

**Statement of Gary Epstein
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Federal Communications Commission**

**Before the
Subcommittee on Communications and Technology
Committee on Energy and Commerce
U.S. House of Representatives**

Hearing on “Oversight of Incentive Auction Implementation”

July 23, 2013

Good morning, Chairman Walden, Ranking Member Eshoo, and members of the Subcommittee. My name is Gary Epstein and I am the Senior 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.

In our effort to design and implement the incentive auction, the Commission is guided by four primary public interest objectives:

- One, relieving the spectrum crunch by creating a market-based process for repurposing the maximum amount of UHF spectrum for licensed and unlicensed flexible use to address the expected growth in mobile data usage, which is predicted to grow by a factor of nine by 2017.
- Two, fulfilling our statutory obligations and Congressional objectives that include reimbursing repacked broadcasters, funding FirstNet, and deficit reduction.
- 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 a vibrant mobile market.

As we pursue these objectives, we are focused on both engineering and economics issues and are drawing on the expertise of the world’s leading economists, auction design experts, and engineers, both inside and outside the agency.

We are engaging with all interested parties in an open and transparent process in which we will learn from the robust public record we are building, aim for simplicity, and adjust our proposals as necessary to ensure the auction succeeds.

With respect to process, it is also important to remember that we are in the middle of an open proceeding and the Commission has made no final determinations. The staff's role in the incentive auction proceeding, under the direction of the Commission, is to conduct as comprehensive and exhaustive an examination of the full range of policy options as practicable in order to best advise the Commission. Ultimately, within the bounds of the statute, it is the Commission that will determine the design of the incentive auction.

The Commission has moved swiftly since Congress passed the Spectrum Act. A guiding principle has been to "get it done on time and to get it done right." Under Acting Chairwoman Clyburn, the staff has continued our steady progress toward a 2013 report and order and 2014 auction.

In the first six months after the Act was passed, the Commission quickly formed a cross-agency task force, hired auction design experts, adopted a channel sharing order, and officially launched the proceeding by adopting a notice of proposed rulemaking (Notice).

Since adopting the Notice, we have hosted several workshops and participated in numerous industry conferences, both to inform the public about the proceeding and solicit input on distinct incentive auction issues. To date we have had workshops on channel sharing, reimbursement for relocation costs, auction design, the band plan, and the Notice itself.

In addition, in the interests of public engagement and an open, transparent and participatory process, the Commissioners and staff have participated in over **180** Incentive Auction-related events and meetings since the enactment of the Spectrum Act, including numerous discussions with our counterparts in Canada and Mexico. Perhaps unsurprisingly, the Task Force has met with each of my fellow panelists numerous times to discuss their particular views with respect to the auction.

Since the Notice, we have also released several public notices on issues that we believe warranted further consideration and opportunity for interested parties to provide additional input, including the 600 MHz band plan and interference calculation software; to date, we have received and considered over **460** comments and reply comments to incentive auction public notices. Each public notice that we have issued has proven critical to advancing the proceeding.

Finally, we are committed to an open, transparent, and inclusive process. On several issues it appears that there is emerging some agreement on how to move forward. On other issues, stakeholders appear to be coming to a general agreement on the surface, but there remain important differences of opinion in the details. And for some important topics there remain divergent positions. The key for the Commission is to continue to solicit and carefully review ideas from the experts from outside and within the Commission to enable the Commission to make the hard decisions based on the best available data and ideas. The Incentive Auction Task Force will make recommendations

to the full Commission that we believe will result in an auction that will serve the public interest and achieve the objectives Congress laid out in the Spectrum Act. The ideas we put forth for the Commissioners to consider will be based on substantial and valuable input from the public.

Thank you and I look forward to your questions.