

FCC broadband spectrum auction starts today

Ryan Kim, Chronicle Staff Writer

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The Federal Communications Commission will begin auctioning off a large swath of wireless spectrum today that might hold the promise of delivering a robust wireless broadband alternative to cable and DSL.

The auction of the 700 megahertz spectrum includes enough capacity to help create a nationwide broadband network that can deliver faster speeds than current cellular data networks. The characteristics of the spectrum - which has broad reach and the ability to easily pass through walls - combined with the fact that it is the last section of airwaves expected to go on sale for some time, makes this auction a prime opportunity for wireless operators and, ultimately, consumers, said Kevin. Martin, chairman of the FCC.

It's "probably the most important auction we've had to date and the most important one we're going to have in the foreseeable future," Martin told the Associated Press.

But some critics fear the auction could end up being dominated by a few large companies like Verizon and AT&T, potentially stifling competition and innovation.

"Placing the promise of the mobile Internet exclusively under the gatekeeper control of these companies is a chilling prospect," said Ben Scott, policy director of Free Press, a media lobby. "We need policies that open the closed networks of today and guarantee an open wireless Internet for future generations."

Free Press has pushed a petition that would force the FCC to require all wireless carriers to open their networks to outside applications and devices. The organization hopes to ensure that consumers maintain access to choice and innovations.

The FCC hopes to gain about \$10 billion from the sale of the spectrum, which is being freed by the conversion of television signals from analog to digital next year. There are 214 bidders who for 1,099 licenses that are spread over five blocks. Most of the attention has been on the C-block, the largest piece. Google pledged to pay at least the reserve amount of \$4.6 billion for the C-block, which is broken into 12 regional licenses.

Last year, Google successfully lobbied the FCC to add open requirements for the C-block that would require the owner to keep the network open to any application or device.

Many analysts believe Google is not prepared to win the spectrum auction but is staying in to follow up on its commitment to openness and force a big player like Verizon to meet the reserve. If the reserve for any of the blocks is not met, the FCC can reprice that block or tinker with the requirements attached.

"Our view is that Google is participating in the bidding not to win the auction but to ensure that a wireless data network is built and that Google and others have unfettered access to it," Romeo Reyes, an analyst with Jefferies & Co. wrote in a recent report.

Auction participants are prohibited from making public statements after filing their intent to participate. The spectrum auction will be conducted electronically over the coming weeks and will extend possibly into March.

Verizon and AT&T are expected to compete directly with Google for the C-block. Other potential bidders include cable provider Cox, satellite TV carrier EchoStar and regional wireless provider Alltel.

Carlyn Taylor, a senior managing director with consultancy FTI and national leader of its communications and media practice, said she expects big players like Verizon and AT&T to scoop up most of the spectrum licenses, potentially as a defensive maneuver against competitors. But she said there is still an outside chance that Google could win the spectrum and team with a company like WiMax provider Clearwire to build a national network.

"The question is whether Google wants to become its own wireless provider," Taylor said. "It would be very interesting to have a new provider like Google."

E-mail Ryan Kim at rkim@sfnchronicle.com.

<http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/01/24/BU36UKHS3.DTL>

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