

**JOINT STATEMENT OF
CHAIRMAN MICHAEL K. POWELL and COMMISSIONER KEVIN J. MARTIN**

Re: Promoting Efficient Use of the Spectrum Through Elimination of Barriers to the Development of Secondary Markets; Report and Order and Further Notice of Proposed Rulemaking; WT Docket No. 00-230

Today's action is one of the most important spectrum reform decisions by this Commission in the last decade. For years, the Commission has rhetorically praised the concept and possibilities created by secondary markets in spectrum. Today that rhetoric turns into reality. Our decision unlocks value trapped for too many years in a regulatory box. That box was most clearly epitomized by the anachronistic 40-year old *Intermountain Microwave* standard, which required Commission prior approval for a license transfer any time a licensee ceded any of a panoply of responsibilities associated with equipment, salaries, personnel and sundry other activities. We are pleased to announce the passing of *Intermountain*, as we explicitly abandon that standard for spectrum leases. Built on the 2000 *Spectrum Policy Statement* as refined and developed by this Commission, today we adopt a new standard more narrowly tailored to the statutory requirements and more suited to today's marketplace. Our decision signals a new day of increased spectrum access and improved services for consumers.

In this item, we adopt a new regime for spectrum leases, allowing leases for which there is no change in de facto control to proceed without prior Commission approval and providing a streamlined approval process for other leases. We also adopt a streamlined approval process for transfers and assignments of licenses. Together, the rules we adopt will create new opportunities for licensees with under-utilized spectrum, to the benefit of consumers. A carrier with a business plan that calls for serving only the most densely populated portions of its service area now has every incentive to lease the balance of their spectrum to an entrepreneur. Similarly, the cost-benefit equation for spectrum sharing has been transformed. Where formerly the risk of interference imposed only costs, those costs must now be weighed against the value that may be negotiated in a lease or transfer. When cognitive radios and frequency-agile technologies are introduced to the mix, the opportunities multiply.

By increasing spectrum access, this item will advance a number of the Commission's key policy goals. Access to spectrum is critical to development of a wireless broadband platform. Moreover, ready access to spectrum promotes increased facilities-based competition among wireless service providers and between wireless providers and other platforms. And facilitating the ability to lease or transfer spectrum will expand spectrum access for innovators and entrepreneurs, increasing the number and variety of wireless applications available to consumers.

Additionally, this item offers the promise of greater wireless deployment in rural America. For example, a carrier with a nationwide license can, without significant transaction costs, lease or sell spectrum to rural carriers to build networks in rural areas. Rural carriers thus have the potential to obtain spectrum and build networks suited to their particular geography, while at the same time enabling the national carrier to develop partners to fill out its footprint. Spectrum leasing and transfers – along with partitioning and disaggregation – thus provides flexibility for the development of additional and innovative services in rural areas.

Whenever we change rules that have been in place for over forty years there will be trepidation about the outcome. We are indeed entering a new world of spectrum flexibility with a reduced role for government. That role, however, remains significant. Our order builds in some important safeguards to protect the public interest. Within such protections, we owe it to the public to modernize and streamline our rules. We should not be deterred from our obligation to continually seek better policies for the American people.

Our *Further Notice* seeks to develop a record on expanding to other services the sound policies set out in the Order and to further streamline our policy approach. We also seek comment on facilitating spectrum exchanges, maximizing the public benefits from new opportunistic devices, and extending the new de facto control standard. We look forward to developing a record on these issues – and continuing this important work.