

The Honorable Greg Walden

- 1. Will the auction design automatically yield higher prices for stations with significant repacking/clearing impact and lower prices for stations with less significant repacking/clearing impact? If so, would that obviate the need for FCC “scoring”? What is the significance of artificial measurements, such as population served, when it comes to spectrum that will be resold in blocks without regard to these factors?**

Scoring is a term for a possible auction design approach that could be used to increase the ability of the reverse auction to select bids that contribute the most to the recovery of spectrum, the generation of revenue in the forward auction, and the successful close of the incentive auction. While the Commission has reached no final conclusions with respect to auction design, without a scoring system, a descending clock auction would treat bids in the order of their individual self-valuations, without reference to the effect of a bidder exiting the auction on repacking stations and clearing spectrum in subsequent auction rounds. By accounting for the impact that bidders would have on repacking and clearing in subsequent auction rounds, scoring could decrease the overall cost of clearing spectrum, while simultaneously increasing the amounts received by bidders with the most significant impacts on repacking and clearing. The Commission is studying a broad range of possible scoring metrics in order to determine those metrics that best reflect the impact of bids on repacking and clearing in later rounds. The Commission has reached no conclusions about the use of scoring metrics.

The Honorable Renee Ellmers

- 1. While I was serving on the conference committee that used this spectrum auction to pay for parts of deficit reduction, I remember there were different opinions about how much we might actually raise. While the Spectrum Act anticipates that this auction will derive about \$27.95 billion with about \$20.4 billion attached to deficit reduction, I am still wondering how much we think we will actually be able to raise. Do you think this estimate is on the mark? As you are working on the rules to design the auction, what factors are you considering to be the most important? Are you focusing on maximizing revenue or something else?**

The Spectrum Act requires the proceeds of the auction to be sufficient to pay: (1) the successful bidders in the reverse auction, (2) the FCC’s administrative costs of conducting the auction, and (3) up to \$1.75 billion to reimburse costs reasonably incurred by eligible broadcasters who are reassigned to new channels following the auction. The statute also directs that, once these three prerequisite revenue conditions are met, net proceeds from the auction be deposited into the Public Safety Trust Fund and used to fund FirstNet, Next Generation 911 and for deficit reduction. The Commission’s Incentive Auction Task Force is working hard to present recommendations to the Commissioners which will result in an auction that will meet Congress’ direction with respect to revenues, unleash significant amounts of spectrum for licensed and unlicensed flexible use, while preserving a healthy and diverse broadcast television service. Our goal is to ensure that the auction elicits broad, robust broadcaster and wireless carrier participation. Ultimately, the total amount of money the incentive auction raises will depend on the market.