

**Statement of Gary Epstein
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Federal Communications Commission**

**Before the
Committee on Commerce, Science,
And Transportation
U.S. Senate**

Hearing on “Crafting A Successful Incentive Auction: Stakeholders’ Perspectives”

Good morning, Chairman Rockefeller, Ranking Member Thune, and members of the Committee. My name is Gary Epstein and I am the Special Advisor and Chair of the Federal Communications Commission’s Incentive Auction Task Force. Thank you for the opportunity to discuss the Commission’s efforts to carry out Congress’s statutory direction in designing and implementing the Broadcast Television Spectrum Incentive Auction.

This voluntary market-based means of repurposing spectrum for mobile broadband is an important part of ensuring that our wireless networks are capable of supporting the critical economic, public safety, healthcare and other important services on which our nation’s citizens rely. In our effort to design and implement the auction, we are guided by four primary public interest objectives expressed in the Middle Class Tax Relief and Job Creation Act of 2012:

- One, alleviating spectrum constraints to economic growth and development by creating a market-based process for repurposing the maximum amount of UHF spectrum for licensed and unlicensed flexible use.
- Two, fulfilling our statutory obligations and Congressional objectives that include reimbursing repacked broadcasters, helping to fund FirstNet, and reducing the deficit.
- Three, providing a unique financial opportunity for participating broadcasters while preserving a healthy broadcast service for those who do not contribute their spectrum.
- And four, promoting innovation and allowing the US to continue to lead the world in a new generation of licensed and unlicensed wireless technologies.

Throughout the proceeding, we have engaged stakeholders and the public to promote an open dialogue about how the auction should work, listened to stakeholders to improve our processes, analyzed the complex issues underlying the auction’s various components, and worked to design and develop the actual software systems that will run the auction.

Stakeholder engagement has been the cornerstone of this proceeding. We have released detailed Public Notices seeking comment on band plans, the new OET-69 methodology and *TVStudy* software for predicting and analyzing interference among television stations, repacking

data of permissible channel assignments based on *TVStudy*, and broadcaster relocation costs. We also have held six public workshops on topics including channel sharing, the band plan, broadcaster transition costs and unlicensed spectrum in the 600 MHz band, and participated in over 300 ex parte meetings. In addition, we expect to release additional public notices on key issues before we finalize our recommendations for the Report and Order.

Our new Chairman is at the helm and we have a full Commission with the addition of Commissioner O’Rielly. We have been conducting extensive briefings on the full range of incentive auction issues under consideration. Chairman Wheeler recently stated that since his arrival he has spent more time working on the Broadcast Television Spectrum Incentive Auction than any other single issue. While we are still in an open proceeding and the Commission has made no final determinations, we are confident that the full Commission will provide invaluable leadership both in guiding our consideration of policy options and in charting a path to a successful auction.

As Chairman Wheeler announced this past Friday, we expect to complete developing policy recommendations and to present these policy recommendations to the Commission in a proposed R&O early next year. This will enable the Commission to vote on the R&O in the spring.

Following the adoption of the R&O, in the second half of next year, we plan to release an Auction Comment Public Notice and a Procedures Public Notice that will provide additional details and seek comment on specific parts of the auction. This timeline will allow us to conduct an auction in mid-2015.

Throughout our entire process, we will be researching, developing, testing, and retesting the operating systems and software necessary to conduct the auction. As with every part of this proceeding, our software development process will continue to be open and transparent and will involve opportunities for stakeholder input. We will ensure that the auction operating systems and software meet the strictest performance requirements and ‘work from the moment the first bid is placed until the final broadcast station is repacked.’

We have made significant strides with respect to each of the closely interrelated components of the incentive auction and have a plan to make this auction a success. We will hold an auction that fulfills our statutory objectives and Congressional priorities, including funding FirstNet, makes substantial amounts of spectrum available for flexible use, preserves a healthy broadcast industry, and promotes innovation. We recognize that we must get the incentive auction right and will spare no effort to ensure that the auction is both well designed and well implemented.

Thank you very much. I would be happy to take any questions you may have.