October 2, 2014

VIA ELECTRONIC FILING

The Honorable Thomas E. Wheeler, Chairman
The Honorable Mignon L. Clyburn, Commissioner
The Honorable Jessica Rosenworcel, Commissioner
The Honorable Ajit Pai, Commissioner
The Honorable Michael P. O’Rielly, Commissioner

Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Written Ex Parte Communication

Dear Mr. Chairman and Commissioners:

Nearly a year ago, CTIA – The Wireless Association® (“CTIA”) submitted a report in this proceeding highlighting the investment, innovation, and dynamism that pervades the U.S. mobile market. Today, CTIA provides a further update, demonstrating that the U.S. wireless industry continues to lead the world in 4G LTE investment and network deployment, while providing consumers with unparalleled choice and value.

Earlier this year, Department of Justice Assistant Attorney General for Antitrust Bill Baer looked “long and hard at the wireless industry” and found that “the [wireless] market is thriving and consumers are benefitting from the current competitive dynamic.” In talking about today’s wireless marketplace, Chairman Wheeler more recently remarked that “the American consumer has been the beneficiary” of “new pricing and new services that have been spurred by competition.” The facts below reinforce yet again that the U.S. wireless market is a vibrant and competitive industry delivering network investment and welfare-enhancing benefits to consumers across the nation.

The U.S. wireless industry leads the world in mobile investment.

- **U.S. investment in wireless outpaces the world.** In 2013, U.S. carriers spent about four times more on network infrastructure per subscriber than the rest of the world spent. Indeed, carriers in the U.S. – which has more people and a vast coverage area – spend more on capex than carriers in any other G7 country, and U.S. carriers’ network investment in 2013 was about 120% of the 28 E.U. countries combined.

- **Network investment reaches all-time high.** U.S. carriers invested a one-year record of more than $33 billion in capital expenditures in 2013, and have invested more than $260 billion in the last ten years alone. U.S. carriers have been recognized as “investment heroes,” with CTIA members topping PPI’s list of companies with the highest levels of domestic capital spending over the past three years.
• **U.S. carriers continue to invest heavily in spectrum.** U.S. carriers have paid **$53 billion in spectrum auctions** to the U.S. Treasury – $1.56 billion just during the first quarter of 2014, with substantially more expected in the AWS-3 auction this fall.

*The U.S. is the clear leader in all that is 4G and LTE.*

• **The U.S. tops the charts in LTE subscribers and service.** The U.S. has 5% of the world’s wireless subscribers, but **47% of its LTE subscribers.** As of 2013, those U.S. LTE subscribers numbered 95.2 million – **a massive 44,168% increase over 2010’s 215,000 LTE subscribers.**

• **Mobile Broadband Speeds Continue to Increase.** Smartphone speeds have increased eight times over since 2010. Average mobile connections speeds in the U.S. were about **30% faster than in Europe** and **55% faster than in the Asia Pacific region** in 2013.

• **The U.S. sets the smartphone global pace.** More than **90% of all U.S. device sales were smartphones in 4Q 2013,** compared to only 65% of all European device sales in 1Q 2014. In fact, the U.S. smartphone penetration rate is nearly **three times higher than the rest of the world.** And the U.S. leads all G7 countries in the penetration level of 4G-capable devices.

*The U.S. wireless industry provides unparalleled benefits.*

• **U.S. consumers enjoy robust competition and superior value.** 97% of consumers may choose from **at least three wireless carriers,** and wireless penetration in the U.S. now exceeds 104%. American wireless consumers use **five times more voice and twice as much data** as their counterparts in the E.U.

• **Prices in the U.S. keep dropping.** Overall, the wireless Consumer Price Index (CPI) fell again in 2013. From December 2005 to January 2014, the **Wireless CPI fell 10%,** while the overall CPI for all items increased 18.9%.

• **Consumer satisfaction with wireless is high.** U.S. wireless providers have the **most satisfied customers** of any G7 country. U.S. consumers are also more satisfied with their smartphones than consumers in any other G7 country: for example, 74% in the U.S. are happy with their smartphone compared to 38% in Japan.

• **Wireless is driving good-paying jobs.** Nearly **four million U.S. jobs** are directly or indirectly associated with wireless, and those jobs pay 65% higher wages than the national average. Continuing wireless investment is expected to create **1.2 million new jobs by 2017.**

• **The apps economy is also a huge job creator.** U.S. app-related jobs have gone from virtually none in 2007 to nearly **750,000 app-related jobs** in 2013. And the
number of apps themselves continues to surge – from 800,000 apps in 2010 to 3.6 million apps in 2013 – a 347% increase in apps.26

**Exponentially increasing consumer demand requires more spectrum.**

- **Mobile data use continues to grow unabated.** U.S. mobile data use increased 732% between 2010-2013, from 388 billion MB to 3.23 trillion MB.27 Indeed, mobile data usage doubled from 2012 to 2013, and mobile data use will increase about 650% by 2018.28

- **Smartphones are driving data use.** The number of smartphones has more than doubled in the U.S. in the last three years – from 78 million in 2010 to 175 million in 2013.29 The network traffic generated by a smartphone is 49 times more than a basic handset, and smartphone traffic is predicted to increase 325% by 2018.30

- **Tablets are also driving data use.** Tablets (CMRS, not Wi-Fi only) have grown 86% in the U.S. between 2010 (13.5 million) and 2013 (25.2 million).31 The network traffic generated by a tablet is 127 times more than a basic handset, and tablet traffic is predicted to increase by nearly 370% by 2018.32

- **Mobile video is driving data use.** Mobile video traffic has exploded 733% from 24 PB a month in 2010 to 200 PB a month in 2013.33 As a result, about 56% of all mobile data is now data-intensive video, and that traffic will increase by 600% by 2018.34

- **The U.S. has the least amount of spectrum for LTE.** Despite the increase in data use along all vectors, the U.S. has the least amount of spectrum available per LTE capable device compared to its G7 peers: only 0.65 Hz/LTE capable device. By contrast, Canada provides its citizens with 37 times as much spectrum per person as the U.S. (24.21 Hz/LTE), and Japan provides four times more than the U.S. (2.58 Hz/LTE).35

While today’s U.S. wireless story is one of remarkable success, making additional spectrum available remains critical to meeting consumer demand, promoting economic growth, and enhancing our Nation’s global competitiveness. As Chairman Wheeler has aptly noted: “More spectrum means more speed, capacity and ubiquity of mobile broadband services such as 4G LTE and Wi-Fi networks.”36 CTIA looks forward to working with the Commission to make additional spectrum available and to set a regulatory course allowing the wireless marketplace to continue to flourish and serve U.S. consumers.
Pursuant to Section 1.1206 of the Commission’s rules, 47 C.F.R. § 1.1206, this letter is being electronically filed via ECFS. If you have any questions, please do not hesitate to contact me.

Sincerely,

/s/ Scott K. Bergmann

Scott K. Bergmann
Vice President, Regulatory Affairs
CTIA – The Wireless Association®


4 See DIDIER SCEMAMA, ET AL., 2014 WIRELESS CAPEX: BRICS & EUROPE TO PICK UP THE SLACK, BANK OF AMERICA MERRILL LYNCH, GLOBAL TELECOM EQUIPMENT, at Table 2 (Jan. 13, 2014); see also GLEN CAMPBELL, 2014: THE YEAR AHEAD, BANK OF AMERICA MERRILL LYNCH, GLOBAL WIRELESS MATRIX 4Q13, at Tables 1 and 2 (Jan. 8, 2014); CTIA, CTIA WIRELESS INDUSTRY INDICES REPORT, YEAR-END 2013 (June 2014) (“CTIA WIRELESS INDUSTRY INDICES REPORT”).

5 ROGER ENTNER, SPECTRUM FUELS SPEED AND PROSPERITY, RECON ANALYTICS, at 11 (Sept. 2014) (“SPECTRUM FUELS SPEED AND PROSPERITY”).


10 INFORMA TELECOMS & MEDIA GROUP, WCIS + DATABASE, SUBSCRIPTIONS & KPIs (4Q2013).

11 Id.

12 Id., 2010-2013.


17 SPECTRUM FUELS SPEED AND PROSPERITY at 26.

18 CTIA WIRELESS INDUSTRY INDICES REPORT at 21.

19 CISCO VNI MOBILE FORECAST HIGHLIGHTS.

SPECTRUM FUELS SPEED AND PROSPERITY at 1.

Id. at 1, 32.


CTIA WIRELESS INDUSTRY INDICES REPORT at 146-47.

CISCO VNI MOBILE FORECAST HIGHLIGHTS at “United States - 2018 Forecast Highlights” and “United States - 2013 Year in Review.”

CISCO VNI MOBILE FORECAST INDICES REPORT at 12.

CISCO VNI MOBILE FORECAST HIGHLIGHTS at “United States - 2013 Year in Review” and “United States - Device Growth Traffic Profiles – Smartphone.”

CISCO VNI MOBILE INDICES REPORT at 11-12.

CISCO VNI MOBILE FORECAST HIGHLIGHTS at “United States - 2013 Year in Review” and “United States - Device Growth Traffic Profiles – Tablets.”

Id., multiple years.

Id. at “United States - 2018 Forecast Highlights” at “United States - Mobile Applications.”

SPECTRUM FUELS SPEED AND PROSPERITY at 7-8, 36.

Wheeler Testimony at 4.