



PUBLIC NOTICE

Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

News Media Information 202 / 555-0401
Fax-On-Demand 202 / 555-0401
TTY 202 / 555-0401
Internet: <http://www.fcc.gov>
<ftp.fcc.gov>

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FCC ANNOUNCES INTERIM INCENTIVE AUCTION INCENTIVE PROGRAM

Pending amendment of the Communications Act of 1934, as amended, to provide the Commission authority to share the proceeds of spectrum auctions with broadcasters who voluntarily relinquish spectrum for reallocation for mobile broadband use¹, the Commission hereby announces interim measures intended to expedite that reallocation process. These measures are effective immediately upon release of this Public Notice.

Background

It is a universally-acknowledged, scientifically-proven, unarguable truth that the United States faces a “spectrum crunch” which necessitates the realignment of available spectrum resources as quickly and efficiently as possible. The Commission has identified spectrum currently utilized for television broadcasting (particularly in the UHF band) as especially suitable for such realignment, and it has initiated proceedings to accomplish that result.²

One mechanism that will facilitate the process is an “incentive auction” approach.³ In an “incentive auction”, participating broadcasters would voluntarily make their channels available for mobile broadband use; the Commission would then auction that spectrum for such use, and share the proceeds of the auction with the participating broadcasters.

While the Commission’s existing auction systems could be modified in very short order to permit such “incentive auctions,” the Commission’s present statutory mandate calls for all proceeds from spectrum auctions to be paid into the Treasury. That is, we are not permitted to share *any* of those proceeds with private parties. Since the ability to offer an “incentive” is a *sine qua non* of the “incentive auction” concept, the Commission cannot now avail itself of that concept if the “incentive” is limited to shared auction proceeds.

¹Such authority is proposed in several bills currently pending in Congress, *e.g.*, S.415, S.455, H.R.911.

²See *Notice of Proposed Rulemaking*, ET Docket No. 10-235, FCC 10-196, *rel.* November 30, 2010.

³The concept of incentive auctions in this context was addressed in an Omnibus Broadband Initiative technical paper entitled, “Spectrum Analysis: Options for Broadcast Spectrum”. See [http://download.broadband.gov/plan/fcc-omnibus-broadband-initiative-\(obi\)-technical-paper-spectrumanalysis-options-for-broadband-spectrum.pdf](http://download.broadband.gov/plan/fcc-omnibus-broadband-initiative-(obi)-technical-paper-spectrumanalysis-options-for-broadband-spectrum.pdf).

Interim Incentive Auction Incentive Program

In view of the apocalyptic importance of expediting the re-purposing of valuable spectrum, the Commission has determined that it is both necessary and appropriate to devise a means of implementing “incentive auctions” immediately. To that end, the Commission has reviewed an extensive inventory of resources currently available to it, all of which could serve as incentives to induce participation in “incentive auctions.” That review has identified an impressive assortment of resources suitable for that purpose. (A list of the resources to be offered in the initial “incentive auctions” is included below.) While some are available only in limited quantities, the Commission has a virtually inexhaustible supply of others. As a result, it is anticipated that the Commission will be able to meet any and all demand that might arise. All resources in question are immediately available.

On that basis, the Commission intends to proceed with such auctions promptly. The Wireless Telecommunications Bureau has been instructed to prepare public notices announcing such auctions at the earliest possible date. The procedures that will govern such auctions will be set forth in those notices.

In advance of those auctions, broadcasters will be given the opportunity to notify the Commission of their willingness to make their spectrum available for auction (and, ultimately, reallocation for mobile broadband use) at a “reserve” price in U.S. dollars. That “reserve” price will represent the minimum value acceptable to the participating broadcaster. That is, if the Commission is unable to guarantee the broadcaster that the specified “reserve” price will be met, then the broadcaster’s spectrum will not be deemed available for re-purposing.

Because the Commission is without authority to offer actual U.S. dollars as incentives for participating in this program, it will instead offer a form of scrip which may be redeemed for the various non-cash resources listed below. The scrip will be denominated either as “Commi\$\$ionCa\$h”, “Digital Dollahz” or “Broadband Bux.”⁴ In general, one unit of scrip (*e.g.*, one “Digital Dollah”) will be deemed, for the purposes of the “incentive auctions,” to have a face value of one U.S. dollar. At the conclusion of the auction, when the amount of shared proceeds is calculated (in U.S. dollars), the participating broadcaster will be credited with scrip in that amount. The broadcaster will then be entitled to redeem that scrip for items from the list below for their respective list prices (indicated below); alternatively, the broadcaster may choose to retain the scrip for redemption in U.S. dollars at such time as Congress authorizes the Commission to offer actual cash incentives.

The Commission does not and cannot guarantee that Congressional authorization for the sharing of auction proceeds will be forthcoming at any time, much less prior to the expiration of the scrip (which will be good for 45 days, commencing on the date of notification of the incentive award at the conclusion of the auction). Further, should the scrip ever be redeemable for U.S. dollars, the Commission does not and cannot guarantee that the cash redemption value of the scrip will be one unit of scrip for one U.S. dollar. Any cash redemption will be subject to service charges and applicable federal, state and local taxes.

⁴The Commission is currently conducting a series of focus groups to determine which denomination is likely to induce the greatest participation in the “incentive auction” process. As a protective matter, the Commission has already submitted applications to the U.S. Patent and Trademark Office to register each of the three terms – *i.e.*, “Commi\$\$ionCa\$h”, “Digital Dollahz” and “Broadband Bux” – as trademarks of the agency. For purposes of this notice only, we will use the designation “Digital Dollahz.”

The non-cash resources for which the scrip will be redeemable include the following:

Incentive Award	Redemption Value (in Digital Dollars (“DD”))
Bound copy of the National Broadband Plan (autographed, with personal greeting, by all Commissioners and Blair Levin)	2,500,000 DD
DTV-to-Analog television converter boxes (100 per crate, five crate max.)	500,000 DD per crate
“We Remember 18 U.S.C. §1464”, an FCC-produced compilation DVD featuring materials from the Enforcement Bureau’s vaults (includes tracks from <i>NYPD Blue</i> , <i>Married By America</i> , <i>Schindler’s List</i> , <i>Saving Private Ryan</i> , <i>Buffy the Vampire Slayer</i> , the 2004 Super Bowl Halftime Show and others) (not available in stores)	375,000 DD per track
Personal page on Reboot.fcc.gov, with distinctive title graphic to be included in rotating header/banner on Reboot.fcc.gov front page (some limitations on commercial content may apply)	1,000,000 DD
Grab-bag of LPFM licenses (10 licenses per bag, random mix of channels, powers, communities of license)	1,000,000 DD per bag
Personal appearances by FCC officials	To be announced ⁵
Be An FCC Official For A Day ⁶	
Attorney-Advisor	500,000 DD
Division Chief	1,000,000 DD
Bureau Chief	2,000,000 DD
Commissioner	3,000,000 DD
Chairman	5,000,000 DD
Get-Out-Of-FCC-Jail-Free Card, entitling holder to summarily terminate, without penalty, one enforcement proceeding of its choice at any time prior to finality of such proceeding (card may be kept until needed or sold)	2,500,000 DD

⁵A grid of Personal Appearance Redemption (PAR) values is currently in development and will be released after review and approval from the Office of Management and Budget and the Office of Personnel Management. PAR values will vary based on (a) the position of the Commission official whose appearance is selected and (b) the nature of the appearance. For example, the value of an appearance by a Division Chief will be less than that of an appearance by a Bureau Chief, which will in turn be less than an appearance by a Commissioner. An appearance by the Chairman will have the highest value. Similarly, the PAR value will vary depending on the nature of the activity the official will be expected to perform. Possible activities include policy briefings, motivational speeches, photo opportunities, light housework (no windows), landscaping, dunk tanks (charitable events only). Transportation within 75 miles of FCC headquarters will be provided.

⁶Duties and responsibilities will vary depending on (a) position chosen and (b) status of Commission proceedings on the day this incentive award is redeemed.

For further information about this Public Notice and the Interim Incentive Auction Incentive Program, contact Poisson d'Avril at poisson.d-avril.happyaprilfoolsday@fcc.gov.

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