



FEDERAL COMMUNICATIONS COMMISSION

Fiscal Year 2015 Annual Performance Report

(October 1, 2014 – September 30, 2015)

Message from the Chairman

It is my pleasure to present the Federal Communications Commission's (FCC or Commission) Annual Performance Report for Fiscal Year (FY) 2015. The report summarizes the FCC's progress in fulfilling its strategic goals and meeting its performance commitments as expressed in the Commission's FY 2015 Annual Performance Plan.

Since becoming Chairman in November of 2013, I have devoted my efforts to approaching the vast array of issues we face – promoting economic growth and national leadership, protecting public interest goals, making networks work for everyone, and promoting operational excellence. Thanks to the highly capable team of public servants at the Commission – including my fellow Commissioners Clyburn, Rosenworcel, Pai and O'Rielly – the Commission continues to take action on issues that will help American consumers, enhance U.S. competitiveness, and improve our innovation economy.

Unleashing spectrum for broadband remains one of the Commission's most effective strategies for spurring economic growth and job creation. At the top of our spectrum agenda is the unprecedented Incentive Auction, the most complex in Commission history, and we have been advancing a number of actions to put us on track for a successful auction. I am also pleased to report the success of this year's AWS-3 auction which raised over \$40 billion in net revenues.

This past year, the Commission adopted the Open Internet Order, which will protect and promote the Internet as a platform for innovation, expression and economic growth. An Open Internet means consumers can go where they want, when they want. It means innovators can develop products and services without asking for permission.

The Commission granted – with conditions – approval of the acquisition of DIRECTV by AT&T Inc. As part of the merger, AT&T-DIRECTV will be required to expand its deployment of high-speed, fiber optic broadband Internet access service and make that service available to E-rate eligible schools and libraries, as well as create a low-income broadband service. These strong measures will protect consumers, expand high-speed broadband availability, and increase competition.

One of this Commission's most fundamental responsibilities is to ensure that all Americans have access to vital communications services. This past year, the Commission approved a Notice of Proposed Rulemaking (NPRM) to reform the FCC's Lifeline program, exploring new ways to expand access to broadband while strengthening protections against waste, fraud, and abuse. Building on reforms adopted in 2012, which helped annual Lifeline spending drop nearly 23% from almost \$2.2 billion to \$1.7 billion, the Lifeline reform NPRM proposes to streamline and tighten the process of verifying consumer eligibility by taking it out of the hands of providers.

The Commission improved the E-rate program's cost-effectiveness and set specific, ambitious goals for the broadband capacity delivered to schools and libraries – a short term target of 100 Mbps per 1,000 students, and a longer term target of 1 Gbps per 1,000 students. The FCC also re-purposed funding for Wi-Fi and robust broadband connections capable of supporting cutting-edge, one-to-one digital learning.

Over the past several years, hundreds of thousands of consumers have complained to the Commission about unwanted telephone calls. Complaints under the Telephone Consumer Protection Act (TCPA), the law that makes unwanted robocalls and texts illegal, are the largest complaint category we have at the FCC. In FY 2015, the Commission moved to modernize our regulations to catch up with today's technology and to protect consumers against unwanted robocalls and spam texts.

Twenty-five years ago, our nation took an historic step toward fulfilling the fundamental American promise of opportunity for all when we adopted the Americans with Disabilities Act (ADA). The ADA also set the stage for other critical disability laws. The FCC has played a key role in implementing these important civil rights laws and in harnessing the power of communications technology to improve the lives of Americans with disabilities. The efforts we have undertaken have had valuable impacts, including improvements to closed captioning and enabling text-to-911 calls. Last May, we adopted rules to ensure individuals who are blind or visually impaired can quickly access critical information shown on television in the event of an emergency, and we expanded the iCanConnect Program to provide communications for Americans who are deaf and blind.

Improving the way this agency does business has been one of my highest priorities. We conducted a top-to-bottom review to identify areas in need of reform, and we have subsequently taken a series of efforts to create a leaner, more efficient, more productive, and more transparent organization. Thanks to these efforts, we are making decisions faster, improving speed of disposal on routine matters, expanding electronic filing and distribution, decreasing backlogs, and improving responsiveness to consumers.

It has been more than 20 years since the FCC last examined its Enforcement Bureau's field structure. Many forms of technology commonly used today did not exist or were not widely available back then. Reduced FCC resources also necessitated a review of field staffing and priorities. The Commission adopted a modernization plan that will allow our field operations to concentrate resources where they are needed most -- areas with the greatest spectrum density. It refocuses field staff on the resolution of public safety and other interference issues. Once implemented, this plan will save millions of dollars annually. We will apply these savings to modernize the equipment used by the field so they can handle the interference issues in the new shared spectrum environment.

Again, I appreciate the opportunity to present this Performance Report and look forward to providing future updates on the Commission's efforts in accomplishing the critical work toward achieving my vision for the FCC.



Tom Wheeler
Chairman

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CONNECT AMERICA

Strategic Goal:

Maximize Americans' access to – and the adoption of—affordable fixed and mobile broadband where they live, work, and travel.

FY 2015 PERFORMANCE GOALS

- Maximize broadband adoption by promoting affordability and removing other barriers to adoption by all Americans, including those with low incomes and disabilities.
- Maximize availability of fixed and mobile broadband to all Americans and community anchor institutions, including in rural and tribal lands, while ensuring that universal service programs are efficient, effective, and impose no greater burden on consumers and businesses than necessary.
- Enable the private sector to accelerate the deployment and expansion of broadband networks by minimizing regulatory and other barriers to broadband build out.
- Measure and monitor the country's progress on broadband.

FY 2015 PERFORMANCE HIGHLIGHTS

For several years, the Commission has recognized that broadband deployment in the United States, especially in rural areas, is failing to keep pace. In this fiscal year, the FCC took significant steps to align its policymaking with marketplace trends, encourage the deployment of broadband networks, and facilitate broadband adoption.

In its 2015 Broadband Progress Report, the FCC updated its advanced broadband benchmark speeds to 25 megabits per second (Mbps) for downloads and 3 Mbps for uploads, to reflect advances in technology and the evolution of the marketplace. Using this updated benchmark, the 2015 report finds that 55 million Americans (17 percent of the population) lack access to advanced broadband. Moreover, a significant digital divide remains between urban and rural America. Over half of all rural Americans lack access to 25 Mbps/3 Mbps service. The divide is even greater on Tribal lands and in U.S. territories, where nearly 2/3 of residents lack access to today's speeds. Thirty five percent of schools across the nation still lack access to fiber networks capable of delivering the advanced broadband required to support today's digital-learning tools. While significant progress in broadband deployment has been made, due in part to the Commission's action to support broadband through its Universal Service Fund ("USF") programs, these advances are not occurring broadly enough or quickly enough. The report concludes that more work needs to be done by the private and public sectors to expand robust broadband to all Americans in a timely way.

With respect to its USF programs, the Commission stated in an Order adopted this fiscal year that broadband networks that are supported by the Connect America Fund (“CAF”) must be capable of delivering the same speeds that 99% of urban Americans enjoy. Specifically, the FCC will require companies receiving CAF funding for fixed broadband to serve consumers with speeds of at least 10 Mbps for downloads and 1 Mbps for uploads. That increase reflects marketplace and technological changes that have occurred since the FCC set its previous requirement of 4 Mbps/1 Mbps speeds in 2011. Increasing the CAF speed requirement means that rural Americans, like urban Americans, can tap the benefits provided by broadband through faster web downloads, improved video streaming, and service capable of supporting multiple users in a household.

Taking a major step to close the rural broadband gap, the FCC authorized 10 telecommunications carriers to receive nearly \$9 billion in CAF support over six years for rural broadband deployment. Together with the carriers’ own investments, this will expand broadband to nearly 7.3 million currently unserved rural consumers in 45 states nationwide and one U.S. territory over the next few years.

The FCC also took important steps to modernize its Lifeline program, seeking comment on restructuring the program to better support 21st Century communications while building on existing reforms to continue strengthening protections against waste, fraud and abuse. Lifeline was established in 1985 to help make phone service affordable for low-income Americans. In 2008, the Commission expanded the program to allow participation by low-cost wireless providers. In 2012, the Commission made significant reforms, including a database that essentially ended program abuse caused by multiple Lifeline subscriptions in a household. But now, 30 years after Lifeline was founded, the Commission has concluded it is time for a fundamental, comprehensive restructuring of the program to meet today’s most pressing communications need: access to broadband. Broadband has become essential to participation in modern society, offering access to jobs, education, health care, government services and opportunity. Unfortunately, income remains a significant barrier to broadband adoption. Lifeline helps makes communications services more affordable for low-income consumers by providing a \$9.25 a month subsidy. The item adopted by the FCC proposes and seeks comment on maintaining the same \$9.25 subsidy, and seeks to use that money as efficiently and effectively as possible to deliver modern communications services.

The FCC continued to combat waste, fraud and abuse the in the Lifeline program and other federal support programs. The Commission reached a settlement agreement under which a wireline carrier and its former subsidiary agreed to pay \$10.9 million for violating Lifeline program rules regarding eligibility certification. In addition, the companies refunded payments to fully reimburse the Lifeline program for amounts received relating to ineligible customers. In another case, the FCC proposed over \$1.5 million in fines against a carrier for failing to make required USF contributions and payments to other federal support programs.

The Commission adopted the *Second E-rate Modernization Order* in December of 2014 building on actions taken by the Commission in July of 2014 to modernize and streamline the schools and libraries universal service support program, known as the E-rate program. The actions taken in the *Second E-rate Modernization Order* were the critical next step toward meeting the program

goals and broadband connectivity targets the Commission adopted in its July 2014 *E-rate Modernization Order*. The *Second E-rate Modernization Order* addressed the connectivity gap facing many schools and libraries, particularly in rural areas, by maximizing the options available for purchasing affordable high-speed connectivity. The Order also refined and extended the budget-based approach to making WiFi funding available to all eligible schools and libraries over the next five years. In order to meet the long term connectivity needs for all schools and libraries, the Order also increased the annual E-rate funding cap to \$3.9 billion indexed annually to inflation. Additionally, the Order built on the administrative improvements to the program made by the *First E-rate Modernization Order* by directing the administrator of the E-rate program, the Universal Service Administrative Company (USAC), to establish a performance management system to assess the effectiveness of policy changes and program administration.

The Commission took a number of other actions designed to encourage and facilitate the deployment of broadband networks. For example, it adopted a Report and Order that takes critical steps to promote deployment of the wireless infrastructure necessary to provide the public with ubiquitous, advanced wireless broadband services. The Report and Order updates and tailors the manner in which the FCC evaluates the impact of proposed deployments on the environment and historic properties. It also adopts rules to clarify and implement statutory limitations on state and local government authority to review infrastructure siting applications, including a “deemed granted” remedy if a state or local government fails to act on an eligible facilities modification request under Section 6409(a) of the Spectrum Act.

The FCC took steps to ensure that two community broadband providers could expand their broadband service to unserved and underserved areas by preempting state laws in Tennessee and North Carolina that prevented these and similar broadband providers in the two states from meeting local demand for broadband service. A Memorandum Opinion and Order adopted by the Commission finds that provisions of the laws in North Carolina and Tennessee are barriers to broadband deployment, investment and competition, and conflict with the FCC’s mandate to promote these goals. The state laws had effectively prevented cities from expanding broadband service outside their current footprints despite numerous requests from neighboring unserved and underserved communities.

Additionally, the Commission has taken steps to ensure that as the technology of nation’s 911 networks evolve, 911 services will continue to be accessed reliably by consumers who could be facing life or death situations. In December 2013, the Commission adopted rules requiring 911 communications providers to take reasonable measures to provide reliable service, as evidenced by an annual certification. “Covered 911 Service Providers” – i.e., those that provide 911 capabilities directly to public safety answering points (PSAPs) – must certify whether they have implemented specified elements or reasonable alternative measures with respect to critical 911 circuit diversity, central office backup power, and diverse network monitoring. These rules responded to widespread failures of service provider networks during a June 2012 derecho storm that left 3.6 million people in six states without 911 service for several hours to several days and are intended to improve the reliability and resiliency of the nation’s 911 networks. In response to a Petition for Reconsideration regarding the certification obligations of IP-based service providers, the Commission in July 2015 adopted an Order on Reconsideration clarifying that

respondents may certify reasonable alternative measures in lieu of any of the specified certification elements. On October 15, 2015, the Commission received an Initial Certification of at least 50-percent compliance with applicable certification requirements and is currently reviewing information gathered in this first round of filings. Following this phase-in period, annual reliability certifications of 100-percent compliance will be due October 15, 2016, and each year thereafter. Together with expanded certification requirements for Next Generation 911 providers proposed in a November 2014 Policy Statement, the annual certification process will help maintain the reliability and resiliency of the nation's 911 networks as technologies evolve to broadband platforms and provide the Commission with important data about the integrity of critical 911 infrastructure nationwide.

Finally, on July 24, 2015, the Commission granted, with conditions, approval of the transfer of control of licenses and authorizations from DIRECTV to AT&T. The approval allowed AT&T to acquire DIRECTV and merge the two companies into one combined entity. The Commission's decision was based on a careful, thorough review of the record, which included extensive economic analysis and documentary data from the applicants, as well as comments from interested parties. Based on this review, the Commission determined that granting the application, subject to certain conditions, is in the public interest. As part of the merger, AT&T-DIRECTV will be required to expand its deployment of high-speed, fiber optic broadband Internet access service to 12.5 million customer locations as well as to E-rate eligible schools and libraries. In addition, AT&T-DIRECTV is prohibited from using discriminatory practices to disadvantage online video distribution services and will submit its Internet interconnection agreements for Commission review. And the combined AT&T-DIRECTV will offer broadband services to low-income consumers at discounted rates. Furthermore, in order to address the potential harms posed and to confirm certain benefits offered by the transaction, the Commission subjected the merged entity to conditions. Included among those conditions, the Commission required the appointment of an Independent Compliance Officer, who will have the power and authority to review and evaluate AT&T's compliance with the merger conditions. AT&T and the FCC's Office of General Counsel have recently reached an agreement as to the selection of the Independent Compliance Officer.

MAXIMIZE BENEFITS OF SPECTRUM

Strategic Goal:

Maximize the availability of spectrum in order to provide diverse and affordable communications services to consumers.

FY 2015 PERFORMANCE GOALS

- Develop and implement flexible, market-oriented spectrum allocation and assignment policies that promote innovation, investment, jobs and consumer benefits, including ensuring meaningful availability of unlicensed spectrum.
- Develop and implement policies that support highly efficient use of spectrum.

FY 2015 PERFORMANCE HIGHLIGHTS

The Commission held the record setting AWS-3 auction, which made 65 MHz of spectrum available for wireless broadband and raised over \$41 billion in proceeds. Following the auction, the Commission reviewed long-form applications of winning bidders, including claims for a total of \$3.57 billion in bidding credits, drafted an extensive Memorandum Opinion & Order for two contested applications, and granted or dismissed applications to qualified winning bidders.

The Commission also adopted a Report and Order that modernizes the competitive bidding rules and reforms policies – commonly known as the Designated Entity Rules – designed to facilitate small business’ ability to participate in spectrum auctions and the wireless marketplace. The Report and Order amended the rules governing joint bidding and other arrangements involving auction applicants to promote robust competition in future auctions and in the current wireless marketplace. The Report and Order also adopted common sense reforms to ensure that true eligible small businesses and rural service providers are the recipients of bidding credits. In addition, the Order provides greater flexibility to smaller companies and rural service providers to build wireless businesses that can spur additional investment and bring greater choice to consumers and businesses across the country.

The FCC sought public comment on and adopted final bidding procedures for next year’s incentive auction, including procedures for setting the initial spectrum clearing target, qualifying to bid, and for processing bids in the reverse and forward auctions. The incentive auction is designed to allow market forces to make available high-quality low-band spectrum for mobile broadband. In the reverse auction, broadcasters will offer to voluntarily relinquish some or all of their spectrum usage rights and in the forward auction, service providers will bid for new, flexible-use licenses suitable for providing mobile broadband services. Forward auction proceeds will be used to pay broadcasters that relinquish rights in the reverse auction. As part of the auction process, the broadcast television bands will be reorganized or “repacked” so that the television stations that remain on the air after the incentive auction occupy a smaller portion of

the ultra-high frequency (“UHF”) band, thereby clearing contiguous spectrum that will be repurposed as the 600 MHz Band.

The Incentive Auction Task Force updated the information package designed to assist broadcasters in their analysis of the opportunities afforded by the incentive auction. The information package included the high and median opening bid prices in each television market for full power and Class A stations eligible to participate in the incentive auction, calculated using the proposed formula adopted by the Commission in December. The updated package also included additional detail on channel sharing and the UHF-to-VHF bidding options, a description of the bidding hierarchy and the bid selection process, and an overview of how the repacking process will work for stations that do not participate or whose bids are not selected.

The FCC began examining the use of new frequency bands for mobile services as part of the Commission’s efforts to help meet the growing demand for spectrum. Based on a recommendation from the FCC’s Technological Advisory Council, a Notice of Inquiry was adopted that seeks to broaden the Commission’s understanding of technological developments that could unlock millimeter wave spectrum above 24 GHz for next-generation mobile wireless services. There have been significant developments in antenna and processing technologies that may allow the use of higher frequencies than those used today for mobile applications. It was long assumed that higher spectrum frequencies, like those above 24 GHz, could not support mobile services due to technological and practical limitations. New technologies are challenging that assumption and promise to facilitate next generation mobile service, what some call “5G,” with the potential to dramatically increase wireless broadband speeds.

The Commission adopted rules for the “Citizens Broadband Radio Service,” creating a new spectrum band and taking a major step forward in spectrum policy by authorizing advanced spectrum sharing among commercial and federal operators. As spectrum is a finite resource, this action by the Commission combined spectrum sharing tools and policies to make available 150 megahertz of spectrum for mobile broadband and other commercial uses. Specifically, the Report and Order adopted innovative spectrum sharing techniques to create a new three-tiered commercial radio service spanning 3550 MHz to 3700 MHz. The use of advanced spectrum-sharing technology will allow wireless broadband systems to share spectrum with military radars and other incumbent systems, while protecting important federal missions.

The FCC adopted new rules to address the long-term needs of wireless microphone users by providing for continued access to the 600 MHz band and expanding access to other bands. Wireless microphones play an important role in enabling broadcasters and other video programmers to cover breaking news and live sports events. Wireless microphones also enhance event productions in a variety of settings, including theaters and music venues, conventions, houses of worship, and Internet webcasts. Most wireless microphones today operate on unused spectrum in the frequencies currently allocated for TV broadcasting. Wireless microphones also operate in other bands, both on a licensed and unlicensed basis, depending on the particular band. Following the incentive auction, with the repacking of the television band and the repurposing of current television spectrum for wireless services, there may be fewer frequencies in the television bands available for use by wireless microphone operations. The Report and Order provided a

viable path forward for continued operation of wireless microphones for a variety of uses and across various bands.

The Commission adopted a Report and Order that modernizes its Part 15 rules to accommodate growing demand for and encourage innovation in unlicensed use. The new rules will permit unlicensed fixed and personal/portable white space devices and unlicensed wireless microphones to use channels in the 600 MHz and television broadcast bands while continuing to protect television and other licensed services from harmful interference. Unlicensed devices have grown from basic garage door openers and cordless phones to Wi-Fi and Bluetooth technologies to the “Internet of Things.” The Commission’s Part 15 rules permit unlicensed devices to operate on unused TV channels, the so-called “white space” spectrum. Following the upcoming incentive auction, there may be fewer white space frequencies in the television band for use by such devices. The Report and Order was designed to allow for more robust unlicensed use and to promote spectral efficiency in the 600 MHz band.

The FCC also took enforcement action to ensure licensed spectrum remains clear from unauthorized operations and harmful interference. In early 2015, field agents from the FCC’s Enforcement Bureau conducted two “pulse enforcement” projects against unlicensed radio stations in New York City and Miami - cities which account for over half of the Commission’s pirate radio enforcement actions. Those projects resulted in eleven shutdowns and \$75,000 in proposed forfeitures. The pirates targeted in the pulse enforcement projects represented some of the most egregious operators, operating at high power, causing interference to licensed broadcast stations, or running advertisements which take revenue from authorized stations. The Bureau also announced new complaint escalation procedures to ensure critical public safety and industry wireless interference issues are addressed in a timely manner.

The FCC reviewed and processed 853,415 applications and complaints in FY 2015, meeting its Speed of Disposal (SOD) goals 98% of the time. In six of the last seven years, the FCC met the SOD metrics for at least 96% of applications and complaints. Results of the Commission’s bureaus and offices in meeting SOD goals are shown on the following page.

<u>BUREAU/OFFICE</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
CONSUMER AND GOVERNMENTAL AFFAIRS	95%	98%	98%	99%	99%	98%	98%
INTERNATIONAL ¹	88%	86%	91%	88%	83%	77%	76%
MEDIA	95%	86%	84%	98%	98%	97%	85%
ENGINEERING AND TECHNOLOGY	99.7%	99.3%	99.6%	99.7%	99.6%	99.7%	99.9%
PUBLIC SAFETY AND HOMELAND SECURITY	99%	99%	91%	90%	97%	99%	99%
WIRELESS TELECOMMUNICATIONS	98%	99%	98%	98%	85%	95%	98%
WIRELINE COMPETITION	100%	99.6%	99.9%	99.8%	99.6%	99.5%	99.3%
FCC TOTAL	97%	98%	97%	98%	92%	96%	98%

¹ The International Bureau's SOD goals are significantly affected by the process of consultation with the Executive Branch on foreign ownership issues.

PROTECT AND EMPOWER CONSUMERS

Strategic Goal:

Empower consumers by ensuring that they have the tools and information they need to make informed choices in their use of communications services; protect consumers from harm in the communications market.

FY 2015 PERFORMANCE GOALS

- Promote transparency and disclosure.
- Act swiftly and consistently in the use of enforcement authority to protect consumers.
- Develop and maintain policies that encourage variety in media programming sources and services for consumers.

FY 2015 PERFORMANCE HIGHLIGHTS

The FCC adopted a proposal to protect consumers against unwanted robocalls and spam texts. In a package of declaratory rulings, the Commission affirmed consumers' rights to control the calls they receive. The Commission also made clear that telephone companies face no legal barriers to offering consumers robocall-blocking tools. The rulings were informed by thousands of consumer complaints about robocalls the FCC receives each month. These rulings addressed almost two dozen petitions and other requests that sought clarity on how the Commission interprets the Telephone Consumer Protection Act (TCPA), thereby closing loopholes and strengthening consumer protections already on the books. The TCPA requires prior express consent for non-emergency autodialed, prerecorded, or artificial voice calls to wireless phone numbers, as well as for prerecorded and artificial voice telemarketing calls to residential wireline numbers.

The Commission adopted rules to help ensure that consumers have the information and tools necessary to maintain landline home telephone service during emergencies. The rules require providers of modern home voice services to provide consumers information and the option to buy backup power so they can use their phone service during electric outages. The FCC is taking this action because home voice service is changing. Traditional, copper-based, landline phone service typically works during electric outages because the service provides its own power. In contrast, modern alternatives usually need backup power to keep operating during a power outage. The new rules are therefore designed to ensure that consumers are making informed decisions, and have options to maintain available communications at home during electric outages. Under the new rules, providers of modern home voice services will be required to ensure that a technical solution for eight hours of standby backup power is available for consumers to purchase at the point of sale. Within three years, these providers will also be required to offer an option for 24 hours of standby backup power. The decision to purchase

backup power will be up to consumers – they will not be forced to purchase or pay for equipment they do not want. The rules also require these providers to inform both new and current customers about service limitations during electric outages and the steps they can take to address those risks, including how to keep their service operational during a multi-day power outage.

The FCC launched a new Consumer Help Center (CHC) to replace its legacy consumer complaint system. The CHC is more user-friendly, accessible and transparent to consumers. Key features of the CHC include:

- Streamlined Process for Filing Complaints. The new web-based consumer interface replaced 18 outdated complaint forms with one web portal. The system is interactive, guiding users toward the most relevant options.
- Integrated Consumer Education Tools. "One-stop shopping" portal integrates complaint intake and educational materials. In some cases, the educational information enables consumers to immediately solve a problem without filing a complaint. If not, the complaint portal is easily accessible.
- Faster Handling of Consumer Complaints. The new system promptly serves complaints on providers, enabling them to respond more quickly to consumers.
- More Transparency. The system makes available to the public and internal staff a much wider array of aggregated consumer-complaint data than in the past.

In addition, the information collected is smoothly integrated with policy-making and enforcement processes. The insights gained from the collected information help identify trends in consumer issues and enable the Commission to focus resources on the issues that matter most.

The FCC's Technological Advisory Council released recommendations regarding on-device theft prevention features. To encourage a quick pivot from recommendations to implementation, FCC Chairman Wheeler called on the wireless industry to voluntarily support the recommendations, and in July the wireless industry implemented a voluntary commitment to extensive theft-prevention features such as remote-locking and remote-data-wiping. The industry indicated it would continue its efforts to deter theft of smart phones through its work implementing the recommendations of the Technological Advisory Council working group.

The Commission adopted rules that allow broadcasters to disclose contest rules online as an alternative to broadcasting them over the air. Adopted in 1976, the FCC's Contest Rule requires broadcasters to disclose important contest information fully and accurately, and to conduct contests substantially as announced. This rule change preserves these requirements, but modernizes how broadcast stations can meet their disclosure obligation by announcing their contest terms over the air or by posting that information on an Internet website. The Order also adopted related implementing rules, including the requirement that broadcasters periodically announce over the air the website address where their contest rules can be found.

The Commission confirmed that opt-out notices are required on all fax ads, and such notices must conform to the rules adopted by the Commission in its 2006 Junk Fax Order. Absent a waiver, full compliance is expected and any failure to comply could subject entities to enforcement sanctions, including potential fines and forfeitures, and to private litigation. The

FCC's rules require that a "facsimile advertisement that is sent to a recipient that has provided prior express invitation or permission to the sender must include an opt-out notice."

The FCC announced that it joined the Global Privacy Enforcement Network (GPEN), an international group of privacy regulators and enforcers. GPEN seeks to promote and support law enforcement cooperation and collaboration on cross-border privacy enforcement actions. GPEN members include approximately fifty data protection authorities from around the world. The FCC will join the Federal Trade Commission in representing the United States in GPEN proceedings. Through its Enforcement Bureau, the FCC also joined the Asia Pacific Privacy Authorities (APPA), the principal international forum for privacy enforcement authorities in the Asia Pacific Region. This partnership is an opportunity for the FCC to leverage regional expertise and exchange ideas about data protection, cross-jurisdiction law enforcement, and the management of consumer privacy complaints. As with GPEN, the FCC will join the Federal Trade Commission in representing the United States in APPA proceedings.

The FCC's Enforcement Bureau undertook a number of investigations to enforce the Commission's rules, protect consumers from illegal or unfair practices, and promote an opportunity for competition. Results of these investigations included:

- Four large wireless carriers paid a total of \$353 million to settle allegations that the companies billed customers millions of dollars in unauthorized third-party subscriptions and premium text messaging services.
- A Notice of Apparent Liability (NAL) proposing a \$100 million fine on a carrier for misleading its customers about unlimited mobile data plans. The NAL alleges that the company severely slowed down the data speeds for customers with unlimited data plans and that the company failed to adequately notify its customers that they could receive speeds slower than the normal network speeds it advertised.
- A \$25 million settlement with a carrier to resolve an investigation into consumer privacy violations at the carrier's call centers in Mexico, Columbia, and the Philippines. The data breaches involved the unauthorized disclosure of almost 280,000 U.S. customers' names, full or partial Social Security numbers, and unauthorized access to protected account-related data, known as customer proprietary network information (CPNI).
- A settlement that required a major mobile phone provider to compensate millions of consumers for unlawfully locked handsets and to provide unlockable handsets in the future. The settlement is expected to provide \$80 million in value to consumers.
- A \$5 million settlement to resolve an inquiry into a carrier's failure to investigate whether rural customers could receive long distance or wireless calls to landline phones in 26 different rural areas across the country. The carrier will pay a fine of \$2 million and implement a compliance plan in which it commits to spend an additional \$3 million over the next three years to improve call completion to rural areas across the country.
- Two companies paying \$3.5 million in penalties for failing to properly protect the confidentiality of personal information they received from more than 300,000 consumers. The investigation revealed that the companies' vendor stored consumers' personal information on unprotected servers that were accessible over the Internet, enabling access to customer names, addresses, Social Security numbers, driver's licenses, and other

sensitive information. In addition to the penalties, the companies must also provide complimentary credit monitoring services for all affected individuals.

- Two companies agreeing to settlements totaling \$1.35 million in penalties for using Wi-Fi monitoring systems to block mobile hotspots at conference facilities where the companies wished to charge a fee to exhibitors and visitors to use their Wi-Fi services. The Bureau also issued an Enforcement Advisory warning that persons or businesses causing intentional interference to Wi-Fi hotspots are subject to enforcement action.
- An agreement with a major carrier to ensure that customers running mobile speed tests on the carrier's network will receive accurate information about the speed of their broadband Internet connection, even when they are subject to speed reductions under their data plans.
- Warnings to companies for failing to honor consumer choice under the TCPA to avoid unwanted autodialed text messages.

PROMOTE INNOVATION, INVESTMENT, AND AMERICA'S GLOBAL COMPETITIVENESS

Strategic Goal:

Ensure that all lawful content can be provided, and accessed, without artificial barriers; promote innovation in a manner that improves the nation's ability to compete in the global economy, creating a virtuous circle that results in more investment and in turn enables additional innovation.

FY 2015 PERFORMANCE GOALS

- Foster international engagement and cooperation on communications policy issues, including the broadband innovation initiative and free flow of data across borders.
- Advocate U.S. spectrum interests in the international arena.
- Preserve the free and open Internet as a platform for economic growth, innovation, job-creation, and global competitiveness.

FY 2015 PERFORMANCE HIGHLIGHTS

Ending lingering uncertainty about the future of the Open Internet, the Commission set sustainable rules of the road that will protect free expression and innovation on the Internet and promote investment in the nation's broadband networks. The FCC has long been committed to protecting and promoting an Internet that nurtures freedom of speech and expression, supports innovation and commerce, and incentivizes expansion and investment by America's broadband providers. Broadband networks must be fast, fair and open; principles shared by the overwhelming majority of the nearly four million commenters who participated in the FCC's Open Internet proceeding. Absent action by the FCC, Internet openness is at risk. The Order finds that the nature of broadband Internet access service has not only changed, but that broadband providers have even more incentives to interfere with Internet openness today. To respond to this changed landscape, the Open Internet Order restored the FCC's legal authority to fully address threats to openness on today's networks, including reclassification of broadband Internet access service as a telecommunications service under Title II of the Communications Act. With a firm legal foundation established, the Order sets "bright-line" rules of the road for behavior known to harm the Open Internet, adopts an additional, flexible standard to future-proof Internet openness rules, and protects mobile broadband users with the full array of Open Internet rules. It does so while preserving incentives for investment and innovation by broadband providers by affording them a carefully tailored version of the light-touch regulatory treatment that fostered tremendous growth in the mobile wireless industry.

The Commission moved forward on two actions that modernize the Commission's rules to reflect the current media landscape and better serve consumers. First, the Commission adopted

new rules that allow modification of satellite television markets to help ensure that satellite operators carry the broadcast stations of most interest to the community. The Commission also adopted a proposal that initiates the review of the so-called “totality of the circumstances test” for evaluating whether broadcasters, cable television operators and satellite television carriers are negotiating for retransmission consent in good faith. These actions implement two statutory requirements in the Satellite Television Extension and Localism Act Reauthorization (STELAR) Act of 2014 passed by Congress to modernize rules regarding the satellite, cable, and broadcast television markets.

Pursuant to Congress’ mandate in STELAR, the FCC also established the Downloadable Security Technical Advisory Committee (DSTAC). The DSTAC’s mission is “to identify, report, and recommend performance objectives, technical capabilities, and technical standards of a not unduly burdensome, uniform, and technology- and platform-neutral software-based downloadable security system” to promote the competitive availability of navigation devices (*e.g.*, set-top boxes and MVPD-compatible television sets) in furtherance of Section 629 of the Communications Act. The DSTAC made findings and recommendations in its final report to the Commission on August 28, 2015, meeting the deadline established by STELAR.

Finally, in an effort to address an important national security problem without inhibiting innovation and investment, the Commission has continued to employ creative means to enhance the management of cyber risk across the communications sector. In 2014 the Commission charged CSRIC IV to develop a means of assuring the Commission that the communications sector is promoting proactive and accountable cybersecurity self-governance. CSRIC IV recommended in March 2015 that the Commission should convene cyber assurance meetings. In this initiative, which the FCC is currently implementing, the FCC will confer with individual communications providers in a series of meetings to assure itself of their practices and procedures, provide guidance as needed, and use its role as an aggregator of information to identify relevant trends and best practices that can further aid in cyber risk management. In June 2015 the FCC also tasked CSRIC V with developing a means to promote cybersecurity information sharing throughout the sector, incorporate cybersecurity design principles, and address the communications sector cybersecurity workforce challenges.

PROMOTE COMPETITION

Strategic Goal:

Ensure a competitive market for communications and media services to foster innovation, investment, and job creation; and to ensure consumers have meaningful choice in affordable services.

FY 2015 PERFORMANCE GOALS

- Ensure effective policies are in place to promote and protect competition for the benefit of consumers, including appropriate interconnection policies for communications networks.
- Promote pro-competitive and universal access policies worldwide.
- Ensure expeditious and thorough review of proposed transactions to ensure they serve the public interest.

FY 2015 PERFORMANCE HIGHLIGHTS

The FCC modernized and streamlined its rules governing the distribution of phone numbers by leveling the playing field for interconnected Voice over Internet Protocol (VoIP) services, which are increasingly popular with consumers. Under the previous regime, interconnected VoIP service providers had to obtain numbers from third-party carriers. The Order also improves FCC oversight of the numbering system to help ensure that calls connect nationwide, and provides more accountability and protections for the numbering system. Giving direct access to numbers to interconnected VoIP service providers will promote competitive choice for consumers, including speeding the transfer of a customer's existing number to or from an interconnected VoIP provider.

Taking the next major step in its review of competition in the marketplace for business data services (also referred to as special access services), the FCC's Wireline Competition Bureau, on behalf of the Commission, began to make industry data available for public review, pursuant to the terms of a protective order safeguarding competitively sensitive information. Business data services are a wholesale data service widely purchased by businesses and institutions that provides dedicated, guaranteed transmission of high volumes of critical data. The FCC has been collecting data with which to analyze the state of competition in the special access market, which has annual revenues of approximately \$40 billion.

The Commission also fulfilled the Congressional requirement to report on mobile wireless competition. The FCC's Wireless Telecommunications Bureau, on behalf of the Commission, released the 17th Mobile Wireless Competition Report (17th Report). The 17th Report provided a streamlined, annual reporting of data on the mobile wireless marketplace. Data charts and tables from 17th Report were posted on the FCC's website, allowing for dynamic updating of publicly

available data throughout the year. This approach is consistent with ongoing efforts to streamline FCC processes and expedite agency release of data.

In addition, the FCC's Wireless Telecommunications Bureau, on behalf of the Commission, released a Declaratory Ruling to provide additional guidance on how to evaluate data roaming agreements under the standard set forth in Section 20.12(e) of the Commission's rules. This rule obligates facilities-based providers to offer data roaming arrangements to other such providers on commercially reasonable terms and conditions. Roaming arrangements between wireless service providers enable customers of one provider to receive services from another provider's network when they are in areas that their provider's network does not cover. The Commission has previously determined that the availability of both voice and data roaming arrangements is critical to promoting facilities-based competition among multiple service providers.

PUBLIC SAFETY AND HOMELAND SECURITY

Strategic Goal:

Promote the availability of reliable, interoperable, redundant, rapidly restorable critical communications infrastructures that are supportive of all required services.

FY 2015 PERFORMANCE GOALS

- Promote access to effective communications services, including next generation services, in emergency situations across a range of platforms by public safety, health, defense, and other emergency personnel, as well as all consumers in need.
- Evaluate and strengthen measures for protecting the nation's critical communications infrastructure and facilitate rapid restoration of the U.S. communications infrastructure and facilities after disruption by any cause, including cyberattacks.
- Act swiftly in matters affecting public safety, homeland security, and disaster management, and implement, maintain and conduct exercises for the FCC's Continuity of Operations Plans (COOP) and Emergency Preparedness Plans.

FY 2015 PERFORMANCE HIGHLIGHTS

The Commission proposed rules to preserve reliable 911 service as technology evolves. The proposals address the increasingly complex nature of the nation's 911 infrastructure and respond to a recent trend of large-scale "sunny day" 911 outages (that is, outages not due to storms or disasters but instead caused by software and database errors). Technology transitions, including the move to IP-based networks, can vastly improve 911 calling and help first responders during emergencies.

The FCC also adopted rules to help emergency responders better locate wireless callers to 911. These updates to the Commission's Enhanced 911 (E911) rules respond to Americans' increasing use of wireless phones to call 911, especially from indoors, where traditional 911 location technologies often do not work effectively or at all. The new rules take advantage of technological developments that will allow for more accurate location information to be transmitted with indoor 911 calls. The new rules establish clear and measureable timelines for wireless providers to meet indoor location accuracy benchmarks. The Commission noted that no single technological approach will solve the challenge of indoor location, and no solution can be implemented overnight. The new requirements therefore enable wireless providers to choose the most effective solutions and allow sufficient time for development of applicable standards, establishment of testing mechanisms, and deployment of new location technology.

The Public Safety and Homeland Security Bureau (Bureau) announced the availability of the FCC's Public Safety Answering Point (PSAP) Text-to-911 Readiness and Certification Registry, listing PSAPs that are ready to receive text-to-911 messages, and providing notice to

Commercial Mobile Radio Service providers and other providers of interconnected text messaging services of the notice date of PSAP readiness.

The FCC's Enforcement Bureau reached settlements with four carriers totaling over \$38 million in penalties to resolve investigations into "sunny day" 911 service outages. These outages left consumers across the country without the capability to reach 911 service for several hours at a time. The Bureau also reached settlements with three companies totaling \$1.4 million in penalties to resolve investigations into the companies' inability to handle 911 calls through applications used by callers who are hard of hearing. Over periods varying from 5 weeks to approximately 10 months, the companies were not only unable to relay 911 calls from Americans who are hard of hearing, but were unaware of this issue until a Commission investigation revealed the problem. In addition, the Bureau fined a telecommunications provider \$100,000 for knowingly routing 911 calls to an automated operator message that instructed callers to "hang up and dial 911" to report an emergency.

Five broadcast companies were fined more than \$2.4 million for misusing the Emergency Alert System (EAS) warning tones during broadcasts. False broadcast of an emergency signal can cause unnecessary public concern and undermine the urgency of real alerts. Broadcast or transmission of emergency tones outside an emergency or authorized test violates FCC regulations designed to protect the integrity of the EAS system. The Bureau also imposed a \$25,000 penalty against an individual for maliciously interfering with public safety frequencies during emergencies.

In September the Bureau launched the Public Safety Support Center, a web-based portal that enables 911 Call Center Centers and other Public Safety entities to submit notifications of service outages, issues related to carrier provision of location information, or inquiries regarding Public Safety operations or FCC rules and regulation.

The FCC adopted rules to strengthen the Emergency Alert System by (1) establishing a national location code for EAS alerts issued by the President; (2) amending the EAS rules governing a national EAS test code for future nationwide tests; (3) requiring EAS Participants to file test result data electronically; and (4) requiring EAS participants to meet minimum accessibility standards.

The Bureau hosted a workshop to promote the wider use and increased accessibility of the Emergency Alert System (EAS) and Wireless Emergency Alerts (WEA). The workshop began with use-case presentations from emergency management officials from Virginia, Florida and Alaska, followed by panels that discussed methods to empower and encourage state and local emergency managers to utilize the EAS and WEA systems more widely for localized alerts and exercises, how to integrate their use with 911, and how to improve the accessibility of EAS messages.

The FCC adopted a Notice of Proposed Rulemaking that seeks to strengthen Wireless Emergency Alerts (WEA) by improving the effectiveness of WEA message content, improving alert geo-targeting, and facilitating alert testing and proficiency training for alert originators.

ADVANCE KEY NATIONAL PURPOSES

Strategic Goal:

Through international and national interagency efforts, advance the use of broadband for key national purposes.

FY 2015 PERFORMANCE GOALS

- Promote and facilitate the use of broadband to address key national challenges, including health care, education, energy, and e-government.
- Ensure that small businesses have the access to broadband and other communications tools needed to drive innovation and economic growth.

FY 2015 PERFORMANCE HIGHLIGHTS

The Commission took several actions to ensure that individuals with disabilities have access to our nation's communications infrastructure and video programming services. These included the adoption of rules (1) to ensure that people who are blind or visually impaired can quickly access to critical information shown on television in the event of an emergency, and (2) to require user interfaces on video programming apparatus and navigation devices that are usable by individuals who are blind or visually impaired. In addition, the Commission sought comment on other accessibility issues facing people who are blind or visually impaired to implement provisions of the Twenty-First Century Communications and Video Accessibility Act of 2010 (CVAA) related to accessible emergency information. The Commission also proposed rules to update and improve the hearing aid compatibility (HAC) standards-setting process, make the wireline HAC rules applicable to Voice over Internet Protocol (VoIP), and adopt a wireless handset volume control rule. In a separate rulemaking, the FCC expanded the scope of its wireless HAC rules to make them applicable to Internet Protocol-based wireless services, such as services using VoLTE and Wi-Fi, and proposed to increase to 100 percent the percentage of wireless handsets that must be hearing aid compatible.

The FCC also proposed rules to make permanent its program that distributes communications equipment to low-income individuals who are deaf-blind. Known as "iCanConnect," the National Deaf-Blind Equipment Distribution Program provides equipment needed to make telecommunications, advanced communications and the Internet accessible to Americans who have significant vision and hearing loss. The communications equipment provided through the program is free to deaf-blind consumers who meet income eligibility. Individual assessments of each consumer's specific accessibility needs, equipment, installation, training and other technical support are also available.

FCC Chairman Tom Wheeler announced that the agency will offer an open source video access platform that will enable Americans who are deaf, hard of hearing, deaf-blind or who have a speech disability to communicate directly with federal agencies and businesses in American Sign

Language (ASL). The platform will provide open source applications for mobile and desktop operating systems which, along with direct video calling, will allow for real-time text and high-quality voice communications. In addition, the FCC will provide applications that relay service users can download on their smartphones or desktops in order to communicate directly with agency representatives.

The FCC formed a Disability Advisory Committee created under the Federal Advisory Committee Act to provide a vehicle for consumers and other stakeholders to provide feedback and recommendations to the Commission on a wide array of disability issues within the FCC's jurisdiction. The Committee keeps the FCC apprised of the evolving communications accessibility issues and builds on its record of ensuring access to communications and video programming for people with disabilities. Some of the issues the Committee addresses include telecommunications relay services, closed captioning, video description, access to emergency information on television and telephone emergency services, device accessibility, IP and other network transitions, as well as new disability and accessibility issues that arise. Also, in keeping with the Commission's commitment to include all segments of the disability population, in 2015, the Committee hosted a summit on the communication needs of people with cognitive and intellectual disabilities.

OPERATIONAL EXCELLENCE

Strategic Goal:

Make the FCC a model for excellence in government by effectively managing the Commission's human, information, and financial resources; by making decisions based on sound data and analyses; and by maintaining a commitment to transparent and responsive processes that encourage public involvement and best serve the public interest.

FY 2015 PERFORMANCE GOALS

- Effectively manage the FCC's processes for monitoring and disposing of applications, petitions, and complaints before the FCC in order to achieve timely action on pending items.
- Continuously review and examine our regulatory processes and significant regulations to achieve statutory objectives while reducing burdens on industry and promoting innovation and job growth.
- Effectively manage the FCC's information technology resources by maintaining secure systems that meet the needs of both the FCC and the system users.
- Effectively manage the human resources of the FCC in order to ensure sufficient resources and knowledge to handle the FCC's workload.
- Effectively manage the FCC's financial resources to best achieve the FCC's mission and to maintain internal controls that allow for sound financial management and accounting.

FY 2015 PERFORMANCE HIGHLIGHTS

The Commission adopted a plan to modernize the agency's field operations within the Enforcement Bureau. The proposal, when fully implemented, will improve efficiency, better position the agency to do effective radio interference detection and resolution and meet other enforcement needs, and save millions of dollars annually. The current structure of the FCC's field operations is over 20 years old, during which time significant technological changes have taken place and available funding has decreased. The new field structure was adopted by the Commission after the Enforcement Bureau, Office of the Managing Director, and expert outside consultants conducted a thorough, data-driven analysis of the agency's field operations to maximize the effectiveness of those operations, align them to the overall mission and priorities of the FCC, improve equipment and advanced technologies for field agents, and ensure the most efficient use of the agency's resources. The field reorganization plan aligns the field's structure, operations, expenses, and equipment with the agency's priorities such as radio frequency interference. It also prepares the field to address future enforcement needs in an ever more complex spectrum environment, and aligns field operations to support this mission. Through this plan, the Commission is maintaining a commitment to respond in a timely manner to interference

issues anywhere in the nation, including responding to all public safety spectrum complaints within one day.

The FCC information technology team was recognized for its role in developing the new consumer help desk with the Association for Federal Information Resources Management's (AFFIRM) Leadership Award in Cloud Computing. A first-time AFFIRM Leadership Award recipient, the FCC was the only recipient of a team award from AFFIRM this year. The new system uses a cloud-based Software-as-a-Service model, which embodies the FCC's approach to IT moving forward. In order to develop such a system using the traditional in-house, "on-premise" model, the FCC estimated it would require approximately \$3.2 million over one to two years. The new system's price tag of only \$450,000 represents a savings of 85 percent to taxpayers. From purchase of the technology to the launch of the platform, the process took approximately six months to complete.

The agency announced the availability of an online filing module for several types of filings that previously could be filed only on paper. In addition, the Commission released two orders directing that certain types of filings may be submitted through the "Submit a Non-Docketed Filing" module of its Electronic Comment Filing System (ECFS).

The FCC undertook large-scale information technology improvements toward the end of FY 2015. These efforts involved the move of more than 200 servers to a commercial service provider and the transfer of over 400 applications associated with those servers. This move will help reduce the costs to maintain the systems, improve their resiliency, and allow us to shift legacy applications to cloud solutions in the long term.

The Wireless Telecommunications Bureau, on behalf of the Commission, released a Final Procedures Public Notice announcing the implementation of enhancements to the Commission's Universal Licensing System (ULS) and Antenna Structure Registration (ASR) System and adopting final procedures for providing access to official electronic authorizations through those systems. Under the procedures, all commercial, private and public safety wireless service licensees and ASR registrants will access their current official authorizations through ULS or the ASR System or by email, unless a licensee or registrant notifies the Commission that it wishes to receive its official authorizations on paper through the U.S. Postal Service. This effort supports the Commission's "Report on FCC Process Reform" recommending that, "to the extent permitted by Federal records retention requirements," licensing Bureaus "should eliminate paper copies of licenses."