



PUBLIC NOTICE

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INCENTIVE AUCTION TASK FORCE AND MEDIA BUREAU ANNOUNCE SITE VISIT VALIDATION OF TV STATION BASELINE EQUIPMENT AS PART OF POST INCENTIVE AUCTION REIMBURSEMENT PROGRAM

MB Docket No. 16-306

GN Docket No. 12-268

1. The Incentive Auction Task Force and Media Bureau hereby announce a program to visit the facilities of a statistically valid sample number of broadcast television stations that are eligible for reimbursement from the TV Broadcaster Relocation Fund to validate the existence and functionality of baseline equipment. This program supports the Commission's responsibility as a prudent steward of taxpayer money to prevent waste, fraud, and abuse associated with the disbursement of federal funds.

2. *Background.* As a result of the Spectrum Act's mandate to reorganize the broadcast television band to make additional spectrum available for wireless use, many television stations are required to change their channels.¹ The Spectrum Act requires that the Commission "reimburse costs reasonably incurred by" broadcast television licensees that are reassigned to new channels and provides a \$1.75 billion TV Broadcaster Relocation Fund for reimbursement of such costs.²

3. To implement the reimbursement program, the Commission required that all eligible stations submit their estimated relocation costs using FCC Form 2100, Schedule 399 (Reimbursement Form).³ The initial Reimbursement Form, among other things, required each station to identify their current operational equipment.⁴

4. The Commission has determined "that audits, data validations, and site visits are essential tools in preventing waste, fraud, and abuse, and that use of these measures will maximize the amount of money available for reimbursement."⁵ Further, the Commission specifically contemplated that "a third-

¹ See *In the Matter of Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*, Report and Order, 29 FCC Rcd 6567 (2014) (*Incentive Auction R&O*) (subsequent history omitted); *Incentive Auction Closing and Channel Reassignment Public Notice: The Broadcast Television Incentive Auction Closes; Reverse Auction and Forward Auction Results Announced; Final Television Band Channel Assignments Announced; Post-Auction Deadlines Announced*, Public Notice, 32 FCC Rcd 2786 (2017) (*Closing and Channel Reassignment Public Notice*).

² Middle Class Tax Relief and Job Creation Act of 2012, Pub. L. No. 112-96, §§ 6402 (codified at 47 U.S.C. § 309(j)(8)(G)), 6403 (codified at 47 U.S.C. § 1452), 126 Stat. 156 (2012) (Spectrum Act); See also *Incentive Auction R&O*, 29 FCC Rcd at 6812-25, paras. 598-630.

³ See 47 CFR § 73.3700(e).

⁴ *Incentive Auction R&O*, 29 FCC Rcd at 6817-18, para. 611 n 1725; *Incentive Auction Task Force and Media Bureau Announce Procedures for the Post-Incentive Auction Broadcast Transition*, Public Notice, 32 FCC Rcd 858, 883, para 77 (IATF/MB 2017) (*Broadcast Procedures PN*).

⁵ *Incentive Auction R&O*, 29 FCC Rcd at 6826, para. 635.

party audit firm on behalf of the Commission, may conduct audits of entities receiving disbursements from the Reimbursement Fund, and these audits may occur both during and following the three-year Reimbursement Period.”⁶ The Commission directed that “[e]ntities receiving money from the Reimbursement Fund must make available all relevant documentation upon request from the Commission or its contractor.”⁷

5. *Baseline Equipment Validation Site Visit Program.* The site visit program being implemented is designed specifically to validate the existence and functionality of current broadcast equipment as set forth in the initial Reimbursement Forms that eligible stations submitted to the Commission. Not every station will be visited. Instead, we will randomly select a statistically valid sample of TV Broadcaster Reimbursement Fund eligible stations in the contiguous United States as well as a limited number of “certainty selected”⁸ stations.⁹ We currently plan to include approximately 60 of the total 957 stations in this baseline equipment validation site visit program.¹⁰

6. The site visits will be carried out by a third-party contractor who will employ staff to visit the television station facilities selected. Each site visit is anticipated to consist of one or two contractor staff and a one or two day onsite physical inspection of the broadcaster’s existing facility and equipment, including an auxiliary facility, if applicable. While on site, the contractor staff will verify the existence and functionality of existing equipment listed in the station’s Reimbursement Form. The contractor will prepare reports of their findings during each visit for Commission staff review.¹¹

7. Stations selected to be included in the baseline equipment validation site visit program will be notified by Commission staff and the contractor by letter and will participate in a pre-visit telephone conference to coordinate timing and other details of the visit. Letters will be sent by both overnight mail and email to the station’s reimbursement point of contact and counsel of record. Pre-visit telephone conferences will be set at a mutually convenient time thereafter. The site visits are expected to be conducted between February and May, 2018.

8. For additional information or questions about the site visit program, please contact Barbara Kreisman at 202-418-1605.

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⁶ *Id.*

⁷ *Id.* Additional site visits may be implemented in the future to validate other elements of the reimbursement program. See e.g. *Incentive Auction R&O*, 29 FCC Rcd at 6826-7, para. 636, (stating “[t]he Bureau or an authorized contractor also may conduct site visits to confirm that equipment paid for from the Reimbursement Fund has been deployed”), at 6832-3, para. 652 (stating “we will use site visits to validate that entities that received reimbursement for purchasing new equipment actually have deployed that new equipment”).

⁸ Consistent with ordinary practices for sample selection, “certainty selected” elements are those selected based on judgment or discretion.

⁹ Consistent with ordinary practices for sample selection, we will select replacement samples if necessitated by specific circumstances.

¹⁰ The total number of stations visited during this baseline site visit program is subject to change at the discretion of the Incentive Auction Task Force and the Media Bureau.

¹¹ The site visits will be conducted under Consulting Standards of the American Institute of Certified Public Accountants.