



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

TOM WHEELER
CHAIRMAN

July 15, 2015

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
2183 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Greg Walden
Chairman
Subcommittee on Communications and Technology
Committee on Energy and Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Upton and Chairman Walden:

Since Congress, under your leadership, enacted the Spectrum Act in 2012, we have worked together to implement the first-ever incentive auction and to begin this auction in early 2016. Achieving this shared goal will serve the American public by making new low-band spectrum available and contributing to deficit reduction.

As you and I have discussed, the path to the incentive auctions can be complex. I appreciate the kind words in your July 14 letter acknowledging the FCC's management of the incentive auction process. I have also considered closely your request to delay the vote on the order establishing the procedures for auction. In the spirit of cooperation that has marked our work together on the incentive auctions, I am today postponing Commission consideration of this order and the related reconsideration of the mobile spectrum holdings order until the Commission's next regularly scheduled meeting on August 6. I believe that even with this delay we will be able to stay on course for the first quarter of 2016.

I also appreciate the chance to lay out the facts underlying our decision on Friday to release additional data on the effect of various spectrum clearing scenarios on the so-called duplex gap. The data released last Friday was simply a more granular version of the auction simulations data that has been in the public's hands since May. We released it in response to requests by several parties for more detail on the assumptions in those scenarios regarding broadcaster participation, and on the specific markets that would be affected if the auction system assigned stations to the duplex gap. I made the decision to provide it publicly and to all, while simultaneously suspending the sunshine rules so that commenters could provide input. The purpose of releasing the data was to demonstrate to broadcasters and the unlicensed community the *de minimis* impact of the duplex gap option at multiple levels of licensee participation. It is worth noting that the full Commission sought comment on whether the auction system should be able to assign stations to the duplex gap in December 2014, asking specifically about this point as part of our release of proposed auction procedures.

Let me explain why we made this proposal and why I'm recommending that the Commission adopt it. Because we don't know how many stations will participate in the auction until it starts, we need to make provisions for assigning a few stations to the wireless band in case there is insufficient spectrum in the TV band for all of the stations that wish to remain on the air. The question is where in the 600 MHz band they are placed. The data we released in May and augmented last week show that of the 210 television markets in the country, in only about a half dozen would there be a need to consider putting a 6 MHz broadcast licensee in the 11 MHz space between the mobile uplink and downlink. Absent this option, assigning even just a few additional stations to the uplink or the downlink would increase interference to adjacent markets to the extent that an entire 10 MHz block of spectrum would be lost to the auction - an effect that would ripple across the country to significantly reduce the number of broadcast licenses available for purchase and repurposing. This would not only reduce opportunities for broadcasters seeking alternatives for their spectrum and reduce the amount available for new wireless uses, but it would also reduce the revenues available to pay broadcasters by approximately 25 percent, and the revenues for deficit reduction by a similar amount. We believe the simulations and associated data we released last week make clear the importance of preserving the duplex gap option.

Finally, I want to assure you that we have not ignored the potential for interference from Canadian and Mexican stations. To the contrary, discussions are ongoing with officials in both countries and we are optimistic that we will be able to announce agreements soon that will facilitate a successful auction. If we are unable to use the duplex gap in a handful of instances, however, the positive impact of agreements we reach could be significantly reduced.

Moving forward on the Incentive Auction is a national priority for both economic growth and deficit reduction. I remain committed to achieving our joint goal of beginning the auction in the first quarter of 2016.

Sincerely,



Tom Wheeler

cc: Hon. Frank Pallone
Hon. Anna Eshoo