

Prepared Remarks of Gary Epstein  
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Thank you for that kind introduction, and thanks to Forum Global for inviting me to speak at the 5th Annual Americas Spectrum Management Conference. My first such invitation was in October of 2012 and I have reported back to you every year since to discuss the progress of our implementation of the world's first broadcast incentive auction. I am very glad to report that as of today, we are on track and there are only 57 days until broadcasters will make binding commitments, marking the formal commencement of the auction.

So this afternoon I'll be talking about what we at the Commission are planning for what lies ahead, both in the immediate short term as we conduct the auction and for the post-auction transition period.

When I first addressed this group in 2012, the Spectrum Act was only about seven months old and the ink on our proposed rules for the Incentive Auction was barely dry. That document laid out a daunting list of policy items on which the Commission, the public, and stakeholders would deliberate, and, of course, there was no shortage of skeptics arguing that our proposals and the auction itself would be far too complex to bring to fruition.

Indeed, our task was unique among the 87 spectrum auctions the FCC has held over the last two decades. The process of developing this auction has been compared to solving a Rubik's Cube. Chairman Wheeler likened the experience to assembling a giant jigsaw puzzle without being able to look at the front of the box.

As I stand here today, I can say the Commission has come a long way. We have developed – essentially from scratch – the rules and procedures for this first-of-its-kind auction. We've developed an auction design and bidding rules, and established a market-based spectrum reserve to promote the competitive availability of this spectrum. We've also had to devise new policies to address the other users of the UHF band affected by the auction – unlicensed devices, medical telemetry, wireless microphones, radio astronomy and LPTV. And we've done this in what Chairman Wheeler has called one of the most open and transparent proceedings in the Commission's history.

At the same time we've all made the case – successfully, I think, that this auction represents a unique and unprecedented economic opportunity for broadcasters, that also provides several options for them staying on the air and continuing to serve their communities.

And, let me be clear, when I say “we” I mean not just the Commission and its staff but various stakeholders, Members of Congress, the nations with which we share our borders, and other interested parties – including many of you here today. Getting to this point has been a shared effort and a shared achievement, and I want to recognize that fact.

But now, on the eve of the auction, we see that the puzzle metaphors fall far short of describing our larger task. Completing the auction's design is a bit like reaching base camp on a mountain. Climbing to it is impressive ... until you look up at the summit. And then you remember even after we reach the auction summit, we have to then climb safely back down!

So, what exactly *is* next and how is the Commission preparing?

As most of you know, we are in the midst of the application phase of the auction. The deadline for broadcasters to file applications was January 12<sup>th</sup>, and we are encouraged by the expressions of interest we received; we are in the middle of the process of review of those applications. For those companies interested in acquiring spectrum rights in the new 600 MHz wireless band, the application window for the forward auction closes in eight days – at 6:00 pm EST on February 10<sup>th</sup>.

The rest of February and March will focus on continuing to inform and educate bidders. We will release file format specs for the reverse auction and for the forward auction assignment rounds. We will post an online tutorial on the bidding options and bidding process for both broadcasters and wireless bidders. We will host a workshop on the reverse auction bidding system. And then, by 6pm on March 29<sup>th</sup>, reverse auction bidders will submit their initial bid commitments, and the auction will commence.

After we receive the broadcasters' initial bid commitments, the auction system will compute the initial spectrum clearing target which will determine the specific 600 MHz band plan. We expect to announce this towards the end of April. Next, we will collect upfront payments from forward auction bidders whose applications have been deemed complete. Shortly thereafter we will announce the qualified bidders for the forward auction. Forward auction applicants with complete applications will be able to participate in a practice auction – using the Auction System – in the Spring.

We anticipate that the clock rounds for the reverse auction will begin in May, approximately a week after the reverse mock auction. If the initial stage of the forward auction meets the Commission's final stage rule and the auction is able to close at the initial clearing target, a reasonable estimate for completion of the auction is the third quarter of this year.

We are often asked what information will be made public during the process. The Commission has adopted rules that give the public and participants the information they need while ensuring a fair and competitive auction. For the reverse auction, we will have a public website with a dashboard where we will provide the current stage of the auction and whether bidding is currently open. During the forward auction, the public will see detailed price information that will indicate the progress of the auction, both towards satisfying the final stage rule and towards completion of bidding. The Commission's orders lay this out in detail, but, as an aide to the public, within the next few weeks the staff is planning to release a Public Notice summarizing the information that will be publicly available.

With opening bids only two months away, we've begun to pivot and have accelerated planning for the post-auction transition. The post-auction planning has been ongoing for over a year.

The Commission adopted a 39-month post-auction transition period for broadcasters changing channels as a result of the auction and repacking process. During this period, broadcast stations will gradually move to their new frequencies, enabling new wireless licensees to deploy their networks and commence operations. We want to achieve two important goals: allowing stations sufficient time to move to their new channels in order to minimize disruption of service to viewers, while also enabling forward auction winners to get access to their newly acquired spectrum as quickly as possible.

This timeframe has been adopted by the Commission; we believe it to be sufficient, but we recognize that there will be challenges. With considerable input from industry, senior staff from the FCC's International, Media, and Wireless Bureaus as well as the Office of Engineering and Technology have begun the work of developing a schedule for the transition that reflects and respects these factors as efficiently as possible.

There are also tasks that stations can begin today to undertake some of the critical work that needs to be done prior to filing their construction permit applications. They can familiarize themselves with the form and catalog for reimbursable relocation expenses we released last fall, conduct a structural analysis of their towers, and survey their equipment to determine the range of compatible channels for each component. We anticipate further interaction with the industry as we develop and refine this transition plan.

A key part of that transition will be our continued coordination with our neighbors to the north and south. I want to recognize our counterparts at Innovation, Science and Economic Development Canada and the *Instituto Federal de Telecomunicaciones* in Mexico, with whom we are in close contact, to make certain that the auction results in great benefits in the U.S., Canada and Mexico. As we announced last summer, we are pleased to have in place arrangements with Canada and Mexico which will allow all three countries to coordinate activities in the 600 MHz band. Canada will repack jointly with us and generally adopt the same 600 MHz band plan. Mexico is well along in its transition to digital television.

Finally, the Commission has directed the staff to ensure that the public understands the changes that are coming after the auction. Much as we did with our transition to digital television – an experience with which many of you are familiar – the Commission’s Consumer and Governmental Affairs Bureau is preparing an extensive consumer education effort geared toward reaching affected Americans where they live and work. We will work with both the broadcast industry and with community groups and other organizations to spread the word about possible channel changes and how viewers can easily stay connected.

The incentive auction began as an idea by some forward-thinking economists, from there to the Commission’s National Broadband Plan, then to landmark legislation and our implementing rules and policies. In 57 days, the auction will

commence. We very much look forward to the next stage of this historic and ultimately successful effort.

Thank you.