



# **FEDERAL COMMUNICATIONS COMMISSION**

## **Fiscal Year 2018 Annual Performance Report**

(October 1, 2017 – September 30, 2018)

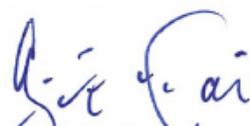
## *Message from the Chairman*

It is my pleasure to present the Federal Communications Commission's (FCC's or Commission's) Annual Performance Report for Fiscal Year (FY) 2018. This Annual Performance Report reflects the FCC's strategic and performance goals implemented under my leadership. The Commission has acted to link the FCC's mission to its strategic goals, which can be found in the FCC's Strategic Plan for FY's 2018 to 2022, and which include: Closing the Digital Divide, Promoting Innovation, Protecting Consumers and Public Safety, and Reforming the FCC's Processes. For additional information about these strategic goals, please see the FCC's Strategic Plan for FY's 2018 to 2022, which is available at: <https://www.fcc.gov/about/strategic-plans-budget>. The FCC made significant progress in FY 2018 towards implementing these priorities. Included in this message are just a few examples of the Commission's substantial efforts to carry out its mission during the past fiscal year; the accompanying Annual Performance Report provides additional information and details about the FCC's accomplishments in FY 2018.

To accelerate the deployment of 5G, the next generation of wireless connectivity, the FCC has worked to free up spectrum for commercial use, promote the deployment of wireless infrastructure, and modernize its regulations to promote investment. To further close the digital divide, the FCC concluded a reverse auction that will award approximately \$1.5 billion to over 100 bidders to provide fixed broadband to more than 700,000 unserved homes and small businesses in rural America. The Commission also boosted funding for its Rural Health Care program by 43 percent and provided additional money to small carriers to deploy broadband to more locations in rural America. The Commission also overturned the FCC's 2015 decision to heavily regulate the Internet and instead adopted a consistent national regulatory framework for broadband providers that protects the free and open Internet and simultaneously encourages infrastructure investment and innovation. In support of hurricane response efforts, the FCC has worked in close coordination with our federal and state partners to restore communications, which can have a critical impact for the safety of both the public and first responders. The FCC also approved additional funding to accelerate the restoration of those communications networks in Puerto Rico and the U.S. Virgin Islands that were damaged and destroyed by hurricanes.

To protect consumers, the Commission has acted aggressively to target unlawful robocalls, which are the number one topic of complaints to the FCC from the public. To help combat this problem, the FCC adopted new rules allowing phone companies to proactively block calls that appear to be from telephone numbers that do not or cannot make outgoing calls. The Commission has also hit back hard against illegal spoofed robocall schemes with major enforcement actions, assessing over \$200 million in fines.

Moving forward, I remain focused on promoting the public interest by taking actions that result in more innovation, more investment, better products and services, lower prices, more job creation, and faster economic growth.



Ajit V. Pai  
Chairman

## *Mission*

As specified in section one of the Communications Act of 1934, as amended, the Federal Communications Commission's (FCC's or Commission's) mission is to "make available, so far as possible, to all the people of the United States, without discrimination on the basis of race, color, religion, national origin, or sex, rapid, efficient, Nation-wide, and world-wide wire and radio communication service with adequate facilities at reasonable charges."<sup>1</sup> In addition, section one provides that the Commission was created "for the purpose of the national defense" and "for the purpose of promoting safety of life and property through the use of wire and radio communications."<sup>2</sup>

## *About the Federal Communications Commission*

The FCC is an independent regulatory agency of the United States Government. The FCC is charged with regulating interstate and international communications by radio, television, wire, satellite, and cable. The Commission also regulates telecommunications and advanced communication services and video programming for people with disabilities, as set forth in various sections of the Communications Act.

The FCC is directed by five Commissioners appointed by the President and confirmed by the Senate for five-year terms, except when filling the unexpired term of a previous Commissioner. Only three Commissioners can be from the same political party at any given time. The President designates one of the Commissioners to serve as Chairman.

The FCC is organized by function. There are seven Bureaus and ten Offices. The Bureaus and the Office of Engineering and Technology process applications for licenses to operate facilities and provide communications services; analyze complaints from consumers and other licensees; conduct investigations; develop and implement regulatory programs; and organize and participate in hearings and workshops. Generally, the Offices provide specialized support services. The Bureaus and Offices are:

- **The Consumer & Governmental Affairs Bureau** develops and implements consumer policies, including disability access and policies affecting Tribal nations. The Bureau serves as the public face of the Commission through outreach and education, as well as responding to consumer inquiries and informal complaints. The Bureau also maintains collaborative partnerships with state, local, and Tribal governments in such critical areas as emergency preparedness and implementation of new technologies. In addition, the Bureau's Disability Rights Office provides expert policy and compliance advice on accessibility with respect to various forms of communications for persons with disabilities.
- **The Enforcement Bureau** enforces the Communications Act and the FCC's rules. It protects consumers, ensures efficient use of spectrum, furthers public safety, promotes

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<sup>1</sup> 47 U.S.C. § 151.

<sup>2</sup> *Id.*

competition, resolves intercarrier disputes, and protects the integrity of FCC programs and activities from fraud, waste, and abuse.

- **The International Bureau** administers the FCC's international telecommunications and satellite programs and policies, including licensing and regulatory functions. The Bureau promotes pro-competitive policies abroad, coordinating the FCC's global spectrum activities and advocating for the interests of the United States in international communications and competition. The Bureau works to promote a high-quality, reliable, interconnected and interoperable communications infrastructure on a global scale.
- **The Media Bureau** recommends, develops, and administers the policy and licensing programs relating to electronic media, including broadcast, cable, and satellite television in the United States and its territories.
- **The Public Safety & Homeland Security Bureau** develops and implements policies and programs to strengthen public safety communications, homeland security, national security, emergency management and preparedness, disaster management, and network reliability. These efforts include rulemaking proceedings that promote more efficient use of public safety spectrum, improve public alerting mechanisms, enhance the nation's 911 emergency calling system, and establish frameworks for communications prioritization during crisis. The Bureau also maintains 24/7 operations capability and promotes Commission preparedness to assist the public, first responders, the communications industry, and all levels of government in responding to emergencies and major disasters where reliable public safety communications are essential.
- **The Wireless Telecommunications Bureau** is responsible for wireless telecommunications programs and policies in the United States and its territories, including licensing and regulatory functions. Wireless communications services include cellular, paging, personal communications, mobile broadband, and other radio services used by businesses and private citizens.
- **The Wireline Competition Bureau** develops, recommends, and implements policies and programs for wireline telecommunications, including fixed (as opposed to mobile) broadband and telephone landlines, striving to promote the widespread development and availability of these services. The Bureau has primary responsibility for the Universal Service Fund which helps connect all Americans to communications networks.
- **The Office of Administrative Law Judges** is composed of one judge (and associated staff) who presides over hearings and issues decisions on matters referred by the FCC.
- **The Office of Communications Business Opportunities** promotes competition and innovation in the provision and ownership of telecommunications services by supporting opportunities for small businesses as well as women and minority-owned communications businesses.

- **The Office of Economics and Analytics** is responsible for expanding and deepening the use of economic analysis in Commission policy making, for enhancing the development and use of auctions, and for implementing consistent and effective agency-wide data practices and policies. The Office also manages the FCC's auctions in support of and in coordination with the FCC's Bureaus and Offices.
- **The Office of Engineering and Technology** advises the FCC on technical and engineering matters. This Office develops and administers FCC decisions regarding spectrum allocations and grants equipment authorizations and experimental licenses.
- **The Office of the General Counsel** serves as the FCC's chief legal advisor.
- **The Office of the Inspector General** conducts and supervises audits and investigations relating to FCC programs and operations.
- **The Office of Legislative Affairs** serves as the liaison between the FCC and Congress, as well as other Federal agencies.
- **The Office of the Managing Director** administers and manages the FCC.
- **The Office of Media Relations** informs the media of FCC decisions and serves as the FCC's main point of contact with the media.
- **The Office of Workplace Diversity** ensures that the FCC provides employment opportunities for all persons regardless of race, color, sex, national origin, religion, age, disability, or sexual orientation.

# ***CLOSING THE DIGITAL DIVIDE***

***Develop a regulatory environment to encourage the private sector to build, maintain, and upgrade next-generation networks so that the benefits of advanced communications services are available to all Americans. Where the business case for infrastructure investment doesn't exist, employ effective and efficient means to facilitate deployment and access to affordable broadband in all areas of the country.***

## ***FY 2018 PERFORMANCE HIGHLIGHTS***

A key priority for the FCC is to close the digital divide in rural America. The FCC continued to use auction mechanisms to increase broadband service in rural areas.

- The FCC conducted the Connect America Fund Phase II (CAF-II) reverse auction which will award \$1.49 billion in support to be distributed over the next 10 years to expand rural broadband service in unserved areas in 45 states. Over 700,000 rural homes and small businesses will gain access to high-speed Internet service for the first time as a result.
- The Commission is also working toward the launch of a \$4.53 billion Mobility Fund Phase II (MF-II) auction to expand 4G LTE wireless coverage over 10 years to primarily rural areas. The FCC released a map showing presumptively eligible areas and commenced a process for challenging eligibility determinations.

The FCC also provided additional funding for rural broadband and is taking steps to reduce, refine, and clarify existing rules. As part of this additional funding, the FCC agreed to provide \$180 million in one-time funding for small, rural carriers. The FCC also agreed to strengthen the Universal Service Fund by devoting over \$360 million toward additional broadband deployment by carriers currently participating in the Alternative Connect America Cost Model.

The FCC increased the annual cap on its Rural Health Care (RHC) Program spending to \$571 million, to address immediate and long-term funding shortages driven by growing demand for rural telemedicine services. The FCC also decided to adjust the cap annually for inflation and allow unused funds from prior years to be carried forward. The FCC is also exploring ways to more efficiently distribute RHC Program funds and to combat potential waste, fraud and abuse in the RHC Program.

The FCC sought comment on creating a Universal Service Fund pilot program to promote broadband-enabled telehealth services among low-income families and veterans. The Notice of Inquiry sought comment on the goals of, statutory authority for, and design of a “Connected Care Pilot Program” including the budget, application process, and types of telehealth pilot projects that should be funded.

The Commission increased the amount of high-cost support that carriers serving predominantly Tribal lands can recover, in recognition that they are likely to have higher operating costs than

carriers not serving Tribal lands. The Order provides additional funding to these carriers to provide both voice and broadband service to consumers on Tribal lands.

The FCC adopted the *Restoring Internet Freedom Order*, which restored the classification of broadband Internet access service as an “information service” under Title I of the Communications Act. This is the regulatory classification under which the Internet flourished from the 1990s until 2015. At the same time, the FCC adopted robust transparency requirements to empower consumers and facilitate effective government oversight of broadband providers’ conduct, while restoring the jurisdiction of the Federal Trade Commission to act when broadband providers engage in anticompetitive, unfair, or deceptive acts or practices. The FCC reinstated the classification of mobile broadband Internet access service as a private mobile service and found that the regulatory uncertainty and overreach created by the prior heavy-handed Title II regulatory regime reduced Internet service provider (ISP) investment in networks, and hampered innovation, particularly among small ISPs serving rural consumers. The FCC required that ISPs publicly disclose information about their practices to consumers and entrepreneurs, via a publicly available, easily accessible website or through the Commission’s website, including information about any blocking, throttling, paid prioritization, or affiliated prioritization.

The FCC eliminated unnecessary regulatory hurdles for carriers moving from legacy voice and lower speed data services to next-generation networks. The FCC streamlined grandfathering of lower-speed data services where the carrier already provides fixed replacement data services at download speeds of 25 Mbps and 3 Mbps for uploads. The FCC also eliminated burdensome education and outreach requirements for carriers discontinuing legacy voice services in the transition to next-generation IP services.

The FCC adopted rules allowing rural telecommunications carriers receiving fixed universal service support the option to move to a lighter-touch incentive regulation framework for their business data services. Under this framework, carriers would gain flexibility to offer volume and term discounts and individualized contract offerings for their legacy business data services, along with relief from restrictive cost support requirements and detariffing of their packet-based and higher speed business data services.

The FCC updated and modernized its National Broadband Map, a source of broadband deployment information for consumers, policymakers, researchers, and others. The new, cloud-based map supports more frequent data updates and display improvements.

The Wireline Competition Bureau processed approximately 89 domestic section 214 discontinuance applications and 70 domestic section 214 transfer of control applications under its streamlined and non-streamlined filing rules.

## ***PROMOTING INNOVATION***

***Foster a competitive, dynamic, and innovative market for communications services through policies that promote the introduction of new technologies and services. Ensure that the FCC’s actions and regulations reflect the realities of the current marketplace, promote entrepreneurship, expand economic opportunity, and remove barriers to entry and investment.***

## ***FY 2018 PERFORMANCE HIGHLIGHTS***

The FCC adopted items to remove regulatory barriers and promote wireless and wireline infrastructure deployment and the rollout of next generation services:

- The FCC streamlined the wireless infrastructure siting review process to reduce regulatory impediments and facilitate the deployment of next-generation wireless facilities. The FCC excluded small wireless facilities deployed on non-Tribal lands from National Historic Preservation Act (NHPA) and National Environmental Policy Act (NEPA) review; those deployments continue to be subject to currently applicable state and local government approval requirements. The FCC also clarified and made improvements to the process for Tribal participation in historic preservation reviews for large wireless facilities where NHPA/NEPA review is still required.
- The FCC removed barriers to wireless infrastructure deployment by determining that replacement utility poles that have no potential effect on historic properties do not need to complete historic preservation review.
- The FCC reformed the permitting process for small cells, the physical building blocks of 5G, by limiting the fees state and local regulators can charge for reviewing small cells and setting shot clocks on reviews. The new wireless infrastructure enabled by the FCC's actions will provide coverage for nearly two million more homes and businesses in rural and suburban communities.
- The FCC reformed the framework governing pole attachments by adopting a process in which the new "attacher" moves qualifying existing attachments and performs all other work required to make the pole ready for a new attachment. This new policy will make it easier for companies to deploy broadband networks.
- The FCC enacted changes governing access to utility poles and conduits to better enable providers to invest in next-generation networks. Changes included: rules to reduce costs faced by broadband providers by barring pole owners from charging for certain costs they have already recovered from others; a resolution of pole attachment disputes through use of a 180-day shot clock; and allowing local providers equal access to each other's poles.
- The FCC revised the section 214(a) discontinuance rules, including clarifying the scope of covered services, and the section 251(c)(5) network change notification rules, including those applicable to copper retirements, to expedite the process for carriers seeking to replace legacy network infrastructure and legacy services with advanced broadband networks and innovative new services.
- The FCC updated and harmonized FCC rules regarding classification of commercial mobile radio services and private mobile radio services, primarily by eliminating sections 20.7 and 20.9 of the Commission's rules.
- The FCC proposed to increase the availability of consumer signal boosters.

The FCC took several actions to increase spectrum flexibility for use in 5G deployment as part of its comprehensive strategy to Facilitate America's Superiority in 5G Technology (the 5G FAST Plan):

- The FCC established application and bidding procedures for the Spectrum Frontiers auctions of Upper Microwave Flexible Use Service licenses in the 28 GHz (27.5-28.35 GHz) and 24 GHz (24.25-24.45, 24.75-25.25 GHz) bands to speed the deployment of 5G services. The FCC is offering the 28 GHz and 24 GHz band licenses through two auctions with separate application and bidding processes for each auction. The 28 GHz auction commenced on November 14, 2018 and concluded on January 19, 2019.
- The FCC sought comment on new opportunities for flexible use in up to 500 megahertz of mid-band spectrum between 3.7 and 4.2 GHz to make more mid-band spectrum available for terrestrial fixed and mobile broadband use and included a proposal to add a mobile (except aeronautical mobile) allocation to the band. The FCC sought comment on proposals for transitioning part or all of the band for flexible use.
- The FCC took steps to make spectrum above 24 GHz available to help support innovative new uses enabled by fiber-fast wireless speeds. The items adopted made available an additional 1700 megahertz of millimeter wave spectrum for terrestrial 5G wireless use, maintained the unlicensed use of the 64-71 GHz band, and modified the FCC's Part 15 rules to allow unlicensed operation on board most aircraft during flight in the 57-71 GHz band.
- The FCC sought comment on actions to promote more flexible and intensive use of the 4.9 GHz band, a segment of spectrum designated for public safety communications.
- The FCC proposed revisions to its rules in the 3.5 GHz band to promote investment, encourage more efficient spectrum use, promote robust network deployments, keep up with technological advancements, and maintain U.S. leadership in the deployment of next-generation services.
- The FCC proposed next steps to prepare the upper 37 GHz, 39 GHz, and 47 GHz bands for auction, presenting an opportunity for 5G deployment. The FCC proposed to transition existing spectrum holdings in the 39 GHz band (38.6-40 GHz) to the new flexible-use band plan to promote the efficient use of spectrum by incumbents and new licensees for new wireless services.

The FCC took action to encourage innovation of new technologies and services in unlicensed spectrum:

- The FCC undertook testing to evaluate potential sharing solutions between the proposed Unlicensed National Information Infrastructure (U-NII) devices and Dedicated Short Range Communications (DSRC) operations in the 5.9 GHz band.

- The Commission sought comment on proposed rules for innovative uses of spectrum above 95 GHz and for a new class of experimental licenses for experiments in those frequencies.

The FCC adopted rules to let television broadcasters use the Next Generation broadcast television transmission standard, Advanced Television Systems Committee (ATSC) 3.0, on a voluntary, market-driven basis. The Next Generation TV standard will let broadcasters provide consumers with more vivid pictures and sound, including Ultra High Definition television and superior reception, mobile viewing capabilities, advanced emergency alerts, better accessibility features, localized content, and interactive educational children's content.

The FCC streamlined, consolidated, and harmonized the rules governing earth stations used to provide satellite-based services on ships, airplanes and vehicles. The FCC integrated the three types of earth stations in motion into a single regulatory category, reducing the burden on applicants leading to a more efficient licensing process.

Pursuant to an updated and streamlined framework governing non-geostationary satellite orbit (NGSO) fixed-satellite service (FSS) systems, the FCC granted eight market access requests and satellite applications to three companies seeking authority to provide next-generation connectivity across the country.

The FCC proposed a more accessible and flexible authorization process for a category of satellites known as "small satellites," which have been used for scientific and research missions and which are increasingly being used for commercial endeavors. The proposed new procedures would ease the regulatory burden for new space missions, research, and commercial endeavors using these next-generation technologies.

The FCC adopted requirements to govern an incubator program for full-service AM and FM broadcast stations to assist new, small, or struggling voices, including women and minorities, in overcoming barriers to entry into the broadcast sector. Under the program, an established broadcaster will provide financial and operational support to a new or small broadcaster. At the end of a successful incubation relationship, the new or small broadcaster will either own and operate a new station independently, or the previously struggling broadcaster's station will be on a firmer footing. Once an incubation relationship is completed successfully, the established broadcaster will be eligible to receive a waiver of the Commission's Local Radio Ownership Rule, subject to certain requirements.

The FCC adopted an Order to relax and eliminate outdated FCC broadcast ownership and attribution rules. The updated rules provide broadcasters and local newspapers a greater opportunity to compete and thrive in the vibrant and fast-changing media marketplace.

The FCC proposed rules for reimbursement to certain low power television, TV translator, and FM broadcast stations for costs incurred as a result of the Commission's broadcast television spectrum incentive auction. The Commission conducted the incentive auction to help meet the Nation's growing spectrum needs and now is managing a transition to repurpose the reclaimed spectrum to new, flexible uses. The reimbursement proposals are one of a number of steps the

Commission has taken to mitigate the impact of the incentive auction on low power and TV translator stations.

The FCC and the FCC's Advisory Committee on Diversity and Digital Empowerment hosted a diversity workshop for small, minority-owned, women-owned, and other diverse businesses. The workshop increased awareness about the expectations of procurement managers responsible for goods and services contracting, informed small business entrepreneurs on how to navigate corporate supplier diversity programs, and identified successful strategies utilized by diverse entrepreneurs.

## ***PROTECTING CONSUMERS AND PUBLIC SAFETY***

***Develop policies that promote the public interest by providing consumers with freedom from unwanted and intrusive communications, improving the quality of communications services available to those with disabilities, and protecting public safety.***

### ***FY 2018 PERFORMANCE HIGHLIGHTS***

The FCC has acted aggressively to target and eliminate unlawful robocalls, which are the number one category of consumer complaints to the FCC from the public.

- The FCC adopted rules allowing phone companies to proactively block calls likely to be fraudulent because they come from certain types of phone numbers. The FCC authorized voice service providers to block robocalls from telephone numbers that do not or cannot make outgoing calls, without running afoul of the FCC's call completion rules.
- The FCC proposed to reduce calls placed by businesses and other legitimate callers to numbers no longer assigned to the consumers who previously consented to receive those calls. The FCC sought comment on ways to address this reassigned numbers problem, including databases to provide callers with the information they need to avoid calling reassigned numbers, and sought feedback on alternative ideas for service providers to report reassigned number information.

The FCC took the following enforcement actions to protect consumers against illegal robocalls:

- The FCC issued a \$120 million fine for malicious spoofing that was part of a massive robocalling operation selling timeshares and travel packages. The caller ID spoofing operation made almost 100 million spoofed robocalls and tricked consumers into answering and listening to advertising messages, a practice known as "neighbor spoofing," where calls appear to be local to increase the likelihood that consumers answer the calls.
- The FCC fined a telemarketer more than \$82 million for illegal caller ID spoofing. The telemarketer made more than 21 million robocalls to market health insurance. By spoofing its caller ID information, the telemarketer made it difficult for consumers to register complaints and for law enforcement entities to track and stop the illegal calls.

- The FCC proposed a more than \$37.5 million fine against a telemarketer for apparently making millions of illegally-spoofed calls appearing to originate from numbers not assigned to the company. The company apparently made more than 2.3 million maliciously-spoofed telemarketing calls to sell home improvement services and apparently manipulated caller ID information.

The FCC adopted an Order to improve the geographic targeting of Wireless Emergency Alerts (WEA). The Order requires participating wireless providers to deliver WEA alerts in a more geographically precise manner so that the alerts reach the communities impacted by an emergency without disturbing others.

The FCC voted to allow law enforcement authorities – under specific circumstances – to access blocked caller ID information when needed to identify and thwart threatening callers. The Commission’s action created an exemption to a rule prohibiting carriers from disclosing blocked caller ID information. Previously, a school, religious institution, or other organization which received threatening calls had to request a case-by-case waiver from the Commission.

The FCC approved new rules to protect consumers from slamming, the unauthorized change of a consumer’s preferred telephone company, and cramming, the placement of unauthorized charges on a consumer’s phone bill. The Commission’s rules now include a clear ban on misrepresentations made during sales calls and provide that such material misrepresentations invalidate any authorization given by a consumer to switch telephone companies. The Commission’s rules also now include an explicit prohibition against placing unauthorized charges on consumers’ phone bills.

The FCC updated its rules for hearing aid compatibility and volume control on wireline and wireless telephones. The FCC also implemented a provision of the Twenty-First Century Communications and Video Accessibility Act to apply all of the Commission’s hearing aid compatibility requirements to wireline telephones used with advanced communication services, including phones used with Voice-over-Internet-Protocol services, with compliance to be achieved within two years.

The FCC adopted reforms to Internet Protocol Captioned Telephone Service (IP CTS), a form of telecommunications relay service (TRS) that allows individuals with hearing loss to both read captions and use their residual hearing to understand a telephone conversation. The Commission modernized IP CTS by allowing service providers to use fully automated speech recognition to produce captions, if providers meet the agency’s minimum TRS standards.

The FCC’s Enforcement Bureau undertook a number of actions and investigations in fulfilling its mission to enforce the Commission’s rules and protect consumers from illegal or unfair practices. Results of those actions and investigations included:

- A \$2.8 million fine against a company for marketing devices used to relay audio and video from drones to drone operators that could apparently transmit in unauthorized radio

frequency bands. Such unlawful transmissions could interfere with key government and public safety services like aviation systems and weather radar systems.

- A civil penalty of \$614.3 million paid on behalf of a telecommunications company to the U.S. Treasury in connection with a settlement resolving allegations that the company failed to use the spectrum it was awarded, and thus violated the Commission's buildout and discontinuance rules. The settlement required the company to previously return a portion of its licenses to the Commission (and pay an earlier \$15 million civil penalty) and sell its remaining licenses and remit 20 percent of the overall proceeds of the transaction to the U.S. Treasury, which the buyer paid to the U.S. Treasury on behalf of the company. The buyer and the company entered into an agreement to transfer the licenses, and the Commission's Wireless Telecommunications Bureau approved the transfer.
- Settlements with two telecommunications companies – a mobile voice and data service provider and an infrastructure company – in separate but related investigations into whether the companies completed proper tower registration as well as environmental and historic impact reviews prior to construction of wireless infrastructure facilities. The service provider agreed to pay \$10 million, and the infrastructure company agreed to pay \$1.6 million to the U.S. Treasury and to enhance their internal environmental and historic preservation review compliance procedures.
- A settlement in which a telecommunications company agreed to pay \$40 million to the U.S. Treasury to end an investigation by the FCC into whether the company violated the Communications Act when it failed to correct problems with the delivery of calls to rural consumers as well as whether it violated the FCC rule that prohibits providers from inserting false ringtones for hundreds of millions of calls.
- A Notice of Apparent Liability and proposed penalty of \$5.3 million to a phone company which apparently switched consumers from their preferred carrier to this company without permission, misled consumers into believing that telemarketing calls were from the consumer's current carrier, and added unauthorized charges to bills.
- A proposed \$18.7 million fine against a telecommunications company for apparent violations involving the Universal Service Fund Rural Health Care Program. The telecommunications services provider was charged with violating the Communications Act and the program's competitive bidding rules, and using forged, false, misleading, and unsubstantiated documents to improperly seek funding from the Universal Service Fund.
- A proposed \$13.4 million fine against a broadcast company for apparently failing to make required disclosures in connection with the Commission's sponsor identification rules.
- Completion of 348 public safety investigations, which include resolving interference to first responder communications systems and to federally authorized communications and

radar systems, as well as investigating obstruction lighting issues related to antenna supporting structures (towers).

- More than 130 enforcement actions against unauthorized broadcast “pirate” radio operators, including 129 Notices of Unauthorized Operation, three Notices of Apparent Liability for Forfeiture totaling more than \$184,000, two Forfeiture Orders for \$18,800, and one Consent Decree for \$2,500.

The FCC proposed rules to implement Kari’s Law, requiring that multi-line telephone systems serving consumers in office buildings, campuses, and hotels enable users to dial 911 directly, without having to dial a prefix to reach an outside line, and providing for notification to a front desk or security office when a 911 call is made. Pursuant to the RAY BAUM’S Act (Division P of P.L. 115-141), the FCC also sought comment on whether the Commission should adopt rules to ensure that “dispatchable location” is conveyed with 911 calls, regardless of the technological platform used.

The FCC launched an examination of how to more quickly route wireless 911 calls to the proper 911 call center, which could result in faster response times during emergencies. In a Notice of Inquiry, the FCC sought comment on the extent of “misrouted” wireless 911 calls and potential strategies to avoid such delays, including the feasibility of routing 911 calls according to the location of the caller as opposed to the location of the cell tower that handles that call.

The FCC approved the Privacy and Security Plan for the National Emergency Address Database (NEAD) submitted by the four national wireless carriers (AT&T, Sprint Corporation, T-Mobile USA, and Verizon) and NEAD, LLC. The NEAD, which is being developed for the purpose of identifying the dispatchable location of wireless 911 callers when the caller is indoors, is a database that will enable wireless providers to use media access control address and Bluetooth Public Device Addresses information concerning fixed indoor access points to locate wireless devices being used to call 911.

The FCC acted in coordination with the Department of Homeland Security and the Federal Emergency Management Agency (FEMA) to respond to numerous significant incidents that impacted communications systems, including ongoing response efforts to 2017’s Hurricane Maria; 2018’s Hurricanes Florence, Michael, and Lane; Typhoon Yutu; California Wildfires; and numerous smaller events.

The Public Safety and Homeland Security Bureau (PSHSB) collected information to track the status of communications infrastructure and restoration efforts due to hurricanes using the Disaster Information Reporting System (DIRS) and shared this information with federal partners involved in hurricane response and recovery.

After Hurricane Maria, PSHSB conducted outreach to broadcasters, resulting in nearly 1,000 new broadcasters participating in DIRS. In addition, PSHSB made several technical improvements to DIRS in response to comments PSHSB received from its Public Notice on response efforts undertaken during the 2017 hurricane season.

PSHSB published a comprehensive report on the 2017 hurricane season in August 2018. This report included actions the Commission took during, and in response to, the 2017 Atlantic hurricane season; lessons learned and observations to assist the Commission, service providers, local and regional emergency response authorities, and other stakeholders when confronting hurricanes; and next steps that the Commission will take to improve its disaster response and recovery efforts.

The FCC set forth procedures for authorized state and local officials to conduct “live code” tests of the Emergency Alert System (EAS), using the same alert codes and processes as would be used in actual emergencies. The action also required EAS equipment to be configured to help prevent false alerts and required an EAS participant to inform the Commission if it discovers that it has transmitted a false alert.

The FCC approved additional immediate funding to accelerate the restoration of communications networks in Puerto Rico and the U.S. Virgin Islands that were damaged and destroyed during the 2017 hurricane season. The FCC provided an immediate infusion of approximately \$64.2 million for short-term restoration efforts and conversion of \$65.8 million in advanced funding to new funding. The FCC also sought comment on allocating approximately \$444.5 million in medium and long-range funding for Puerto Rico and \$186.5 million for the U.S. Virgin Islands over the next decade for the expansion of fixed broadband connectivity.

The FCC established the Alert Reporting System (ARS), an online filing system for the Emergency Alert System (EAS), by combining the existing EAS Test Reporting System (ETRS) with a new, streamlined electronic system for the filing of State EAS Plans. ARS will replace paper-based filing requirements, minimize the burdens on State Emergency Communications Committees, and allow the FCC, the Federal Emergency Management Agency, and other authorized entities to better access and use up-to-date information about the EAS.

The FCC approved emergency assistance to restore connectivity in schools and libraries affected by Hurricanes Harvey, Irma, and Maria through the agency’s E-rate program. Schools and libraries directly impacted by the storms were able to request additional funding for restoration of broadband services and receive the maximum E-rate discount on services and increased program flexibility as they worked to restore services. The FCC also enacted measures to protect against waste, fraud, and abuse during the recovery effort.

The FCC added a “Blue Alert” option to the nation’s emergency alerting systems which can be used by state and local authorities to notify the public of threats to law enforcement and to help apprehend dangerous suspects. The FCC created a dedicated Blue Alert event code in the EAS so that state and local agencies have the option to send these warnings to the public through broadcast, cable, satellite, and wireline video providers or through the WEA system to consumers’ wireless phones.

On January 13, the Hawaii Emergency Management Agency initiated a false ballistic missile alert, using the WEA system and the EAS. The Public Safety and Homeland Security Bureau investigated the circumstances that led to this error and issued a report with their findings and recommendations. The Bureau found that a combination of human error and inadequate

safeguards contributed to the transmission of the false alert. The Bureau made several recommendations to provide guidance to state, local, Tribal, and territorial emergency alert originators and managers about “lessons learned” from the Bureau’s investigation.

The FCC sought comment on reforms to the system governing intercarrier payments for toll free calling, and to eliminate the financial incentive for abusive calling practices, including fraudulent or unnecessary robocalling to toll free numbers. The FCC sought comment on transitioning the toll free intercarrier compensation system to a “bill-and-keep” regime under which each carrier recovers revenues from its own subscribers rather than other carriers.

The FCC proposed rules to prevent the fraudulent use of toll-free numbers in text messaging and clarified that a text messaging provider may not text-enable a toll-free number without first obtaining authorization from the subscriber. The FCC clarified that messaging providers must disable toll free texting upon request by the subscriber.

With the initial implementation of the Improving Rural Call Quality and Reliability Act of 2017, the FCC adopted rules to tackle the problem of rural call completion and ensure the integrity of the nation’s telephone network and prevent unjust or unreasonable discrimination in the delivery of telephone service. The FCC also established a registry for intermediate providers to register with the Commission before offering to transmit covered voice communications.

The FCC sought comment on the regulatory and technological changes required to implement complete nationwide number portability between all service providers, regardless of size or type. Number portability enables consumers and businesses to keep their current phone number when changing providers or, in some instances, when moving to a new location.

The FCC sought comment on a proposal to prohibit the use of Universal Service Funds on the purchase of equipment or services from any company that poses a national security threat to the integrity of U.S. communications networks or the communications supply chain. The FCC also sought comment on what types of equipment and services should be covered and the costs and benefits of the proposed rule.

## ***REFORMING THE FCC’S PROCESSES***

***Modernize and streamline the FCC’s operations and programs to increase transparency, improve decision-making, build consensus, reduce regulatory burdens, and simplify the public’s interactions with the agency.***

### ***FY 2018 PERFORMANCE HIGHLIGHTS***

The FCC voted to create an Office of Economics and Analytics (OEA) to help ensure that economic analysis is consistently incorporated as part of the agency’s regular operations. The OEA will bring into one office existing FCC economists, attorneys, and data professionals who work on economic analysis, data policy and management, and research. The new office will provide economic analysis for rulemakings, transactions, adjudications, and other Commission actions and will manage the FCC’s auctions program and significant FCC data collections.

The FCC launched an online dashboard to provide the public with more information on the agency's work. The dashboard helps consumers access reports and graphics on FCC workloads, pending applications, petitions, complaints, license renewals, and other accountability matrices.

The FCC also improved accessibility to its Freedom of Information Act (FOIA) materials by making it easier for the public to access and navigate search tools for reviewing FCC FOIA responses and to file requests for information.

The FCC voted to move the audit and enforcement responsibilities associated with the Equal Employment Opportunity (EEO) rules from the Media Bureau to the Enforcement Bureau. Transferring enforcement of these rules to the Enforcement Bureau can better ensure that the communications companies subject to these rules give all qualified individuals an opportunity to apply and be considered as job candidates.

The FCC launched an Honors Engineer Program to hire highly qualified recent engineering school graduates to work on cutting-edge communications and high-tech issues. The program reinforces the FCC's commitment to replenishing and strengthening engineering expertise at the Commission. The program provides an opportunity for individuals to gain public sector experience through a one-year career development program after which they will be eligible for consideration for continued employment at the FCC.

The FCC took actions to modernize and streamline the FCC's operations and programs to increase transparency, improve decision-making, build consensus, modernize or eliminate outdated rules, reduce regulatory burdens, and simplify the public's interactions with the agency.

The FCC continued its Modernization of Media Regulation Initiative, to reduce unnecessary regulation in the media marketplace by identifying rules that are outdated, unnecessary, or unduly burdensome. This effort included the following proceedings by the FCC:

- Eliminated Form 325, which annually collected information about cable systems, finding that the form had become increasingly obsolete.
- Eliminated the broadcast main studio rule requiring each AM radio, FM radio, and television broadcast station to have a main studio located in or near its local community.
- Eliminated rules requiring low power TV, TV and FM translators, TV and FM booster stations, cable television relay station licensees, and certain cable operators to maintain paper copies of the Commission's regulations.
- Sought comment on updating its leased access rules, which require cable operators to set aside channel capacity for commercial use by unaffiliated video programmers. Also sought input on the state of the leased access marketplace, and ways to modernize existing leased access rules.

- Proposed eliminating the rule requiring cable operators to maintain a current listing of cable television channels at their local office and tentatively concluded that the requirement is no longer necessary now that channel lineup information is available through websites, on-screen electronic program guides, and paper guides. Also sought comment on eliminating the requirement that certain cable operators make their channel lineup available via their online public inspection file.
- Proposed streamlining the process for reauthorizing television satellite stations when they are assigned or transferred in combination with their previously approved parent station.
- Proposed eliminating the EEO Broadcast Mid-Term Report (Form 397) and instead relying on publicly available information. Tentatively concluded that the requirement to file Form 397 is unnecessary for the FCC to conduct its mid-term EEO reviews.
- Proposed allowing multichannel video programming distributors to communicate with their subscribers in more efficient and less costly ways, such as sending general written notices and subscriber notifications to subscribers by email, subject to certain consumer safeguards.
- Sought comment on whether to eliminate or modify rules requiring the physical posting and maintenance of broadcast licenses and related information in specific locations, given that most of the information required to be displayed or maintained under these rules is now available through electronic means.
- Adopted rules eliminating the requirement that broadcasters file paper copies of station contracts with the FCC. Based on the Commission's action, broadcasters now have the option of either posting these documents online in their public inspection file or maintaining an up-to-date list in their online file and providing copies to any requesting party within seven days.
- Adopted rules to require only those digital television (DTV) stations that have provided feeable ancillary or supplementary services to report to the FCC annually on those activities. Previously, the FCC required all DTV stations to file this report, regardless of whether they had provided ancillary or supplementary services or received revenue from those services. The FCC's action will allow the Commission to continue to fulfill its statutory obligations while sparing thousands of DTV stations from expending time and resources to file this report.
- Sought comment on proposed revisions to the children's television programming rules, including the criteria that children's programming must meet to be considered Core Programming, which require that programming be at least 30 minutes in length and regularly scheduled. Also sought comment on whether to update the three-hour per week processing guideline to determine compliance with the children's programming rules and sought comment on streamlining reporting requirements.

- Proposed streamlining FM translator interference complaint and remediation procedures to: provide greater certainty to full-power stations regarding complaint requirements, limit contentious factual disputes, and ensure prompt and consistent relief.

The FCC streamlined and consolidated procedural rules governing formal complaints against common carriers, formal complaints regarding pole attachments, and formal complaints concerning the accessibility of telecommunications and advanced communications services and equipment for people with disabilities. The Commission committed to the goal of meeting a 270-day shot clock for resolution of formal complaints (except for complaints already subject to a shorter deadline).

The FCC eliminated obsolete and unnecessary regulatory burdens applicable to the Cellular Service and other Part 22 licensees. Licensees no longer need to retain hard copies of station authorizations and other station records or maintain station control points and personnel on duty at those control points.

The FCC eliminated the requirement that U.S. providers of international telecommunications services file annual Traffic and Revenue Reports. The FCC also streamlined the requirements for filing Circuit Capacity Reports.

The FCC adopted an Order lifting outdated payphone industry rules that are no longer necessary as payphone revenues have plummeted due to a changing communications marketplace. The Commission also eliminated costly payphone audit requirements.

The FCC took steps to simplify the regulatory approval process for earth stations used to provide satellite-based services on ships, airplanes and vehicles, known as earth stations in motion, or ESIMS. Previously, regulatory requirements for ESIMS were covered in various rule provisions and varied depending on the type of vehicle to which a satellite was attached. The new rules integrate the three types of earth stations into a single regulatory category, reducing the burden on applicants and creating a more efficient licensing process.

The FCC adopted rules eliminating an outdated list of services meeting the statutory definition of commercial mobile radio service, eliminated unnecessary filings, and harmonized the Commission's licensing rules across spectrum bands. The FCC also allowed licensees to identify the nature and regulatory treatment of their mobile services based on how they use spectrum, rather than based on the specific spectrum band used to provide such service.

The FCC reviewed and processed 855,970 applications and complaints in FY 2018, meeting its Speed of Disposal (SOD) goals 97.7% of the time. In six of the last seven years, the FCC met the SOD metrics for at least 96% of applications and complaints. See results below:

<b><u>BUREAU/OFFICE</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>FY 2018</u></b>
CONSUMER AND GOVERNMENTAL AFFAIRS	99.2%	99.0%	98.3%	97.8%	99.0%	99.7%	99.9%
INTERNATIONAL <sup>3</sup>	88.4%	83.0%	77.3%	75.9%	81.8%	88.4%	92.9%
MEDIA	98.0%	98.0%	97.0%	85.4%	91.3%	95.9%	99.1%
ENGINEERING AND TECHNOLOGY	99.7%	99.6%	99.7%	99.9%	98.8%	98.9%	93.9%
PUBLIC SAFETY AND HOMELAND SECURITY	90.2%	97.1%	99.1%	99.0%	98.7%	98.7%	98.8%
WIRELESS TELECOMMUNICATIONS	98.1%	85.2%	94.7%	97.8%	97.5%	97.4%	95.6%
WIRELINE COMPETITION	99.8%	99.6%	99.5%	99.3%	98.7%	97.2%	97.3%
<b>FCC TOTAL</b>	97.8%	92.2%	96.3%	97.6%	98.0%	98.3%	97.7%

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<sup>3</sup> The International Bureau's SOD goals are significantly affected by the process of consultation with the Executive Branch on foreign ownership issues.