

Wireless auction grabs attention from all sides

Contributed by Jessica Holzer
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The 700 Megahertz auction, the last large slice of prime wireless spectrum that the Federal Communications Commission (FCC) is likely to put on the block for years to come, is attracting the attention of Democratic and Republican heavyweights.

Democratic presidential hopeful John Edwards, Sen. John Kerry (D-Mass.) and six Republican senators have written to FCC Chairman Kevin Martin in the last two weeks to weigh in on the ground rules for the auction, which Congress decreed must start by Jan. 28, 2008. They see the sale as a step toward achieving universal broadband access, setting up a nationwide public safety broadband network, and raising billions for the U.S. Treasury.

Calling the auction "a once-in-a-lifetime opportunity to shape the next generation of American technology," Edwards plunged into the nitty-gritty of telecom policy in a May 30 letter, urging Martin to set aside as much as half of the spectrum for wholesalers planning to lease it to smaller start-ups rather than use it themselves. The former North Carolina senator trumpeted the proposal in a speech at Google headquarters, also on May 30. "What we don't want to happen is what happened in the past," he said, "which is the big telecom companies" buying up all the available spectrum.

In a letter sent Tuesday, Kerry also weighed in, advising the FCC chairman to advance public safety goals and set rules to ensure that the auction attracts the maximum number of bidders and that winners deploy their networks rapidly. "I will be monitoring the Commission's activities closely to ensure the rules promote broadband competition, bring broadband access [to] all Americans, and address the needs of public safety," he wrote.

Meanwhile, Republican Sens. Jim DeMint (S.C.), John Sununu (N.H.), Kay Bailey Hutchison (Texas), John Ensign (Nev.), Mel Martinez (Fla.) and David Vitter (La.) warned the chairman against adopting rules and mandates that could scare off bidders. "In the past, disregarding congressional intent for market-driven auction policy has resulted in spectrum lying fallow for years, extensive litigation, and consumers being denied the benefits of wireless technology innovation," they wrote in a letter Wednesday.

Public interest groups, public safety organizations and the telecommunications industry are salivating over the spectrum, which is steadily being freed up by broadcasters due to the conversion to digital television. Seen as prime real estate for a wireless network, the spectrum can pass through buildings and trees as well as transmit signals over long distances.

Google, Verizon, and AT&T are among the horde of Internet and communications companies that have been furiously lobbying the FCC on the rules, which the agency is under pressure to finalize in the coming weeks.

The FCC must weigh numerous issues: whether spectrum should be sold in large or small chunks; whether the agency should force winning bidders to build their networks quickly and deploy them to underserved areas; and whether consumers should be able to hook up any device to the network.

Public safety concerns are also front-and-center in the debate. The need for a national broadband network for first responders during a calamity was made plain by the Sept. 11 terror attacks and Hurricane Katrina.

The FCC has already set aside a portion of the total broadband spectrum for public safety agencies. But one potential bidder, telecom upstart Frontline Wireless, wants the FCC to go further by designating an additional chunk of spectrum for public safety use. Its proposal was in the spotlight at a Senate Commerce Committee hearing yesterday.

Under the plan, the winning bidder of that spectrum, known as the E-Block, would have to build a national network to be shared by private companies and public-safety entities, but made available entirely to first responders during an emergency.

In addition, only wholesalers would be allowed to bid on the E-Block. The winning bidder would have to adhere to a so-called open access condition, in which any device could be hooked up to its network.

Large wireless companies are vigorously fighting Frontline's proposal, which would exclude them from bidding on the E-Block because they sell retail wireless services. They are also staunchly opposed to any constraints on the use of the spectrum.

Joseph Farren, the director of public affairs for CTIA-The Wireless Association, pointed out that last fall's wireless spectrum auction imposed no conditions on bidders and raised a record \$14 billion for the Treasury. He said that was the right model: "We just had a very successful auction. Let's try to repeat it."

For their part, Silicon Valley companies argue that an open access condition will lead to a burst of innovation as entrepreneurs get their hands on spectrum that is normally the preserve of telecom giants. Google supports Frontline's

proposal and is also pushing its own plan to allow companies selling a device or service to buy even the smallest bits of spectrum during continual auctions by licensees. Meanwhile, a coalition of public interest groups is pushing for half of the auction's commercial spectrum to be subject to an open-access rule.

"There is a great need for access to spectrum," said Harold Feld, senior vice president of the Media Access Project, a member of the coalition.

But Farren disputed the notion that the lack of an open broadband network was blocking appealing new devices and services from coming to market. "These people are beating each other up every day in the marketplace. If consumers wants something, it's going to be there," he said.