STATEMENT OF
CHAIRMAN AJIT PAI
FEDERAL COMMUNICATIONS COMMISSION

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COMMITTEE ON ENERGY AND COMMERCE

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Chairman Blackburn, Ranking Member Doyle, and Members of the Subcommittee, thank you for holding this hearing. I appreciate this opportunity to update you on the work of the Federal Communications Commission to advance the public interest.

But before doing so, I'd like to thank this Subcommittee for the vital assistance that it has provided the FCC. Earlier this year, the RAY BAUM'S Act of 2018 was enacted into law as part of the Consolidated Appropriations Act. That legislation, which originated in this Subcommittee, contained a host of provisions that are already having a positive impact on the Commission's work. Perhaps most importantly, the RAY BAUM's Act included a provision which corrected a technical problem involving deposits for spectrum auctions that prevented the Commission from moving forward with large auctions.

United States Leadership in 5G.—With this fix in place, the FCC is moving forward aggressively to hold auctions and move a substantial amount of spectrum into the commercial marketplace. On November 14, we plan on beginning our 28 GHz band auction, which will be quickly followed by our 24 GHz band auction. Then, in the second half of 2019, I intend to hold a single auction of spectrum in the 37 GHz, 39 GHz, and 47 GHz bands. Combined, these auctions will make 4.95 GHz of spectrum available to the private sector and advance America's global leadership in the deployment of the next generation of wireless connectivity, or 5G. None of this would have been possible without this Subcommittee's leadership.

The FCC is also moving forward on other fronts to ensure that our nation is a pioneer in 5G. Earlier this month, we proposed to make more mid-band spectrum in the 3.7-4.2 GHz band available for flexible terrestrial use. In June, we proposed making spectrum in the 26 and 42 GHz bands available for flexible terrestrial use. In May, the Commission proposed to allow more efficient and effective use of spectrum in the 2.5 GHz band by increasing flexibility for existing Educational Broadband Service licensees and providing new opportunities for educational entities, rural Tribal Nations, and commercial entities to access unused portions of the band. Earlier this year, we proposed in our *Spectrum Horizons* proceeding to allow for greater experimentation in very-high spectrum bands above 95 GHz. Commissioner O'Rielly is taking the lead in working with staff to conclude the 3.5 GHz proceeding in the coming months. And I've committed to putting forth a proposal in the fall to make greater use of the 6 GHz band.

With respect to low-band spectrum, the transition in the 600 MHz band following the incentive auction is proceeding apace. We've granted wireless licenses to the vast majority of auction winners, and T-Mobile has already started offering service in the band in more than 900 cities and towns in 32 states. Moreover, the additional funding that Congress recently provided the Commission in the Consolidated Appropriations Act will ensure that we are able to fully reimburse full-power and Class A television stations for their reasonable relocation expenses and provide funding to LPTV, television translators, and FM stations that are adversely affected by the repack as well as funding for consumer education.

Of course, American leadership in 5G is not just about spectrum policy; getting infrastructure policy right is critical as well. We can make all of the spectrum in the world available for 5G service, but it won't make a difference if the physical infrastructure isn't in place to carry this traffic. And the private sector will need to install a lot of physical infrastructure because we know that the wireless networks of the future will be much more densified than the networks of today.

That's why I asked Commissioner Carr to lead the Commission's efforts to modernize our wireless infrastructure rules. Many of our regulations were designed for 200-foot towers, not small cells that can be the size of pizza boxes. That needed to change. And thanks to Commissioner Carr's leadership, that is changing. Earlier this year, for example, we decided that small cells would no longer have to go through the same federal historic preservation and environmental review processes that were designed for traditional large towers. This common-sense step will expedite the deployment of small cells, cut the cost of deployment, and allow for the faster rollout of 5G. I'd also like to thank Commissioner O'Rielly for his strong support of this important initiative.

Our wireless infrastructure efforts dovetail with our initiatives to promote the deployment of wireline infrastructure, which is essential to carry the massive amounts of 5G traffic that we anticipate. I'll now turn to our wireline efforts.

Closing the Digital Divide.—From the beginning of my tenure as head of the agency, I've made clear that my top priority would be to close the digital divide. I take this issue personally, having grown up in a small town in rural Kansas. And in order to inform our efforts on how to connect unserved areas, I've travelled to 33 states and two U.S. territories and have logged nearly 9,000 road miles to learn about rural communities around the country. I've seen places that are using the Internet to open new doors of opportunity as well as towns that are being bypassed by the digital revolution. In the time to come, I'll continue to visit these areas and keep the Commission's eyes focused on how we can find innovative ways to address this critical challenge.

I'm pleased to report that the FCC has been taking significant steps to expand broadband deployment in previously unserved parts of our country. Yesterday, for example, the Commission kicked off its Connect America Fund Phase II reverse auction, which will provide up to $2 billion over the next decade to bring fixed broadband to unserved areas in rural America. Through this first-of-its-kind multi-round reverse auction, a wide variety of providers, including rural electric cooperatives, fixed wireless providers, incumbent local exchange carriers, cable companies, and satellite providers, are competing for universal support funding to expand broadband deployment. The reverse auction mechanism will ensure that this money is distributed efficiently and that we get the most bang for our buck. A lot of work went into getting this auction off the ground, and I'd like to thank the Rural Broadband Auctions Task Force for all its efforts on this essential project.

On the universal service front, we've also taken other significant steps. Earlier this year, for example, we provided about $500 million in additional funding to assist rate-of-return carriers in expanding broadband deployment in rural America and sought public input on the future steps we should take so that these carriers have sufficient resources to build out broadband. We also raised the cap in our Rural Health Care program by $171 million a year and agreed to adjust the cap in future years to account for the impact of inflation. And in August, we will examine a $100 million pilot program to expand connected care everywhere, spearheaded by Commissioner Carr. These steps will enable more rural patients to access telemedicine through high-speed broadband.

Although reforming our universal service programs is an important aspect of closing the digital divide, that alone won't get the job done. We also have to cut through the regulatory red tape and make it easier for broadband providers to invest in next-generation networks. And that's exactly what we're doing. Among other things, we've modernized our rules to make it easier for companies to transition away from maintaining the fading copper networks of yesterday and toward investing in the resilient networks of tomorrow. We're also taking action to make it easier and cheaper for providers to get access

to utility poles and conduits. At our August meeting, for example, we will be voting on one-touch-make-ready rules. This proposal was recommended by our Broadband Deployment Advisory Committee, and if adopted, this initiative would substantially reduce the time and expense of preparing poles for new attachments. Many broadband providers, particularly competitive entrants, have told the FCC how the time and cost of attaching equipment to poles is a significant barrier to broadband deployment. Adopting one-touch-make ready rules would be a significant step toward solving that problem.

The Commission has also given the green light to companies that want to send a large number of satellites into low-Earth orbit to provide high-speed broadband. These new networks promise much faster and more reliable satellite broadband services and could help us reach the hardest-to-serve areas.

And finally, we've returned to the successful light-touch regulatory framework under which the Internet flourished in the United States from 1996 to 2015. Under the heavy-handed regulations adopted by the prior Commission in 2015, network investment declined for two straight years, the first time that had happened outside of a recession in the broadband era. But we've now abandoned that failed policy. In the *Restoring Internet Freedom Order*, which was adopted last December, we stopped regulating the Internet with 1934 rules designed for the Ma Bell telephone monopoly. We strengthened our transparency rules so that broadband providers are required to disclose more information about their network management practices. And we restored the authority of the Federal Trade Commission, our nation's premier consumer protection agency, to police the practices of Internet service providers—authority the prior Commission had stripped from the FTC in 2015.

At the time that the *Restoring Internet Freedom Order* was adopted, there were many hysterical predictions of doom and gloom. We were told that it would be the destruction of the Internet, or as some outlets put it, "the end of the Internet as we know it." But the *Restoring Internet Freedom Order* has taken effect, and the sky has not fallen. Indeed, the only thing that has fallen is the credibility of the Chicken Littles who made such dire predictions.

The bottom line is this: The Internet remains open and free, and we now have a regulatory framework in place that is encouraging the private sector to make the investments necessary to bring better, faster, and cheaper broadband to more Americans. This fact was brought home recently by Michel Guité, President of VTel, a small Internet service provider based in Springfield, Vermont. He recently wrote: "I can assure that regulating broadband like legacy telephone service would not create any incentives for VTel to invest in its broadband network. In fact, it would have precisely the opposite effect." And as a result of recent FCC policies, VTel "committed $4 million to purchase equipment and services from Ericsson to upgrade its LTE core to enable voice roaming and Wi-Fi calling to all our Vermont rural subscribers and to simultaneously begin rolling out faster mobile broadband that will start our transition to 5G." Mr. Guité concluded that VTel "is quite optimistic about the future, and the current FCC is a significant reason for our optimism." I have attached VTel's letter to this statement so that you can see for yourself the positive consumer impacts our decisions, including light-touch regulation, are having.

Public Safety.—In recent months, the Commission has taken many important steps to improve public safety. A principal focus has been on improving our nation's alerting systems: the Emergency Alert System (EAS) and Wireless Emergency Alerts (WEA). Earlier this year, for example, we adopted new rules to improve the geographic targeting of WEA alerts. The Commission heard from many public safety officials that alerts being transmitted to an overly broad geographic area were undermining the efficacy of the WEA system. Either public safety officials were unwilling to send certain alerts because they could not be sufficiently targeted, or consumers were beginning to ignore alerts because too many they received were not relevant to them. In order to address this problem, we will require wireless providers participating in WEA to improve geographic targeting so that alerts do not overshoot the affected area by more than one-tenth of a mile. Participating wireless providers must also now support the use of "clickable" embedded links in alerts so that consumers are able to easily access additional

emergency information. And we have adopted rules to add a new "Blue Alert" to the EAS to notify the public about threats to law enforcement and help apprehend dangerous suspects.

As you know, in January, the nation received a stark reminder about the dangers posed by false emergency alerts when the State of Hawaii issued a false ballistic missile alert on a Saturday morning. Such false alerts are entirely unacceptable because they cause widespread panic and undermine public confidence in our alerting systems. Immediately following this false alert, our Public Safety and Homeland Security Bureau leaped into action and launched a thorough investigation of what went wrong and what could be done to stop such an incident from happening again. Earlier this year, the Bureau issued a report that contained a variety of important recommendations for preventing false alerts and minimizing the impact of those that do occur. Since that time, the Bureau has been taking steps to make state and local alert originators aware of these recommendations. And earlier this month, the Commission adopted new rules implementing some of the Bureau's recommendations and seeking comment on others.

Another important public safety priority is disaster response and recovery. Last year's hurricanes caused substantial damage in many parts of our country. And the impact was particularly severe in Puerto Rico and the U.S. Virgin Islands. The FCC immediately recognized that the situation on the islands would be unlike other hurricane recovery operations and therefore took unprecedented efforts to assist with the restoration of communications networks. Most notably, we made available over $70 million in frontloaded universal service funding for carriers in Puerto Rico and the U.S. Virgin Islands to expedite recovery efforts in the immediate aftermath of Hurricanes Irma and Maria. Earlier this year, the Commission voted to create two funds—the Uniendo a Puerto Rico Fund and the Connect USVI Fund—to continue to provide much-needed funding for restoration efforts. In the short term, we agreed to make available another $64 million for the restoration of communication networks and to convert the advanced funding we provided last year into new funding by declining to recover those amounts from future universal service payments. We also sought comment on providing almost $900 million in medium-term and long-term funding to expand fixed and mobile broadband connectivity in Puerto Rico and the U.S. Virgin Islands. Our goal should not be just to restore the communications networks that served the islands prior to last year's hurricanes. Instead, we want to create networks that will be more resilient when future storms hit and to expand high-speed Internet access to more Puerto Ricans and Virgin Islanders. In March, I was pleased to visit Puerto Rico and the U.S. Virgin Islands to meet with public and private sector leaders and see first-hand the status of recovery efforts. I look forward to continuing to coordinate the FCC's efforts with our partners in Puerto Rico and the U.S. Virgin Islands as we keep working on this important issue.

Finally, I want to mention the Commission's efforts to end 911 fee diversion at the state level. Over this past year, Commissioner O'Rielly has taken the lead in highlighting the problem of 911 fee diversion—a practice that saps funding from the ongoing work of public safety answering points and first responders and undermines our nation's investments in next-generation 911. And his use of the bully pulpit has already gotten real results, leading some states to change their practices and others to grapple with the steps needed to end diversion.

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Before concluding, I would like to thank the outstanding, professional, and hardworking staff at the Commission. In the year and a half that I've led the agency, the FCC has been exceptionally productive. For example, we've adopted 119 items at our monthly meetings, compared to 100 items in the three years before I became Chairman. None of this would have happened without the hard work, expertise, and professionalism of our staff. Whether we are discussing making more spectrum available for advanced wireless services, reforming our infrastructure rules, closing the digital divide, protecting public safety, or promoting American leadership abroad, our staff are the ones who deserve the credit for all that we've been able to achieve in just 18 months.

Chairman Blackburn, Ranking Member Doyle, and the Members of this Subcommittee, thank you once again for the opportunity to testify this afternoon, and I look forward to the opportunity to answer your questions.