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**FCC ADOPTS RULES FOR FIRST EVER INCENTIVE AUCTION;**

**WILL MAKE AVAILABLE ADDITIONAL AIRWAVES,**

**INCREASE COMPETITION FOR MOBILE BROADBAND**

***Voluntary Incentive Auction part of the FCC’s efforts to meet the demand for spectrum;***

***Will provide once in a lifetime financial opportunities to broadcasters;***

***Auction planned for mid 2015***

Washington, D.C. –The Federal Communications Commission today adopted rules to implement the Broadcast Television Incentive Auction. The two-sided auction will use market forces to recover spectrum from television broadcasters who voluntarily choose to give up some or all of their spectrum usage rights in exchange for incentive payments, in order to auction new spectrum licenses to wireless providers. The Incentive Auction will help meet consumers’ skyrocketing demand for mobile broadband services. Across the country, in both rural and urban areas, consumers and businesses expect to have access to wireless connectivity anywhere, anytime. Today, there are more connected devices than there are people in the U.S., and about 60 percent of Americans use data-hungry smartphones. By making more spectrum available for mobile broadband use, the Incentive Auction will benefit consumers by easing congestion on wireless networks, expediting the development of new, more robust wireless services and applications and helping fill in coverage gaps particularly in rural America.

Broadcasters that choose to participate in the auction will bid to receive some of the proceeds from auctioning that spectrum to wireless providers. The auction is a once in a lifetime opportunity for broadcasters, but the decision of whether or not to participate is entirely voluntary.

The rules adopted today establish the foundation for the Incentive Auction. Based on these rules the FCC will develop and seek additional public input on detailed, final auction procedures in the pre-auction process.

There are four parts to the rules implementing the Incentive Auction:

1. The reorganized 600 MHz Band, including repacking and unlicensed operations;
2. The Incentive Auction process and design;
3. The post-auction transition for all incumbents in the 600 MHz band; and
4. Post-transition regulatory issues, including channel sharing.

Specifically, the Report and Order addresses the following:

**600 MHz Band Plan:** The Report and Order adopts a 600 MHz band plan that maximizes the value of spectrum to potential bidders and provides both larger and smaller bidders a fair opportunity to acquire spectrum. Specifically the band plan consists of specific paired uplink and downlink bands (which enables two-way communications), comprised of five megahertz “building blocks.” Additionally, the band plan accommodates limited variation in the amount of spectrum recovered from broadcasters in different geographic areas in order to prevent the “least common denominator market” from limiting the quantity of spectrum we can offer generally across the nation.

The band plan incorporates technically reasonable guard bands, including a uniform duplex gap (a special guard band used to separate uplink and downlink spectrum), to prevent harmful interference between licensed services. Consistent with the Spectrum Act, and recognizing that unlicensed spectrum is a catalyst for innovation that provides economic value to businesses and consumers alike, the Commission authorizes the use of these guard bands for unlicensed use nationwide. The Report and Order also designates one naturally occurring white space channel in the remaining TV band in each area for use by unlicensed devices as well as wireless microphones. Any other unused television channels in an area following the Incentive Auction will also be available for unlicensed devices as well as wireless microphone use. Unlicensed devices also will be able to operate on channel 37 at locations where it is not in use by channel 37 incumbents, subject to the development of technical rules to prevent harmful interference to the incumbents.

The band plan does not relocate Wireless Medical Telemetry Service or the Radio Astronomy Service from channel 37. Other incumbent services in the television band, including low power television, and translators may be displaced. Recognizing the value these services provide, the Report and Order allows their continued operation until new license holders become operational.

To facilitate wireless microphone use of available spectrum in the reorganized UHF band, the Report and Order adopts measures in addition to those noted above. It will allow wireless microphone devices licensed to broadcast and cable programming entities to operate in a portion of the duplex gap on a licensed basis. In addition, the Report and Order will permit other wireless microphones to operate in the guard bands on an unlicensed basis. The Commission will initiate a proceeding to adopt technical standards to govern these uses as well as a separate proceeding to address the needs of wireless microphone users over the longer term.

**Incentive Auction Design:** The Incentive Auction will consist of a reverse auction in which broadcasters may voluntarily choose to relinquish some or all of their spectrum usage rights, and a forward auction in which the relinquished spectrum is made available to wireless providers. The rules integrate the reverse and forward auctions in a series of stages; each stage will consist of a reverse auction and a forward auction bidding process aimed at a specific clearing target. The Report and Order adopts an auction design that is intended to make it simple to for broadcasters and wireless providers to participate. Broadcasters who choose to participate in the auction will have several options for relinquishing their spectrum usage rights – going off the air, moving from a UHF to a VHF channel, or sharing a channel with another broadcaster. The reverse auction will use a descending clock format in which the prices offered to broadcasters for their spectrum usage rights will drop with each successive round of bidding. The forward auction will use a multiple round ascending clock format in which the prices will generally rise from round to round as long as the demand for licenses exceeds the amount available. The auction will close when the auction meets the “final stage rule”; namely, when the auction proceeds meet a specific reserve that will be determined by the Commission. If the final stage rule is not satisfied, the clearing target will be reduced and another stage of the auction will begin.

The Commission adopts a repacking methodology to be used in assigning channels to broadcasters who remain on the air after the Incentive Auction. As required by Congress, the methodology makes all reasonable efforts to preserve the coverage area and population served by broadcasters of February 22, 2012, the date the Spectrum Act was enacted, and uses the methodology described in OET Bulletin 69 to determine the coverage area and population served by each station using the updated TVStudy computer software and current data.

**Post-Auction Transition:** The Commission is committed to making the transition as smooth as possible for broadcasters. The rules will require repurposed spectrum to be cleared no later than 39 months after the repacking process becomes effective. Broadcasters that successfully bid to give up their licenses or to share channels must cease operations on their pre-auction channels three months from the receipt of their auction proceeds. Broadcasters remaining on the air after the auction will have up to 39 months to transition to their new channels. Because repacking will not affect every broadcaster the same way, each station will be assigned a transition deadline within that period tailored to its individual circumstances.

**Post-Auction Regulatory Issues:** The rules will grandfather existing broadcast stations that would otherwise no longer comply with media ownership rules as a result of the auction. The rules will also require that channel sharing agreements include certain provisions regarding licensee rights and responsibilities.

The Commission adopts technical and service rules for new 600 MHz Band licenses that are similar to those governing the adjacent 700 MHz Band. Specifically, mobile devices must be interoperable across the entire 600 MHz band. And new licensees will be required to build out to 40 percent of the population in their service areas within six years and to 75 percent of the population by the end of their initial license terms of 12 years.

To learn more about the Incentive Auction rules adopted today, visit: <http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-327099A1.pdf>

and [www.FCC.gov/learn](http://www.fcc.gov/learn)

Action by the Commission May 15, 2014, by Report and Order (FCC 14-50). Chairman Wheeler, Commissioners Clyburn, and Rosenworcel with Commissioners Pai and O’Rielly dissenting. Chairman Wheeler, Commissioners Clyburn, Rosenworcel, Pai and O’Rielly issuing statements.