

## U. S. SPECTRUM POLICY: THE WAY FORWARD

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Soon after Chairman Genachowski took the helm at the FCC, he focused on the growing demand for mobile broadband spectrum and said, “while it’s not the time to panic, it is the time to plan.”<sup>1</sup> Policymakers from the White House to Capitol Hill should be commended for embracing that challenge – but there is much to do to ensure that, in the years ahead, the United States has a more effective, more productive spectrum policy. If we can free up enough spectrum to make massive wireless bandwidth ubiquitous, unparalleled benefits to society and businesses are within reach – from enhancing health care infrastructure and enabling remote energy management to being able to watch video programming on any device, anywhere.

But the status quo will not get us there. We must change the process for allocating spectrum and adopt a framework that results in a more predictable, streamlined path to getting spectrum in the hands of those who can use it to generate these social advances and drive our economy. There is no “silver bullet” or a single, one-size-fits-all solution. The plan must consist of multiple tools, including incentive auctions, freely operating secondary markets, band clearing/reallocation, geographic and temporal sharing, and continued exploration of advanced sharing techniques.

***Develop a fair, transparent process for incentive auctions.*** Incentive auctions are an important opportunity – a market-based tool to unlock and reassign underused spectrum. They

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<sup>1</sup> Remarks of Chairman Julius Genachowski, FCC, NAB Show 2010, Las Vegas, NV (Apr. 13, 2010) (emphasis removed).

offer incumbents significant incentives either to make spectrum available so that it may be relicensed for a more productive use or to benefit by making more efficient use of more limited spectrum. A voluntary approach is also a “win-win” for all involved: the public benefits from additional spectrum for high-demand uses and new auction revenues and incumbents recognize a portion of the value of enabling new uses of their spectrum – all under a market-oriented approach that facilitates this transition. The current incentive auction proceeding promises to serve as a model for future repurposing efforts with other incumbent licensees. The Commission should develop an incentive auction process that is fair and transparent to encourage incumbent participation and open to all bidders to ensure spectrum is put to its most productive use.

***Facilitate freely operating secondary markets.*** The FCC should also establish a truly streamlined approach to encourage private sector transfers of spectrum between licensees with excess or underutilized holdings to those who need spectrum and will commercialize it. The current process can take more than a year for approval and is often used to impose additional license conditions that are tantamount to backdoor regulation of the industry. Turning the secondary market system into a mechanism to impose policies unrelated to the transaction is harmful to putting available spectrum to more productive and efficient use. The highly competitive nature of the retail wireless market dictates that regulatory intervention in secondary markets should be strictly limited to cases in which there is a finding of market failure in the retail wireless market.

***Continue to pursue band clearing/reallocation.*** In addition to repurposing spectrum through market-based initiatives like incentive auctions and a well-functioning secondary

market, the FCC and the Administration must continue to free up government spectrum that can be better used for commercial mobile services. Spectrum below 3 GHz is and will continue to be the foundation for mobile broadband, and federal incumbents should be cleared and relocated to different bands when practical. Doing so can free up spectrum bands for flexible, exclusive-use licenses, which will yield long term economic benefits when used for wireless broadband, as well as generate short term auction revenues for the U.S. Treasury. The Administration's and the National Broadband Plan's goal of recovering 500 MHz of spectrum in ten years cannot be met without clearing and reallocating spectrum currently assigned to federal users to wireless broadband use.

***Focus on geographic and temporal sharing near-term.*** Near-term sharing efforts should focus on geographic and temporal sharing, using lessons learned from existing wireless networks. To that end, Verizon supports the current industry-government working groups examining sharing and other ways to repurpose the 1695-1710 MHz and 1755-1850 MHz bands under the auspices of the Department of Commerce's Spectrum Management Advisory Committee ("CSMAC") as a model for future sharing efforts. Verizon has committed \$5 million dollars and personnel to explore workable methods of sharing spectrum with certain federal users. Verizon, T-Mobile, and AT&T are working together in an "Industry Spectrum Sharing Initiative" with a specific focus on how to clear and relocate government systems in the 1755-1780 MHz band. The initiative is looking at four government systems with which commercial users may be asked to coexist in this 25 MHz of spectrum, either during a transition period or indefinitely because it is not feasible or economically rational to relocate specific systems.

These efforts will help us achieve ways to repurpose government spectrum – a key element of national spectrum policy.

***Explore advanced sharing techniques long-term.*** Over the long-term, sharing technologies such as dynamic spectrum access and geo-location based sharing may be worth exploring – but presently such sharing cannot be seen as a substitute for clearing and reallocating spectrum. It is much too early to tell how – and how fast – the technologies involved will develop or what effect they will have.

As said, no “silver bullet,” no single, one-size-fits-all solution, but a comprehensive approach that pursues all options. That’s what we’ll need to ensure that there’s enough spectrum available to truly take advantage of all that broadband mobile has to offer. The future is wide open, and we can’t see all of what’s coming. But we do know that spectrum is the “rocket fuel” for innovation. And that innovation, shepherded, tested, and revised many times, will create something of lasting value to our business and to society that might not have been seen at the outset.