



Competitive Carriers Association  
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## **“The Broadcast Incentive Auction: Update on Repacking Opportunities and Challenges”**

One-Page Summary of Testimony of

Rebecca Murphy Thompson, Executive Vice President & General Counsel, Competitive Carriers Association  
Before the U.S. House of Representatives Committee on Energy and Commerce  
Subcommittee on Communications and Technology  
September 7, 2017

### ***The 600 MHz Incentive Auction Has Been a Success for Industry, Consumers, and the Economy.***

The 600 MHz incentive auction was a tremendous success for industry, consumers, and the economy, and will repurpose 84 MHz for licensed and unlicensed use while garnering \$19.8 billion in gross revenues. Competitive carriers invested significant capital to acquire spectrum at auction, and Congress and the FCC must therefore ensure that carriers are provided timely access to this spectrum, according to the rules set up prior to the auction, so that their investments can be put to use to serve consumers. Not only will this benefit consumers and carriers today, but will provide certainty to all carriers that participate in future auctions that they will get what they are promised and paid for.

### ***A Rapid Transition Will Promote Consumer Connectivity, Public Safety, and Economic Development.***

An expeditious and safe repack period will ensure the 600 MHz spectrum can be deployed to bridge the digital divide that continues to plague certain rural areas, and will connect consumers that desperately need advanced wireless services to access educational tools, job opportunities, medical services, and precision agriculture, among other technologies.

### ***Policymakers Must Reject Efforts to Delay the Transition.***

CCA is committed to working alongside Congress, the FCC and broadcasters to ensure the repack remains on schedule, including making additional funds available if necessary.

### ***The Proposed Sinclair/Tribune Merger Could Frustrate Efforts to Deploy Mobile Broadband to Rural Consumers and Should be Denied.***

Congress must continue to provide oversight on pending transactions that could upset repack efforts. If approved, the proposed transaction between Sinclair Broadcast Group, Inc. and Tribune Media Company could frustrate efforts to ensure a smooth repack period for carriers focused on expanding mobile broadband to unserved and hard-to-serve areas.

### ***The Incentive Auction Will Fuel Other Opportunities to Expand Mobile Broadband Coverage.***

Spectrum is a necessary yet finite input to provide mobile broadband service, and Congress must continue to work to unleash spectrum opportunities. Congress also can take additional steps to maximize the benefits that will be realized as mobile operators deploy their 600 MHz spectrum. CCA applauds policymakers for their focus on using accurate data when considering Universal Service Fund and other policy decisions. CCA also urges Congress to streamline mobile broadband deployment challenges, specifically lifting barriers to deployment on federal lands, state and local siting and permitting processes, environmental and historic review standards.

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Chairman Blackburn, Ranking Member Doyle, and members of the Subcommittee, thank you for inviting Competitive Carriers Association (“CCA”) to testify on the post-incentive auction repack and how Congress can help ensure that it will expand mobile broadband service in rural and remote areas of the United States. CCA represents nearly 100 competitive wireless providers ranging from small, rural carriers serving fewer than 5,000 customers to regional and national providers serving millions of Americans, as well as vendors and suppliers that provide products and services throughout the mobile communications ecosystem. Importantly, the vast majority of CCA’s members provide service to rural constituents and small businesses that feed the United States economy. CCA thanks this Committee for its extraordinary leadership in authorizing and overseeing the world’s first ever incentive auction. The auction is almost complete, and today’s hearing presents a timely opportunity to continue this Subcommittee’s work to ensure that spectrum resources are promptly deployed to serve consumers and power economic growth.

CCA appreciates this Subcommittee prioritizing the expansion of mobile broadband to rural America. Ubiquitous broadband deployment, especially across unserved and underserved areas, is a cornerstone of the Administration’s infrastructure priorities, a central tenet of the Communications Act, and at the core of Federal Communications Commission (“FCC”) Chairman Pai’s Digital Empowerment Agenda. The 600 MHz spectrum made available through the historic incentive auction will help expand mobile broadband availability, to an even greater extent if coupled with streamlined infrastructure deployment processes, including several legislative initiatives from this Committee, unleashing new mid- and high-band spectrum opportunities, and commonsense Universal Service Fund policies. As we all know by now, the 600 MHz spectrum band has unique propagation characteristics advantageous for both covering wide swaths of rural geography with very low population densities and deep into buildings in our urban centers. Optimizing the 600 MHz band will both improve wireless services today, and create the foundation for 5G services in the years ahead. Next-generation technologies also will

connect consumers to the Internet of Things, will improve consumers' daily lives by providing access to healthcare, jobs, and education.

The Committee's continued oversight of the repack process is needed to actualize the many benefits the incentive auction was designed to achieve; chiefly, expanding reliable wireless service and making innovative new services a reality in rural America. CCA offers the following recommendations regarding actions this Committee can take to ensure a safe, efficient and expeditious transition of the 600 MHz spectrum band for mobile broadband use.

*The 600 MHz Incentive Auction Has Been a Success for Industry, Consumers, and the Economy.*

The Middle-Class Tax Relief and Job Creation Act of 2012 ("Spectrum Act"), spearheaded by this Committee, extended the FCC's spectrum auction authority and authorized the FCC to conduct a voluntary incentive auction, reallocating 600 MHz band spectrum from legacy broadcast use for mobile broadband. The auction was a tremendous success for industry, consumers, and the economy. As a result of the auction, the FCC will repurpose 84 MHz of spectrum for licensed and unlicensed uses. Auction proceeds reached \$19.8 billion in gross revenues, second in FCC auction history only to the AWS-3 auction. This includes \$10.05 billion in payments to broadcasters and \$7.3 billion for deficit reduction.

Competitive carriers played a leading role in driving the auction, increasing competition for licenses in certain markets for the benefit of taxpayers. CCA members spent over \$15 billion to acquire nearly 2,400 spectrum licenses to deploy mobile broadband service in rural and regional markets including portions of Tennessee, West Virginia, Ohio, North Carolina, Michigan, Wyoming, and Wisconsin, among others. Congress deserves credit for ensuring that carriers of all sizes had a meaningful opportunity to bid for spectrum and the Commission deserves credit for implementing Congress's vision. Allocating the 600 MHz band in reasonably small geographic license sizes, and promoting market-based mechanisms that promoted competition, helped to ensure many carriers, not

just one or two, could place successful bids. Nearly thirty rural and regional carriers successfully bid in the incentive auction, representing nearly 60% of all winning bids and 84% of licenses purchased.

The nearly \$20 billion in gross revenue from the incentive auction is a capstone for an estimated total of approximately \$66.5 billion in gross auction revenue generated by the Spectrum Act. Competitive carriers invested significant capital to acquire spectrum at auction, and Congress and the FCC therefore must ensure that carriers are provided timely access to this spectrum, according to the rules set up prior to the auction. Keeping to the FCC's repack schedule will benefit consumers and carriers today, and encourage future auction participation. Carriers will be discouraged from investing in future auctions if the spectrum they purchased is not delivered on schedule, or comes with unexpected red tape.

*A Rapid Transition Will Promote Consumer Connectivity, Public Safety, and Economic Development.*

Congress allocated \$1.75 billion from the total incentive auction proceeds to reimburse broadcasters for channel relocation service and equipment costs, and established a 36-month reimbursement schedule for the post-auction transition (the "repack"). In implementing the Spectrum Act, the FCC established a 39-month post-auction repack timeline, including the 36-month reimbursement requirement as established in the Spectrum Act and an additional three months for broadcasters to file construction permits. The FCC's timeframe is based in statute, and has been upheld by the FCC and by the United States Court of Appeals for the D.C. Circuit, which found that "the Commission reasonably balanced the Spectrum Act's competing imperatives" to address the needs of broadcasters, auction participants, and consumers alike. The FCC also incorporated a waiver process for stations unable to transition in the current timeframe due to circumstances outside of their control. More than seven years after initiating the incentive auction concept and five-and-a-half years after Congress enacted the Spectrum Act, competitive carriers are ready to put this spectrum to use for the benefit of consumers, public safety and the economy. Congress should promptly dismiss any attempts

to introduce delay or uncertainty in this process, and complete the post-incentive auction transition within the statutorily-based timeline.

The FCC's expeditious and safe repack period will ensure the 600 MHz spectrum can be deployed to bridge the digital divide that continues to plague rural areas. Pew Research Center reports that rural Americans are seven to 12 percentage points less likely than those in urban and suburban areas to have a smartphone. Delaying the 600 MHz repacking period is therefore another day that consumers, especially rural consumers, will forgo desperately needed advanced mobile services. This lack of connectivity stifles rural Americans' ability to access educational tools, job opportunities, medical services, and connect with family and friends. It can all but eliminate rural Americans' ability to call 9-1-1 in an emergency, and we were reminded again this week of the life-saving importance of access to 9-1-1. In addition, to facilitate full use of the 700 MHz spectrum band as well as the 600 MHz band, the FCC should continue to prioritize clearing the remaining Channel 51 stations, adjacent to the 700 MHz Lower A Block.

Furthermore, timely access to this spectrum is needed to support the ever-growing Internet of Things and other next-generation technologies. CCA member Ericsson's "Internet of Things Forecast" predicts some 29 billion devices will be connected to the Internet, worldwide, by 2022, including cars, watches, consumer electronics, and other devices. Mid- and high-band spectrum also will support 5G services, but cannot replace the foundational layer of coverage that low-band spectrum provides for next-generation wireless networks. Pew Research Center's January 2017 "Mobile Fact Sheet" indicates that the adoption of traditional broadband service continues to slow, as one-in-ten adults use smartphones as their primary means of Internet access. And millennials are increasingly using smartphones and other mobile devices to access content and the Internet, versus legacy broadcast networks. 600 MHz spectrum therefore is critical to keeping modern consumers connected to the tenants of daily life as signals travel farther on low-band spectrum, which makes these frequencies

ideally suited for wide-area coverage across lightly-populated rural areas. Congress and taxpayers risk losing future auction revenues, and leaving consumers behind, if they cannot deliver on the well-founded promise to timely complete the repack process.

Congress, the FCC, and mobile industry participants agree that a safe, efficient, and expeditious repack period is achievable and desirable. According to the FCC, 957 television stations that did not participate in the incentive auction will be transitioned, with the first phase of this ten-phase process to be completed by November 30, 2018. This is significantly less than the 1300 stations previously suggested by the broadcast industry. Particularly significant for rural America, a substantial number of rural markets, including those in Montana, Missouri, Iowa, and Arkansas are the first to be cleared under the FCC's 39-month staged transition plan, as indicated in the FCC map in Appendix 1, attached below. Delaying the repack period will stall mobile broadband deployment in rural America and deny millions of Americans access to the latest mobile broadband innovations and opportunities.

To facilitate these efforts, the FCC, carriers, broadband equipment manufactures, and tower crews continue to collaborate to ensure the repack process is expeditious and safe. For example, CCA members are working with antenna equipment manufacturers like Dielectric, Inc., and Electronics Research Inc. ("ERI"), as well as broadcast transmitter manufacturers such as GatesAir, Inc., that continue to prepare for the repack by testing equipment, building additional facilities, and revamping product lines.

Tower companies also continue reaching out to broadcasters to develop channel repacking strategies that will facilitate early construction plans. And CCA member companies continue to focus on the safety of their employees, particularly tower climbing crews. CCA carrier members often stand apart from other operators as they own their own towers, employ their tower climbers in-house, and develop and implement best practices for tower climber safety. In particular, CCA members provide documentation and climber certification programs to employees working on towers and other

communications infrastructure equipment. Further, CCA members enforce safety policies regarding wind speed and tower climbing, and maintain strict installation, testing, monitoring, and maintenance best practices. CCA likewise supports the “Communications Tower Best Practices” recently released by the FCC and the Occupational Safety and Health Administration, which provides a robust resource for tower crews during the repack period. Additionally, CCA recognizes NATE’s ongoing efforts to educate industry and its workforce to facilitate a safe and efficient transition period.

As another example of the wireless industry’s good will and focus on industry and consumer safety, CCA member T-Mobile recently partnered with PBS, in coordination with America’s Public Television Station, to cover the costs for rural public television low-power facilities that must relocate as a result of the incentive auction. T-Mobile also voluntarily committed to compensate certain low power stations that operate on a secondary basis and are unable to obtain a permanent channel in time to accommodate the company’s rapid deployment of broadband service in the 600 MHz band.

These efforts, taken together, reflect the necessarily collaborative aspect of transitioning the 600 MHz band for mobile broadband use. Broadcasters and legacy spectrum stakeholders also must cooperate to ensure the 600 MHz band will timely continue to be an engine for economic stimulation for businesses and consumers across rural America.

*Polymakers Must Reject Efforts to Delay the Transition.*

As noted, the opportunities afforded by a safe and expeditious repack period within the 39-month timeframe far outweigh the potential challenges associated with the process, and for this reason, CCA and its members continue to work with broadcasters and tower crews to facilitate a timely transition. That said, and as noted above, CCA supports the staged transition plan and waiver process set forth by the FCC to accommodate stations that are unable to relocate within the 39-month period for reasons beyond their control. The Committee and the FCC have likewise committed that a single broadcaster will not go dark as a result of the transition period, and CCA supports this commitment and



agrees that the FCC's waiver process is an appropriate remedy for any station unable to timely transition due to extraneous circumstances. At the same time, CCA urges the Committee to press the FCC to ensure these waiver requests are judged "on their merits."

Additionally, CCA supports an expeditious and fair resolution of questions surrounding broadcaster reimbursement payments. Broadcasters recently filed initial reimbursement cost estimates with the FCC, and asked for approximately \$2.1 billion to cover costs related to the repack, an initial amount greater than the \$1.75 billion allocated for such expenses. If additional funds are ultimately needed to complete the transition, CCA stands ready to work with Congress to find commonsense policy solutions. However, it is premature and problematic to alter the existing timeline. As FCC Chairman Pai has noted, "[e]xtrapolating from the estimates that [the FCC has] received to date, we are confident that once all initial estimates are received, the aggregate total will be below \$2.2 billion." Competitive carriers spent significant resources to participate in the auction, including several smaller carriers "mortgaging the farm" to raise the financial resources needed to participate. Failure to maintain the timeline that was established long before the auction began will risk stranding limited capital resources for smaller carriers, and could jeopardize participation in future auctions.

CCA is committed to working alongside Congress, the FCC and broadcasters to ensure the repack budget affords for a timely and safe transition period, including working with Representative Pallone, and efforts in the Viewer Protection Act to make additional funds available for repacking and consumer education. Notably, this can be accomplished while maintaining the 39-month transition timeframe.

*The Proposed Sinclair/Tribune Merger Could Frustrate Efforts to Deploy Mobile Broadband to Rural Consumers and Should be Denied.*

Congress must continue to provide oversight on pending transactions that could upset repack efforts. Specifically, on June 26, 2017, the FCC accepted for filing applications seeking consent to the transfer of control of licenses of full-power broadcast television stations (and related broadcast auxiliary facilities), low-power television stations, and TV translator stations from Tribune Media Company

("Tribune") to Sinclair Broadcast Group, Inc. ("Sinclair"). If approved, the proposed transaction could frustrate efforts to ensure a smooth repack for carriers focused on expanding mobile broadband to unserved and hard-to-serve areas. By Sinclair CEO Christopher Ripley's own admission, approval of the proposed transaction would make Sinclair "the largest broadcast group by a country mile." Post transaction, Sinclair would control over 200 stations that need to be transitioned in the repack, and because of "daisy chain" issues, delays from Sinclair-owned stations could derail the repack schedule.

Beyond repacking stations, Sinclair's subsidiary equipment manufacturer, Dielectric, has already acknowledged its "critical [role] in the repack of the broadcast spectrum for both [Sinclair] stations and other broadcasters." Dielectric's nearly two-third market share will only increase when Tribune's equipment demands of ERI, a 20% market share, are shifted to Dielectric's already-dominant market share. Oversight is necessary to ensure that Sinclair does not use its dominant market power to slow the transition process not only for their own stations, but others that rely on their subsidiary equipment manufacturer.

*The Incentive Auction Will Fuel Other Opportunities to Expand Mobile Broadband Coverage.*

Spectrum is a necessary yet finite input to provide mobile broadband service, and Congress must continue to work to unleash spectrum opportunities. As if that's not enough, there are other steps Congress can take to maximize the benefits that will be realized as mobile operators deploy their 600 MHz spectrum. CCA applauds this Committee for its focus on using accurate data when considering Universal Service Fund and other policy decisions. That includes H.R. 1546 The Rural Wireless Act of 2017, introduced by Representative Loeb sack, which would direct the FCC to establish a standard methodology for mobile wireless coverage data that reflects actual consumer connectivity experience. The FCC has made efforts to improve the data underlying the Mobility Fund II program, which will provide \$453 million per year for ten years to eligible carriers to preserve and expand service in high-cost areas of the United States. CCA looks forward to seeing the results of the updated data collection

and subsequent challenge process as the FCC continues its work to base funding decisions on reliable and consistent data.

CCA also urges Congress to streamline mobile broadband deployment challenges. Specifically, Congress should lift barriers to deployment on federal lands, streamline state and local siting and permitting processes, and more narrowly tailor environmental and historic review standards. With FCC proceedings pending, carriers continue to make fundamental changes to expand and upgrade their networks. Small cell technology is being used to reduce the size of cell sites and increase capacity in both urban and rural markets. We must act now to unleash the potential that small cells, coupled with mid- and high-band spectrum can bring.

Relatedly, CCA has a front-row seat to the infrastructure challenges that carrier face, and I am pleased to serve on the FCC's Broadband Deployment Advisory Council's ("BDAC") Removing State and Local Barriers Working Group, which is expected to provide recommendations for infrastructure siting and deployment policies this Fall. These recommendations will provide a stepping stone toward streamlined infrastructure siting policies, and will help carriers deploy 600 MHz spectrum as it is transitioned for mobile broadband use to provide innovative, reliable services for consumers in all areas of the United States. Together, these initiatives will ensure consumers in the most rural and remote areas of the country will be included in today's mobile economy.

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Competitive Carriers provide robust mobile broadband service across the United States from small towns in rural America to the largest urban centers. CCA commends Congress's and the FCC's commitment to a successful 600 MHz incentive auction from start to finish, and looks forward to continued work to ensure the expeditious transition of broadcast spectrum for today's and tomorrow's mobile broadband deployment, which provides an engine for economic stimulation and improves the

lives and opportunities for consumers across the United States. Thank you, again, for this opportunity to testify and I welcome any questions.

## Appendix 1

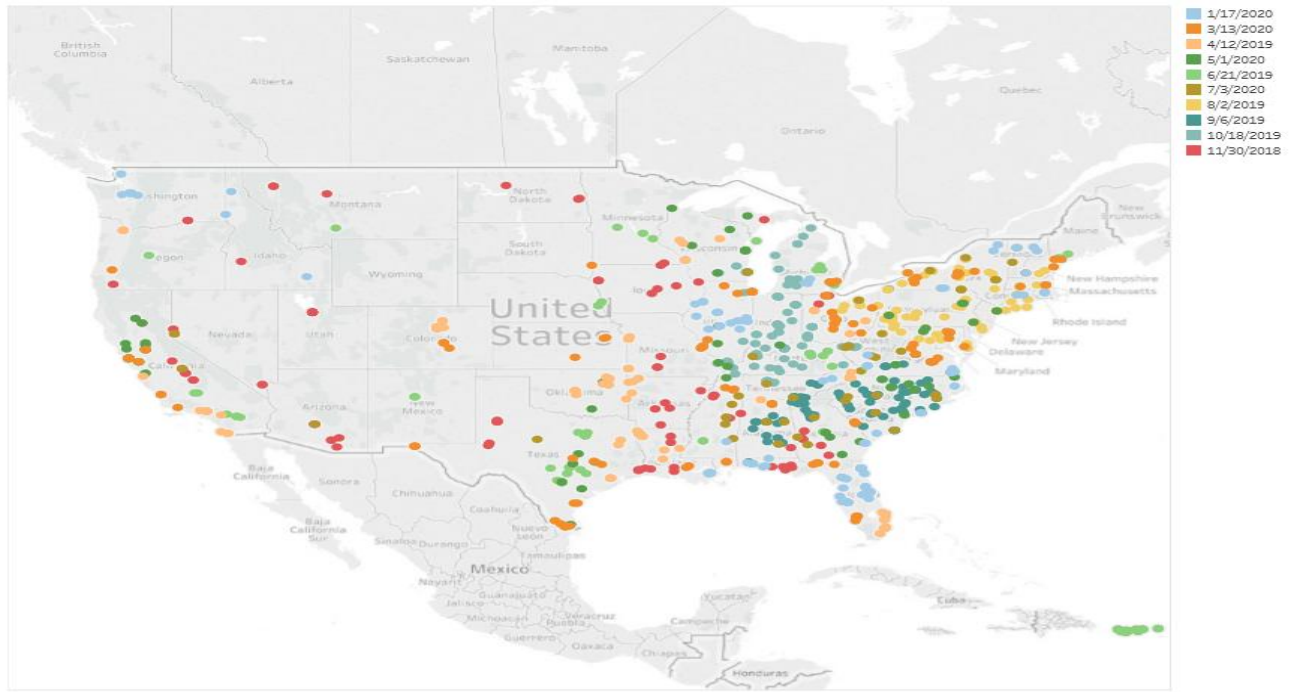


Figure 1. FCC 600 MHz Incentive Auction Phased Completion Dates.  
Source: FCC, 2017