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COMMITTEE ON COMMERCE, SCIENCE & TRANSPORTATION
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The 700 MHz Auction: Public Safety and Competition

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Good morning Chairman Inouye, Co-Chairman Stevens, and Members of the Committee. It is a privilege to be with you this morning to discuss “The 700 MHz Auction: Public Safety and Competition.” Thank you for affording me this opportunity to share with you the views of Verizon Wireless on this important topic.

Introduction and Summary

Congress, the Administration and the FCC have all declared that the deployment of broadband services to the American public is a critical goal. The 700 MHz auction has the potential to make a major contribution to expanding broadband and to delivering the many benefits of broadband to consumers, businesses, and America’s leadership in the world economy. I say, however, the potential – because to achieve these benefits, the auction needs to make the spectrum available in ways that will promote, not cripple, broadband. My years of experience in building wireless networks tells me that the 700 MHz auction can unlock even more benefits – but only if it’s done right.

I thus want to discuss what I see as two critical actions the FCC should take to help deliver on 700 MHz’s promise for broadband.

First, the FCC should adopt a band plan for 700 MHz that will enable rapid deployment of next generation wireless broadband networks.

Second, the FCC should not impose eligibility, wholesale, open access or net neutrality requirements on the 700 MHz band. Those requirements are unwarranted, would deter innovation, and would not benefit consumers.

The 700 MHz Band Plan Should Promote Broadband Deployment While Making Available a Mix of License Sizes, and FCC Proposal 3 Does That

The upcoming auction will enable the development and wide deployment of new fourth generation – or “4G” – wireless technologies and services that will yield tremendous benefits to consumers, businesses, and first responders alike.

In 1997, when Congress adopted the DTV transition plan, wireless data services were very limited – typically providing only about 15-20 kilobits per second. Today, broadband wireless technologies like CDMA EV-DO have been widely deployed, supporting data rates of hundreds of kilobits per second and a wide variety of mobile applications. Verizon Wireless’ mobile broadband network, the first in the nation, is available to more than 200 million people who can access broadband services on their laptops, e-mail on their PDAs, and V-CAST Video and Music on their wireless phones. We are now deploying the latest enhancement to CDMA technology, EV-DO Revision A, which will increase data speeds further and support new broadband applications.

New “4G” technologies are being developed that will support mobile data rates of tens of megabits per second. They will unleash a host of new broadband applications that will rival anything available today on wired broadband networks. Doctors will be able to access medical records and CAT scans wirelessly; firefighters will have wireless access

to images of building interiors and floor plans. These wireless broadband technologies promise to improve the lives of American citizens in many ways.

Verizon Wireless believes firmly in the broadband future envisioned by Congress, the FCC and the Administration. We have spent billions of dollars over the past several years to bring wireless broadband to the nation, participating in spectrum auctions and investing many billions more on technology and infrastructure. We believe we are the most efficient spectrum user in the nation – and perhaps the world – and proud of it. We serve more customers with less spectrum than any other operator.

However, the ability of Verizon Wireless – and the entire industry – to continue to deliver on this broadband vision requires access to additional spectrum, auction rules that are open and competitive, and service rules that are flexible and market-based. The 700 MHz spectrum will enable qualified and committed operators to make a real difference in expanding the reach of broadband services, if it is auctioned in ways that will facilitate, not hamper, deployment of those new 4G technologies.

The FCC has offered a variety of band plans for auctioning the 700 MHz spectrum. Verizon Wireless supports FCC Proposal 3, with regional licenses in the upper band. A copy of this band plan is attached to my testimony. We believe this plan is the only one that meets the Government's goals for this spectrum.

- By using regional area licenses in the upper band, coupled with smaller area licenses in the lower band, it makes available the right mix of license sizes and creates opportunities for a variety of applicants, business plans, and technologies. More than 900 licenses would be available for auction.
- It provides adequate contiguous spectrum – 22 MHz – to support very high data speeds for 4G broadband deployment.
- It accommodates public safety's need for useable narrowband spectrum along the Canadian border.

Let me elaborate on why this band plan should be adopted. First, it is important to keep in mind that the entire 700 MHz commercial band should be considered as a whole. With the DTV transition, Congress provided a total of 84 MHz of new commercial spectrum, including 24 MHz that has already been auctioned. This leaves 60 MHz – 30 MHz in each of the upper and lower bands – left to be auctioned. Thanks to technical rules the FCC already put in place, both bands are well suited for mobile broadband services. Any band plan should reflect what has already been auctioned.

Second, we agree with the FCC that the 700 MHz band should include a mix of different license sizes. The FCC has already achieved part of that goal by licensing a significant amount of 700 MHz spectrum in the lower band in small blocks to smaller wireless companies, and it plans to license all remaining “paired” spectrum in the lower band based on smaller markets, including another 700-plus licenses in the smallest areas, cellular market areas, which can be as small as one county. The lower band will thus provide 36 MHz of spectrum licensed on a small market basis, providing ample opportunities for smaller carriers.

What the FCC has not done to date is to auction larger 700 MHz licenses. It can accomplish this by including a 20 MHz paired block of spectrum, to be licensed across wide geographical areas, such as the Regional Economic Area Groupings (REAGs) used by the FCC in last year’s auctions for the Advanced Wireless Services (“AWS”). This band plan will help ensure the near-term deployment of next generation wireless broadband networks and to provide the best opportunity for the United States to lead the world in 4G wireless development and deployment.

A contiguous 20 MHz block is important because it will encourage optimized use of that spectrum for 4G technologies and the services it can provide. It is essential that the 700 MHz band plan include at least one spectrum block of at least 20 MHz in total bandwidth, as it did in the band plans for cellular, PCS and AWS.

Larger regional licenses such as REAGs are important because, for over a decade now, we have witnessed the benefits of wide area licenses in promoting nationwide deployment of new technologies. Consumers demand nationwide service and carriers must meet that demand. History has shown, almost without exception, that smaller-sized licenses wind up becoming aggregated so that carriers can achieve economies of scope and scale and operate as viable businesses, enabling them to compete and deliver better products at lower prices to consumers. Aggregating spectrum post auction takes many years and is expensive to carriers and costly to consumers. If Congress wants next generation wireless networks to be a near-term reality, the FCC must auction and license sufficient spectrum on a REAG basis.

The 700 MHz Rules Should Provide Spectrum Opportunity for All, Without Unjustified Constraints That Will Undermine Innovation and Harm Consumers.

Beyond questions of technology lies the critical need to maintain integrity in the auction process. The Commission should set auction rules that allow for full and fair competition by qualified bidders, without artificial and unwarranted constraints.

Spectrum auctions for commercial spectrum licenses have been one of the great success stories of communications policy. Over the past ten years, these auctions have raised many billions of dollars for the U.S. Treasury and accelerated the roll-out of new and innovative services for consumers. The resulting competition in the mobile marketplace has provided a broad range of digital offerings, extensive coverage, high

