States is threatening to become a national calamity and, if not promptly addressed, will contribute to the United States losing its technology leadership with resulting disastrous effects on our economy. I know that your hearing will help focus the issues on this vitally important national policy matter and, hopefully, will produce governmental action on several fronts to begin to address spectrum scarcity.

What is obvious to all of us in the telecommunications business is the need to identify additional spectrum for 3G use in this country. Last year the FCC and NTIA were directed to initiate proceedings to identify spectrum for 3G wireless services. NTIA's analysis of the 1710-1850 MHz band and the FCC report on the 2500-2690 MHz band have been completed but those agencies will not be making their final recommendations until later this year. The availability of any of this spectrum, giving the competing demands of existing licensees, the Department of Defense and MMDS/ITFS interests, remains in serious doubt. At the same time, the Court of Appeals recent decision involving the NextWave licenses has further compounded the uncertainty regarding the FCC's attempted reauction of that spectrum and on when and by whom that spectrum will eventually be available for 3G purposes. Earlier this week, the five leading winners in the FCC's reauction of the NextWave licenses urged the FCC to begin settlement discussions with NextWave. According to these parties, without such a settlement, the litigation regarding this spectrum will go on for years.

**There is, however, an immediate answer to the current spectrum shortage if the FCC will act promptly.** The spectrum that has been identified for 3G purposes is the 700 MHz band currently utilized by television broadcasters. It is this spectrum that currently offers the best possibility

for 3G use in the near term. The 700 MHz spectrum to be made available at the first auction represents **30 MHz of nationwide spectrum** not subject to the FCC's existing spectrum cap. The engineers have described this as robust **spectrum ideally suited for 3G purposes**.

While the 700 MHz spectrum is currently encumbered by television broadcasters, Congress has directed the broadcasters to exit this spectrum band by December 31, 2006 or, perhaps, at a later date depending upon the progress of the DTV transition. However, a group of broadcasters representing approximately 70% of the existing analog television stations operating on Channels 59-69 (the spectrum to be auctioned by the FCC) have formed The Spectrum Clearing Alliance. The Alliance requested in March, 2001 that the FCC adopt certain rules and procedures that would encourage broadcasters to exit the 700 MHz band in conjunction with the Government's auction of the spectrum to potential 3G providers. This would allow the auction of the 700 MHz spectrum to be conducted with the Telco bidders knowing that the spectrum would be available for their 3G use well before 2006.

I urge this Committee to encourage the FCC to promptly rule on the Spectrum Clearing Alliance's pending petition. I also urge this Committee to support all efforts aimed at directing the FCC to hold the 700 MHz spectrum in early 2002. This date is vitally important for those broadcasters who are willing to clear the 700 MHz band but who must make their construction plans in light of the FCC's May 1, 2002 DTV construction deadline.

The 700 MHz spectrum is ideal for 3G uses and the broadcasters currently using this spectrum have provided the FCC with a plan that would make this spectrum available for such uses in the near term. This opportunity must not be ignored. I urge this Committee to work with the FCC to ensure prompt action on the Spectrum Clearing Alliance's petition and an early 2002 auction of the 700 MHz spectrum.