



# **FEDERAL COMMUNICATIONS COMMISSION**

## **Fiscal Year 2012 Annual Performance Report**

(October 1, 2011 – September 30, 2012)

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# Message from the Chairman

I am pleased to present the Federal Communications Commission's (FCC or Commission) Fiscal Year (FY) 2012 Annual Performance Report. This report bolsters the FCC's accountability by making key performance information publicly available. The report summarizes the FCC's FY 2012 progress in fulfilling its strategic goals and meeting its performance commitments in the Commission's FY 2012 Annual Performance Plan. The FCC's FY 2012 Annual Performance Plan was issued in February of 2011 as part of the FCC's FY 2012 budget submission to Congress.

The FCC's mission centers on maximizing the opportunities of broadband and other communications networks and technologies for the U.S. Wired and wireless broadband is unleashing waves of innovation and massive private investment throughout the country, increasing opportunity and prosperity, driving American global competitiveness, connecting our country, strengthening our democracy – and transforming lives for the better. Over the past few years, the U.S. has regained global leadership in key areas of the broadband economy, including in advanced mobile technology, apps, and services, and there are many signs that the information and communications technology sector is flourishing. Still, challenges remain to fully unlock the benefits of broadband for all Americans and to keep pace with our global competitors.

I welcome the opportunity to highlight how the FCC has fulfilled its important role in pursuing these goals in FY 2012.

Some of the Commission's key actions over the past year include:

## **Unleashing Spectrum for Broadband**

- We launched incentive auctions, making the U.S. the first country in the world to adopt this new paradigm in spectrum policy. Developed by the FCC in the 2010 National Broadband Plan, the incentive auction will use market forces to repurpose valuable spectrum in the broadcast television bands for licensed and unlicensed wireless broadband.
- We continued to remove outdated rules and restrictions on spectrum that prevent its use for broadband, including freeing up 30 megahertz in the Wireless Communications band.

## **Connect America and Lifeline Reform**

- We continued implementing our landmark reforms to the Universal Service Fund, including launching the Connect America Fund and the Mobility Fund to extend wired and wireless broadband throughout the country. Through the Mobility Fund, we conducted the country's first-ever reverse auction for universal service support, efficiently using \$300 million to extend high-speed mobile broadband coverage to up to 83,000 road miles across 31 states.
- We overhauled the Lifeline program that assists low-income families in maintaining phone service. Building on recommendations from the Federal-State Joint Board on Universal Service, the Commission substantially strengthened protections against waste, fraud, and abuse. This year alone, we have exceeded our \$200 million savings target from these reforms, with savings being used in part to connect low-income Americans to broadband.

## **Promoting Competition**

- We rigorously and expeditiously reviewed a number of proposed transactions to protect competition and the public interest. Our review of the Verizon Wireless-SpectrumCo transaction resulted in a significant competition-enhancing divestiture of spectrum. The companies' commercial agreements were also substantially modified to preserve incentives to compete and invest in broadband networks.
- The FCC approved over 250 wireless applications involving nearly 2,000 spectrum licenses, valued at billions of dollars.

## **Empowering Consumers and Protecting Public Safety**

- The Commission's Communications Security, Reliability and Interoperability Council (CSRIC) approved voluntary, industry-based recommendations to secure the Domain Name System (DNS), to improve the security of Internet routing protocols, and to combat botnets. When fully implemented, these measures will strengthen the security of the networks of the ISPs that provide Internet access to over 92 percent of U.S. residential broadband users.
- We continued implementation of the Twenty-First Century Communications and Video Accessibility Act of 2010 to ensure that the 54 million Americans with disabilities are able to fully utilize and benefit from advanced communications services, including adoption of rules that require closed captioning of broadcast television video content posted on the Internet.
- We enhanced the ability of Tribal Nations to increase their ownership of broadcast facilities in their communities to provide radio services.
- Through the Commission's Enforcement Bureau, we cracked down on companies who seek to prey on communications consumers through deceptive marketing practices, aggressively pursuing fraudulent prepaid calling card schemes (including \$10 million in penalties).
- We made interference detection and resolution involving public safety frequencies – e.g., interference to air traffic control, the U.S. Coast Guard, and state and local police and fire department communications – one of our highest priorities, responding to public safety and safety of life interference matters within 24 hours.

## **Agency and Regulatory Reform**

- From January 1, 2010 through the end of FY 2012, we eliminated over 260 outdated rules and regulations.
- We improved regulatory processes consistent with President Obama's Executive Orders, including integration of more rigorous cost-benefit analysis into rulemaking proceedings; reduction of agency backlogs; and retrospective analysis and elimination of regulations that were overly burdensome, out of date, or otherwise impeded economic growth and development.
- We continued to expand the use of new technologies to improve the operations of the Commission and communicate more effectively with the public. We moved certain reporting requirements relating to television broadcasters online and made additional data available to empower app developers and consumers to use information in innovative ways.

The FCC also makes a more concise description of the Commission's performance and financial data for FY 2012 available in the FY 2012 Summary of Performance and Financial Information, located at <http://www.fcc.gov/encyclopedia/fcc-strategic-plan>. At this link, the FCC has also posted its FY 2012 Agency Financial Report, which provides a comprehensive look at the FCC's financial operations for the past fiscal year. I am pleased to note that for the seventh consecutive year, the FCC obtained an unqualified or "clean" audit opinion on its financial statements.

A handwritten signature in black ink, consisting of a stylized 'J' followed by a horizontal line and a small dot.

Julius Genachowski  
Chairman  
February 4, 2013

# ***BROADBAND***

## ***Strategic Goal:***

*Broadband is the major communications infrastructure priority of our time. Through our policies, rulemaking activities, citizen outreach, and education initiatives, we will seek to ensure that all Americans have access to reliable and affordable high-speed fixed and mobile broadband capability.*

## ***FY 2012 PERFORMANCE GOALS***

- Address recommendations in the National Broadband Plan to broaden the deployment and adoption of broadband technologies for all Americans.
- Take steps within the Commission's authority to help promote the nation's broadband infrastructure and advance national purposes. These include job creation, public safety, consumer benefits, education, energy efficiency, and availability of health services.
- Ensure harmonized regulatory treatment of competing broadband services, to the extent consistent with the underlying technologies.
- Encourage and facilitate an environment that stimulates investment and innovation in broadband technologies and services.

## ***FY 2012 PERFORMANCE HIGHLIGHTS***

***Address recommendations in the National Broadband Plan to broaden the deployment and adoption of broadband technologies for all Americans.***

- The National Broadband Plan introduced the idea of incentive auctions as a tool to meet the Nation's need for spectrum that could be allocated for mobile broadband use. In February 2012, Congress authorized the Commission to conduct incentive auctions as a means to repurpose broadcast television spectrum. In September 2012 the Commission launched incentive auctions, seeking public comment on specific proposals for implementing its authority.
- In 2011 the Measuring Broadband America (MBA) program delivered the first robust, statistically valid, nationwide analysis of residential broadband performance. The initial report provided a comparison of broadband service performance by internet service provider, in effect a scorecard of each major ISP's performance against its peers. With the second MBA report issued in July 2012, significant industry gains were found in promised vs. delivered speeds, bandwidth, and overall service quality.
- The Commission also launched Measuring Mobile America, the first nationwide mobile broadband performance measurement program. As mobile broadband has become part of our everyday communications infrastructure, it remains difficult for consumers to get detailed information about their mobile broadband performance. Building on the model

for the FCC's ongoing Measuring Broadband America program, the FCC is working with wireless carriers, the public interest and research community, and other stakeholders to deliver consumers detailed information about mobile broadband performance.

***Take steps within the Commission's authority to help promote the nation's broadband infrastructure and advance national purposes. These include job creation, public safety, consumer benefits, education, energy efficiency, and availability of health services.***

- During FY 2012, the FCC's 20 Learning On-the-Go Pilot projects were exploring how best to enable schools and libraries to deliver Internet connectivity and digital learning over mobile wireless devices outside of the school or library. The Learning On-the-Go Pilot program is helping the FCC learn how best to support wireless connectivity services for mobile learning devices, like digital textbooks, so that students and patrons can connect with online resources even when they're not in school or at a library.
- In February 2012, Chairman Genachowski joined Secretary of Education Duncan at the first-ever Digital Learning Day Town Hall in Washington, D.C. With input from that event, the FCC and the Department of Education updated the School 2.0 bandwidth planner to help schools plan for their connectivity needs. Furthermore, in March 2012, Chairman Genachowski and Secretary of Education Duncan hosted a discussion with CEOs, senior executives, and other leaders from the education technology ecosystem to develop ways the industry and states can meet their challenge to move all K-12 schools to interactive digital textbooks in the next five years. This collaboration resulted in concrete steps to move the nation to digital textbooks, including a model digital textbooks challenge, a blueprint template for states to implement the transition, and the release of FCC guidance to make it easier for school districts and libraries to make the transition.
- In response to Chairman Genachowski and Secretary Duncan's call for civic involvement on improving schools' access to education technology, the LEAD Commission announced its formation in March 2012. The LEAD Commission will detail the opportunity for using technology as a catalyst to transform and improve American education. The LEAD Commission has sought input from teachers, parents, local government officials, school officials, students and education technology industry leaders and expects to release its findings and an action plan in 2013.
- In October 2012, the FCC re-launched the Small Biz Cyber Planner 2.0, an online resource to help small businesses create customized cybersecurity plans. Originally launched in October 2011, it is the result of an unprecedented public-private partnership between government experts and private IT and security companies.
- The Commission approved an order in November 2011 to unlock additional spectrum in the 413-457 MHz band for Medical Micropower Networks (MMNs). MMNs will dramatically improve the lives of the millions of Americans who suffer from spinal cord injuries, traumatic brain injuries, strokes and various neuromusculoskeletal disorders. MMNs are comprised of implanted devices that stimulate nerves and muscles and hold the promise of safer, less invasive, and more efficient treatment options than those currently available.
- The Commission in May 2012 adopted an order that allocated spectrum and adopted

service rules for Medical Body Area Networks (MBANs) in the 2.3 GHz band. MBAN technology will provide a flexible platform for the wireless networking of multiple body transmitters for measuring and recording physiological parameters and other patient information, and for performing diagnostic or therapeutic functions, primarily in health care facilities. This platform will enhance patient safety, care and comfort by reducing the need to physically connect sensors to essential monitoring equipment by cables and wires.

- In June 2012, the FCC's Enforcement Bureau negotiated an unprecedented extension of a merger condition critical to widespread broadband access, ensuring that a reasonably priced broadband Internet option would be available in Comcast's service areas. Comcast also was required to make a \$800,000 contribution to the U.S. Treasury for violating the Commission's merger order.
- In addition, FY 2012 marked a first-of-its-kind enforcement action involving the pro-consumer open access obligations of the 700 MHz "C Block" rules (\$1.25 million settlement with Verizon Wireless), restoring the benefits of an open wireless broadband platform to Verizon Wireless subscribers by allowing them to freely use the devices and applications of their choosing.

***Ensure harmonized regulatory treatment of competing broadband services, to the extent consistent with the underlying technologies.***

- The Commission adopted revised rules to enable Wireless Communications Service (WCS) licensees' to use a total of 30 megahertz of underutilized spectrum in the 2.3 GHz band for wireless broadband services, while protecting the adjacent Satellite Digital Audio Radio Service (SDARS) operator Sirius XM Radio Inc. against harmful interference. This action continues the FCC's efforts to remove the regulatory barriers that are limiting the flexible use of spectrum for broadband services. 20 megahertz may be used for mobile broadband services and 10 megahertz for fixed broadband services, with possible future use as downlink spectrum to serve mobile broadband devices.
- The Commission adopted a Notice of Proposed Rulemaking (NPRM) initiating a fresh look at its mobile spectrum holding policies given the changes in technology, spectrum availability, and the mobile marketplace since the last comprehensive review of these rules more than a decade ago. In recent years, large and small wireless providers, as well as trade associations and public interest groups, have requested that the FCC review its current policies regarding mobile spectrum holdings to keep pace with market changes. With this NPRM, the FCC seeks comment on ensuring that its policies provide the certainty and predictability needed to make informed investment decisions, including participation in upcoming incentive auctions and secondary market transactions, while also promoting the competition needed to sustain a healthy wireless marketplace.
- The Commission took steps to increase the nation's supply of spectrum for mobile broadband by removing unnecessary barriers to flexible use of 40 megahertz of additional spectrum currently assigned to the Mobile Satellite Service in the 2 GHz band. This proposal would carry out a recommendation in the National Broadband Plan that the Commission enable the provision of stand-alone terrestrial services in this spectrum.



***Encourage and facilitate an environment that stimulates investment and innovation in broadband technologies and services.***

- The FCC adopted measures promoting further deployment of mobile broadband service, continuing its reform of rules governing use of microwave frequencies for wireless backhaul as part of the FCC's Broadband Acceleration Initiative and its regulatory reform agenda. Building on recommendations in the FCC's National Broadband Plan, and following up on the Commission's August 2011 Wireless Backhaul Report and Order, these actions will speed the rollout of fourth-generation (4G) broadband networks, accelerate the role of expanded wireless broadband communications in national economic revitalization and job creation, and bring new broadband services to rural areas.
- The Commission issued a Report and Order that reduces barriers to the deployment of broadband, encourages investment in wireless technologies, and facilitates the efficient use of spectrum by revising a burdensome legacy regulation that unnecessarily constrained 800 MHz Specialized Mobile Radio (SMR) licensees. The Report and Order amends the Commission's rules to allow geographically-based SMR licensees to operate across contiguous channels without a rigid channel spacing requirement or bandwidth limitation. Lifting the unduly restrictive limitations currently in place will enable licensees to fully and more efficiently utilize their licensed spectrum and transition their networks from legacy 2G technologies to 3G as well as other advanced technologies such as LTE.

# **CONSUMERS**

## ***Strategic Goal:***

*Among the Commission's most important responsibilities is protecting and empowering consumers. Regulatory policies must take account of consumer interests; consumer protection and empowerment policies must apply consistently and reasonably across technologies; and information provided to consumers must be timely, accurate, and available on a variety of platforms.*

## ***FY 2012 PERFORMANCE GOALS***

- Promote pro-consumer policies.
- Enforce the Commission's rules for the benefit of consumers.
- Work to inform American consumers about their rights and responsibilities in the competitive communications marketplace.
- Ensure that consumer protection and empowerment policies apply consistently and reasonably across technologies.

## ***FY 2012 PERFORMANCE HIGHLIGHTS***

### ***Promote pro-consumer policies.***

- In April 2012, the Commission took steps to protect Americans from difficult-to-detect fraudulent charges on their landline phone bills. New rules combat "cramming," the illegal placement of unauthorized charges on a consumer's monthly phone bill. Specifically, the FCC: 1) required telephone companies to notify subscribers at the point of sale, on each bill, and on their websites of the option to block third-party charges from their landline telephone bills if the carrier offers that option; 2) strengthened the Commission's requirement that third-party charges be separated from the landline telephone company's charges on phone bills; and 3) asked whether the Commission should adopt additional protections, such as requiring landline telephone companies to get consumer consent before placing those charges on their telephone bills.
- In May 2012, the Commission initiated a proceeding to create a Do-Not-Call registry for public safety answering points (PSAPs) as required by the "Middle Class Tax Relief and Job Creation Act of 2012." Specifically, the Commission sought comment on a number of issues relevant to this Act which requires the Commission to establish a registry that allows PSAPs to register telephone numbers on a Do-Not-Call list and prohibits the use of automatic dialing or "robocall" equipment to contact those numbers. The Commission adopted the proposed rules on October 17, 2012.
- CTIA-The Wireless Association agreed to amend its Consumer Code for Wireless Service to require its participating member wireless service providers to send alerts to

their subscribers when they approach and when they exceed plan allowances for voice, data and messaging and are about to incur overage charges. Alerts are also required when subscribers are traveling overseas and are about to incur international roaming charges. In April 2012, the FCC created and launched a dynamic table for the Commission's website that tracks carriers' progress in providing these alerts, according to the latest information supplied by CTIA. The revised CTIA Code also requires the participating carriers to "clearly and conspicuously disclose tools or services that enable consumers to track, monitor and/or set limits on voice, messaging and data usage." The table provides links to each carrier's website where the carrier describes its alert practices.

- The Commission adopted rules to implement the Commercial Advertisement Loudness Mitigation Act. Loud commercials on television are a source of many consumer complaints to the Commission. The Commission chose a technical solution to excessive volume that does not impose significant costs to TV broadcasters, cable operators and other multichannel video programming distributors.
- To further protect consumers from unwanted autodialed or prerecorded calls, often referred to as "robocalls," the Commission approved changes to its telemarketing rules. Unwanted telemarketing calls and texts were consistently in the top three consumer complaint categories at the FCC in 2011. The Order adopted helps put an end to these intrusions by empowering consumers with increased rights under the FCC's telemarketing rules. Specifically, the rules protect consumers by: (1) requiring telemarketers to obtain prior express written consent, including by electronic means such as a website form, before placing a robocall to a consumer; (2) eliminating the "established business relationship" exemption to the requirement that telemarketing robocalls to residential wireline phones occur only with prior express consent from the consumer; (3) requiring telemarketers to provide an automated, interactive "opt-out" mechanism during each robocall so that consumers can immediately tell the telemarketer to stop calling; and, (4) strictly limiting the number of abandoned or "dead air" calls that telemarketers can make within each calling campaign.
- The Commission acted to strengthen and expand communications services to Native Nations and their communities. The Commission adopted proposals to enlarge the tribal priority provided to Tribes and Tribal entities seeking to establish new commercial FM services. These efforts enhanced the ability of federally recognized Native American Tribes and Alaska Native Villages not only to receive radio service tailored to their specific needs and cultures, but to increase the ownership of such radio stations by Tribes and Tribal-owned entities.

***Enforce the Commission's rules for the benefit of consumers.***

- In its efforts to protect the most vulnerable segments of our population, the FCC's Enforcement Bureau actively pursued numerous investigations to enforce the requirements of Section 201(b) of the Communications Act, proposing \$10 million in penalties against companies for deceptively marketing prepaid calling cards to largely immigrant communities.

- The FCC investigated Verizon for apparent violations of the CPNI rules (which protect consumer privacy) and for warehousing toll-free numbers, prompting the carrier to settle the investigation by consent decree. The consent decree required Verizon to make a \$970,000 voluntary contribution to the U.S. Treasury and to implement comprehensive compliance measures designed to ensure future compliance with the rules.
- To help protect consumers from unauthorized changes to their selected carrier (known as “slamming”), the Commission adopted a \$1.1 million notice of apparent liability for forfeiture against a carrier for multiple slamming violations.
- The Commission also took aggressive enforcement action against a prolific “robocall” company, proposing a \$2.96 million forfeiture penalty.
- The FCC successfully halted mystery data charges by AT&T through negotiation of a \$700,000 consent decree.
- The Commission continued its efforts to clamp down on fraud in connection with Video Relay Services, negotiating a \$1.4 million settlement in FY 2012.
- The FCC ensured access to advanced telecommunications services by people with hearing disabilities through aggressive enforcement of its hearing aid compatibility rules. This resulted in more than \$2 million in negotiated consent decrees and forfeiture penalties.

***Work to inform American consumers about their rights and responsibilities in the competitive communications marketplace.***

- The FCC worked to implement Sections 716 and 717 of the Communications Act, as enacted by the Twenty-First Century Communications and Video Accessibility Act of 2010 (CVAA). The Commission adopted rules to ensure that advanced communications services and equipment are accessible to and usable by individuals with disabilities, and to establish new accessibility recordkeeping and enforcement provisions for telecommunications and advanced communications services and equipment and for Internet browsers built into mobile phones. The item also sought comment on related matters and proposed rules to implement Section 718, which requires Internet browsers built into mobile phones to be accessible to and usable by individuals who are blind or have a visual impairment.
- The Commission took action to improve communications access for the disabled. As part of the implementation of the CVAA, the Commission adopted rules for closed captioning requirements of video programming delivered using Internet protocol. IP-delivered video programming takes a number of forms, such as programming delivered to a personal computer, tablet device, cellular telephone, game console, Blu-ray player, or set-top box. These new rules enable individuals with disabilities to fully utilize communications services and equipment and allow them better access to video programming.

***Ensure that consumer protection and empowerment policies apply consistently and reasonably across technologies.***

- The Commission also took action to protect the integrity of the Universal Service Fund (USF) and other funds, recouping \$3 million for the USF in addition to issuing another \$3 million in penalties against various companies that failed to comply with the filing and payment obligations. These pro-competitive actions also ensured that compliant companies do not bear the burden of subsidizing those who do not pay their fair share.

# ***COMPETITION AND INNOVATION***

## ***Strategic Goal:***

*Competition in the provision of communications services, both domestically and overseas, supports the Nation's economy. The Commission should promote a healthy competitive dynamic for communications services that fosters research and innovation and presents consumers with reliable, meaningful choice in affordable services.*

## ***FY 2012 PERFORMANCE GOALS***

- Develop media rules and policies that achieve statutory policy objectives in light of significant changes to traditional media services.
- Enforce compliance with media rules.
- Promote access to advanced telecommunications and information services for all Americans.
- Ensure that American consumers can choose among multiple reliable and affordable communications services.
- Ensure that the Nation's spectrum is used efficiently and effectively.
- Enforce the Commission's spectrum regulations and policies.

## ***FY 2012 PERFORMANCE HIGHLIGHTS***

***Develop media rules and policies that achieve statutory policy objectives in light of significant changes to traditional media services***

- The Commission took action to provide a boost to local community radio by facilitating the licensing of low power FM and FM translator stations. The Commission adopted rules to implement the Local Community Radio Act as well as a new market-specific FM translator application processing approach. To assist prospective LPFM applicants in identifying available FM channels, a LPFM Channel Finder search tool was made available to the public on the FCC's website.
- The Commission adopted a Notice of Proposed Rulemaking proposing to modernize and reform its cable television technical rules, facilitating the cable industry's widespread transition from analog to digital transmission systems. The proposed rules reflect the Commission's ongoing commitment to regulatory reform and will permit the industry to utilize existing spectrum more efficiently, while ensuring good quality signals for digital cable customers and protecting against digital signal leakage.
- The FCC took its first step toward making a significant portion of spectrum currently used by the broadcast television service available for new uses. The Commission

adopted a Report and Order, in anticipation of a future incentive auction to address the nation's growing demand for wireless broadband, which allows multiple broadcast stations to elect to stream individual programming while sharing a single channel. The new rules promote innovation and investment in mobile communications, and help ensure the United States keeps pace with the global wireless revolution. The rules also help preserve broadcast television as a healthy, viable medium.

- The Commission invited comment on whether to allow public broadcasters to spend a modest amount of their total annual broadcast time – up to one percent, or about 88 hours per year – to conduct on-air fundraising activities for charities and other nonprofits. This proposal is a recommendation of “The Information Needs of Communities” report which was released in June 2011. The proposal gives viewers of public broadcasting the opportunity to raise funds for non-profit organizations in their communities and around the world.

#### ***Enforce compliance with media rules.***

- The FCC shut down hundreds of pirate broadcast operations, which threaten the integrity of the nation's communications infrastructure and caused interference to licensed broadcasters, air traffic control frequencies, and other public safety communications. There were \$289,000 in penalties and 583 warnings issued during FY 2012.
- The Commission continued to review consumer complaints alleging violations of its CableCARD rules. These rules allow consumers to access cable programming using a digital cable-ready television set or a retail set-top box instead of renting a set-top box from a cable operator.

#### ***Promote access to advanced telecommunications and information services for all Americans.***

- The FCC officially launched the new Connect America Fund (CAF), which was created as part of once-in-a-generation reform of the Universal Service Fund (USF). The Commission unanimously voted to reform and modernize USF to help connect every American to high-speed Internet by the end of the decade, just as the Fund did for telephone service in the 20<sup>th</sup> century. These reforms cut waste and imposed strict fiscal responsibility standards on the Fund, preventing it from growing beyond its current size. Nearly 400,000 residents and small business owners in 37 states will gain access to high-speed Internet within three years, as a result of the first phase of the CAF.
- The FCC announced the competitive bidding procedures for Phase I of the Mobility Fund, the first-ever reverse auction for Universal Service support, which will accelerate delivery of advanced mobile services to tens of thousands of road miles that currently lack 3G or 4G service. Winning bidders must deploy either 3G service within two years or 4G service within three years of the award. The Mobility Fund will award up to \$300 million that was reserved out of savings from the Commission's Universal Service Fund (USF) reforms. The auction is a market-based, fiscally responsible policy innovation to generate the greatest impact for every universal service dollar.

- The FCC completely overhauled and reformed Lifeline for today’s communications marketplace. These reforms included eliminating unnecessary subsidies, cutting off duplicative subscriptions, and requiring better proof of eligibility. Lifeline has connected low-income Americans to jobs and opportunities, family and emergency services by helping make phone service affordable. But waste, fraud and abuse in the program were threatening its future. The program saved over \$200 million this year alone from these reforms.

***Ensure that American consumers can choose among multiple reliable and affordable communications services.***

- The FCC concluded its review of the Verizon Wireless-SpectrumCo deal and approved four significant spectrum transfer applications involving Verizon Wireless, subject to a number of binding commitments and conditions. Commission staff coordinated closely with the staff of the U.S. Department of Justice’s Antitrust Division (DOJ) throughout the review. That coordination helped result in a Consent Decree between DOJ and SpectrumCo and Cox, which requires significant modifications to the commercial agreements in order to prevent anti-competitive and anti-consumer conduct. Verizon Wireless also undertook an unprecedented divestiture of spectrum to a competitor, T-Mobile. In addition, the Commission’s Order includes enforceable commitments from Verizon Wireless to accelerate buildout of its newly acquired spectrum, as well as to offer data roaming on commercially reasonable terms and conditions.
- The FCC took steps to promote government efficiency and eliminate burdensome regulatory processes by providing licensees with greater flexibility to provide advanced communications service in areas currently unlicensed in the 800 MHz Cellular Service. Consistent with its regulatory reform agenda, the Commission issued a Notice of Proposed Rulemaking and adopted an Order proposing to revise the licensing model for the Cellular Service from a site-based to a geographically-based approach.

***Ensure that the Nation’s spectrum is used efficiently and effectively.***

- The Commission issued a Notice of Proposed Rulemaking (NPRM) to promote interoperability and encourage the efficient use of spectrum in the commercial Lower 700 MHz band (698-746 MHz). In the NPRM, the FCC sought comment on a range of technical and operational factors and focused on two interference concerns that can result with use of a single band class: (1) reverse intermodulation interference from adjacent DTV Channel 51 operations; and (2) blocking interference from neighboring high-powered operations in the Lower 700 MHz E Block.
- The FCC’s Office of Engineering and Technology (OET) approved Spectrum Bridge Inc.’s television white spaces database system. OET also approved a device by Koos Technical Services, Inc. (KTS) as the first product allowed to operate on an unlicensed basis on unused frequencies in the TV bands. Unused spectrum between TV stations, known as “white spaces”, represents a valuable opportunity for provision of broadband data services. This unused TV spectrum provides a major new platform for innovation and delivery of service, with potential for both research and commercial applications.



***Enforce the Commission's spectrum regulations and policies.***

- The Commission responded aggressively to the proliferation of signal jamming devices in the marketplace, addressing harmful interference and educating the public about the safety implications. The FCC's Enforcement Bureau issued 20 enforcement actions against online retailers in 12 states for illegally marketing more than 200 uniquely-described models of cell phone jammers, GPS jammers, Wi-Fi jammers, and similar signal jamming devices. These devices pose serious risks to critical public safety communications and can prevent individuals from making 9-1-1 and other emergency calls.
- The FCC successfully addressed widespread interference to Federal Aviation Administration weather radar systems, levying \$96,000 in penalties. These FAA systems make critical quantitative measurements of gust fronts, wind shear, and other weather hazards.

# ***CONTINUAL IMPROVEMENT***

## ***Strategic Goal:***

*The FCC is striving to become a model for excellence in government. We will be data-driven in our decision making and are committed to transparent and participatory processes that encourage public involvement and feedback. We will maintain an organizational culture that promotes innovation and accountability.*

## ***FY 2012 PERFORMANCE GOALS***

- Be data-driven in our policy- and decision-making.
- Ensure effective and modern communications with consumers, Congress, the communications industry, and fellow federal, state, tribal, and local agencies.
- Foster public participation in reform and rule making.
- Create and sustain an organizational culture that encourages diversity, innovation, accountability, and continual improvement.

## ***FY 2012 PERFORMANCE HIGHLIGHTS***

### ***Be data-driven in our policy- and decision-making.***

- The nation has made significant progress expanding high-speed Internet access in recent years, according to the FCC's Eighth Broadband Progress Report, available at <http://www.fcc.gov/reports/eighth-broadband-progress-report>. Notwithstanding this progress, the Report finds that approximately 19 million Americans, 6 percent of the population, still lack access to fixed broadband service at threshold speeds. In rural areas, nearly one-fourth of the population, 14.5 million people, lack access to this service. In tribal areas, nearly one-third of the population lacks access. The report concludes that until the Commission's Connect America reforms are fully implemented, these gaps are unlikely to close. Because millions still lack access to or have not adopted broadband, the Report concludes broadband is not yet being deployed in a reasonable and timely fashion.
- The FCC's Media Bureau reported on the status of competition in the market for the delivery of video programming. The 14<sup>th</sup> Video Competition Report noted that the significant recent developments in the provision of video to consumers were the increased deployment of digital technology, consumers' rising demands for access to video programming anywhere and anytime, and the evolution of online video from a niche service into a thriving industry.

***Ensure effective and modern communications with consumers, Congress, the communications industry, and fellow federal, state, tribal, and local agencies.***

- The FCC Chairman joined federal, state and local officials, as well as representatives of wireless carriers, to announce new initiatives to combat massive smartphone and data theft. Initiatives include: (1) implementing a database to prevent the use of stolen smartphones; (2) encouraging users to lock their phones with passwords; (3) educating users on lock/locate/wipe applications; (4) conducting a public education campaign on how to protect your smartphone and yourself; and (5) tracking progress benchmarks and continuing an ongoing dialog.
- The FCC launched a new ‘bill shock’ website (<http://www.fcc.gov/bill-shock-alerts>), an online tool to help consumers track implementation of recent commitments by wireless carriers to provide usage alerts before and after consumers exceed their plan limits. Bill shock is a sudden and unexpected increase in monthly wireless bills that happens when consumers’ unknowingly exceeding plan limits for voice, data and text. Bill shock can also happen when consumers travel abroad and get hit with unexpected international roaming charges.

***Foster public participation in reform and rule making.***

- The Commission modernized the way television broadcasters inform the public about how they are serving their communities by creating an online public inspection file web site (<https://stations.fcc.gov>), and requiring all full-power television broadcasters to upload public inspection file documents to the site. The public can access these files through the Commission’s web site. Broadcasters affiliated with the top four national TV networks in the top 50 television markets also were required to upload their political files to the web site.
- The FCC worked to improve regulatory processes consistent with President Obama’s Executive Orders, including integration of more rigorous cost-benefit analysis into rulemaking proceedings; reduction of agency backlogs; and retrospective analysis and elimination of regulations that were overly burdensome, out of date, or otherwise impeded economic growth and development.
- From January 1, 2010 through the end of FY 2012, the FCC eliminated over 260 outdated rules and regulations.

***Create and sustain an organizational culture that encourages diversity, innovation, accountability, and continual improvement.***

- The FCC’s Office of Communications Business Opportunities hosted the third annual Capitalization Strategies Workshop focused on capital acquisition for small and diverse businesses in the communications industry. Small, minority- and women-owned business owners interested in telecommunications, broadcasting, or related businesses for which raising capital is a prerequisite, heard presentations by finance experts. These experts discussed challenges and strategies for obtaining public or private-sector financing for entrepreneurs, and covered strategies for ancillary services that provide technological, marketing, and administrative support to businesses in the communications industry.

# ***PUBLIC SAFETY AND HOMELAND SECURITY***

## ***Strategic Goal:***

*Communications during emergencies and crises are essential lifelines for public safety, health, defense, and emergency personnel, as well as all consumers in need. The Nation's critical communications infrastructure must be reliable, interoperable, redundant, supportive of all needed services, and rapidly restorable.*

## ***FY 2012 PERFORMANCE GOALS***

- Promote the reliability, security, rapid restoration, and survivability of the communications infrastructure
- Facilitate deployment of public safety technology.
- Maintain a clearinghouse of information for the public safety community.

## ***FY 2012 PERFORMANCE HIGHLIGHTS***

### ***Promote the reliability, security, rapid restoration, and survivability of the communications infrastructure***

- On June 28, 2012 the FCC's Disaster Information Reporting System (DIRS) began accepting disaster outage information on interconnected Voice over Internet Protocol (VoIP) and broadband Internet services. DIRS is a voluntary, web-based system administered by the Public Safety and Homeland Security Bureau that communications providers can use to report communications infrastructure status and situational awareness information during times of crisis. Information submitted in DIRS provides the Commission with an important level of awareness regarding the status of communications during and immediately after a disaster. The expansion of DIRS to interconnected VoIP and broadband Internet services recognizes that consumers, businesses, and government agencies increasingly rely on broadband and interconnected VoIP services for everyday and emergency communications needs, including 9-1-1 services.
- The Commission adopted a Notice of Inquiry to explore the use of Deployable Aerial Communications Architecture (DACA) technologies. DACA technologies are aerial technologies such as unmanned aerial vehicles, weather balloons or existing aircraft that could provide emergency communications during or immediately after a major disaster, when terrestrial communications infrastructures may be damaged or disrupted.
- On November 9, 2011, the FCC and the Federal Emergency Management Agency conducted the first-ever nationwide test of the Emergency Alert System (EAS). The purpose of the test was to assess the reliability and effectiveness of the EAS as a way to alert the public of national emergencies.

- The FCC's Enforcement Bureau addressed more than 1,000 interference cases, 823 of which had public safety implications. Interference can come from a wide array of sources (from cell jammers and baby monitors to equipment on docked ships or other intentional or malicious sources) and may be challenging to track down.

***Facilitate deployment of public safety technology.***

- The Commission proposed rules and asked for comment on a number of issues involved in improving spectrum efficiency and encouraging greater use of the 4940-4990 MHz (4.9 GHz) band for public safety broadband communications. Improved use of the 4.9 GHz band will facilitate wireless local area networks for incident scene management, fixed point-point surveillance, and support for dispatch operations and vehicular or personal communications. Using 4.9 GHz spectrum, public safety users can set up temporary networks that support data, voice, and video communications at scenes of emergencies; monitor sensitive locations remotely with point-to-point video links; and set up city-wide Wi-Fi networks to give first responders dedicated broadband access.
- The Wireless Priority Service (WPS) is a program that authorizes cellular communications service providers to prioritize calls over wireless networks. Participation in the WPS program is voluntary. The WPS program facilitates the deployment of public safety technology and increases the chances that critical users, such as first responders, will be able to use cell phone services in an emergency. The FCC sets the rules and policies for the WPS program; the U.S. Department of Homeland Security manages the WPS program. In FY 2008, the FCC began an outreach program to increase participation in WPS. Since that time, WPS participation increased over 150%. The program experienced a 6% increase in participation during FY 2012.
- The Commission established the Telecommunications Service Priority (TSP) program to support priority restoration of communications services that support national security and emergency preparedness missions during disasters, including terrorist attacks. A unit of the Department of Homeland Security oversees day-to-day operation of the TSP program. The TSP program directs telecommunications service providers (e.g., wireline and wireless phone companies) to give preferential treatment to users enrolled in the program when they need to add new lines or have their lines restored following a disruption of service. Any Federal, state, or local government entity that relies on telecommunications services to accomplish its national security and/or emergency planning mission can qualify for TSP. Although all 911 call centers would qualify for the TSP program, only a small percentage of 911 call centers participate. In FY 2004, the Commission began an outreach program to inform 911 administrators of the TSP program and to expedite their enrollment. The Commission has also sought to increase the TSP participation of the Federal Government, Hospitals, and State and Local Governments. Participation by all of these telecommunications users has increased four-fold since 2004. The program experienced an 8% increase in participation during FY 2012.

***Maintain a clearinghouse of information for the public safety community.***

- The FCC released the *Small Biz Cyber Planner*, a new easy-to-use online tool to help small businesses customize their own cybersecurity plans. The online tool is available at [www.fcc.gov/cyberplanner](http://www.fcc.gov/cyberplanner). The *Small Biz Cyber Planner* online resource enables any

small business to create a customized guide tailored to its cybersecurity needs by answering a few basic questions. By using this tool and implementing the planning guide, businesses can protect themselves, their information, and their customers from cyber threats.

# ***INTERNATIONAL***

## ***Strategic Goal:***

*We are committed to greater international engagement and cooperation in an interconnected world. The FCC will promote sound telecommunications policies globally and will strongly represent U.S. interests internationally.*

## ***FY 2012 PERFORMANCE GOALS***

- Be a world-leader by promoting sound policy worldwide
- Advocate U.S. spectrum interests in the international arena.
- Promote pro-competitive and universal access policies worldwide.

## ***FY 2012 PERFORMANCE HIGHLIGHTS***

### ***Be a world-leader by promoting sound policy worldwide***

- The FCC participated actively in preparatory activities for the World Conference on International Telecommunications (WCIT). The International Telecommunications Regulations were last negotiated in Melbourne, Australia in 1988, and there was broad consensus that the text needed to be updated to reflect the dramatically different information and communication technology landscape of the 21st century. During FY 2012, the FCC's International Bureau worked with its counterparts at the State Department, National Telecommunications and Information Administration, Department of Defense and other agencies to develop a unified position on international telecommunications services and Internet policy and to draft the U.S. official contributions to the WCIT. Additionally, senior FCC staff participated in a host of bilateral discussions; participated in various ITU meetings, and led discussions with foreign counterparts in order to effectively advocate for the U.S. positions on open Internet and other issues, to engender support, and to place the U.S. in the strongest position possible in advance of the WCIT.

### ***Advocate U.S. spectrum interests in the international arena.***

- The World Radiocommunications Conference (WRC) is a treaty-level forum held every three to four years to decide allocations of spectrum for the deployment, growth and continued usage of all types of radiocommunication services. WRC-12 was held in Geneva, Switzerland from January 23, 2012 to February 17, 2012. The FCC actively contributed to U.S. success at the Conference. The FCC team solicited public views and recommendations on the WRC-12 issues under the aegis of the WRC-12 Advisory Committee (WAC), which produced 65 draft proposals that were placed on Public Notice for comment. FCC staff worked extensively within the interagency preparatory process to develop U.S. positions for WRC-12 that, to the maximum extent possible, reflected private sector priorities.

- FCC Chairman Julius Genachowski participated in high-level discussions with U.S. and Mexican telecommunications officials at the State Department where the U.S. signed two protocols with Mexico for sharing spectrum in the 800 MHz and 1.9 GHz bands along the U.S.-Mexican border. The signing of these documents marks the beginning of the final phase for rebanding in the 800 MHz band across the country. These actions will help support commercial broadband services and public safety mission-critical voice communications along the U.S.-Mexico border and throughout the United States.

***Promote pro-competitive and universal access policies worldwide.***

- For the first time since 1996, the FCC initiated a wholesale review of its Part 25 rules, governing licensing and operation of space stations and earth stations which transmit radio frequency signals between the ground and satellites. The action continues the FCC's efforts to update and streamline regulatory requirements across the agency. This Notice of Proposed Rulemaking would eliminate unnecessary technical and information filing requirements, update rules to better accommodate evolving technology, and simplify existing requirements. In proposing extensive changes to over 100 rule sections and subsections in Part 25, the Commission aims to give satellite licensees the flexibility to provide innovative services while ensuring an operating environment free from harmful interference.
- In the last year, the FCC International Bureau made historic progress in reducing the number of backlogged space station applications. At the end of FY 2012, the number of backlogged space station applications was at an all-time low.