



July 19, 2013

The Honorable Fred Upton
Chairman
Committee on Energy & Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515-6115

The Honorable Greg Walden
Chairman
Subcommittee on Communications & Technology
Committee on Energy & Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515-6115

The Honorable Henry Waxman
Ranking Member
Committee on Energy & Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515-6115

The Honorable Anna Eshoo
Ranking Member
Subcommittee on Communications & Technology
Committee on Energy & Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515-6115

Dear Chairmen Upton and Walden and Ranking Members Waxman and Eshoo:

The upcoming incentive auction of the 600 MHz band offers a unique opportunity to strengthen competition in wireless broadband services, benefit consumers, and raise revenues for the U.S. Treasury. With these goals in mind, the undersigned parties, who represent a broad-based group of Fortune 100 companies, rural wireless carriers, and small businesses, write to voice their support for policies that will encourage wide participation in the upcoming auction. Increased auction participation will advance competition, thereby benefiting consumers. At the same time, increased auction participation improves the potential for high spectrum auction revenues to fund the public safety broadband network and for deficit reduction that benefits all American taxpayers.

Expanding auction participation and promoting aggressive bidding depends upon drawing many different bidders into the 600 MHz auction. Contestants will be hesitant to play a game they

cannot win. Without some constraint on the ability of the two dominant carriers to acquire all of the high-quality spectrum available in the 600 MHz auction, smaller rivals and upstarts will be significantly disadvantaged from acquiring the spectrum resources in the auction they need to compete against those carriers. If defeat seems inevitable, smaller carriers will not incur the significant costs involved in planning for and participating in the 600 MHz auctions. And without competitive pressure from smaller bidders, the two dominant incumbents can acquire the auctioned spectrum at below-market rates, reducing auction revenues for the U.S. Treasury and further constraining competitive alternatives for wireless consumers.

The Department of Justice's ("DOJ") ex parte submission in April to the Federal Communications Commission (the "Commission") described this dynamic in detail. The DOJ also discussed the broadband-friendly performance characteristics of 600 MHz spectrum that make excessive concentration of low-frequency licenses in the hands of the industry's two dominant wireless carriers especially threatening to wireless competition. As noted by the DOJ, the nation's two largest wireless carriers already hold 78 percent of the low-frequency broadband-capable spectrum and account for more than 80 percent of wireless industry revenues. These carriers have every incentive to employ their extensive market power to foreclose smaller competitors from participating in the 600 MHz auction and thus compromise the growth of the broadband economy.

None of the undersigned parties have advocated for any qualified entity to be excluded from the auction. On the contrary, having the two dominant incumbents participate – and win – their fair share of the 600 MHz licenses helps ensure sufficient economies of scale to make wireless deployment profitable. The goal is not exclusion, but rather a transparent, balanced approach prior to the auction that ensures every wireless carrier has a fair opportunity to compete and win in the auction.

Sensible spectrum-aggregation limits will increase competition, investment, and innovation in the wireless marketplace. Reasonable limits also have the potential to increase auction revenue by attracting a wider base of potential bidders – bidders that might otherwise be deterred from participating. For these reasons, the undersigned parties support pro-competitive, spectrum-aggregation limits in the upcoming 600 MHz auction.

Respectfully submitted,

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