



FEDERAL COMMUNICATIONS COMMISSION

Fiscal Year 2016 Annual Performance Report

(October 1, 2015 – September 30, 2016)

Message from the Managing Director

The Commission's Fiscal Year (FY) 2016 Annual Performance Plan reflects the work of the Commission under Chairman Wheeler's distinguished leadership in the areas of promoting economic growth and national leadership, protecting public interest goals, making networks work for everyone, and promoting operational excellence. The report summarizes the FCC's progress in fulfilling Chairman Wheeler's strategic goals and meeting its performance commitments as expressed in the Commission's FY 2016 Annual Performance Plan.



Mark Stephens
Managing Director

Mission

As specified in section one of the Communications Act of 1934, as amended, the Federal Communications Commission's (FCC or Commission) 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."¹ 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."²

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 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.
- **The Enforcement Bureau** enforces the Communications Act and the FCC's rules. It protects consumers, ensures efficient use of spectrum, furthers public safety, promotes competition, and protects the integrity of FCC programs and activities from fraud, waste, and abuse.

¹ 47 U.S.C. § 151.

² *Id.*

- **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 U.S. interests in international communications and competition. The Bureau works to promote a high-quality, reliable, globally interconnected, and interoperable communications infrastructure.
- **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 capabilities that assist the public, first responders, the communications industry, and all levels of government in preparing for and responding to emergencies and major disasters.
- **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, and other radio services used by businesses and private citizens. The Bureau also conducts auctions of spectrum licenses.
- **The Wireline Competition Bureau** develops and recommends policies and licensing programs for wireline telecommunications, including telephone landlines, and fixed (as opposed to mobile) broadband, striving to ensure choice, opportunity, and fairness in promoting the development and availability of these services. The Bureau has particular responsibility for the Universal Service Fund, a public-private partnership that 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 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 Strategic Planning and Policy Analysis** works with the Chairman, Commissioners, Bureaus, and Offices in strategic planning and policy development for the agency. It also provides research, advice, and analysis of complex, novel, and non-traditional economic and technological communications issues.
- **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 preference.

PROMOTING ECONOMIC GROWTH AND NATIONAL LEADERSHIP

Promote the expansion of competitive telecommunications networks, which are a vital component of technological innovation and economic growth and help to ensure that the U.S. remains a leader in providing its citizens opportunities for economic and educational development.

FY 2016 PERFORMANCE HIGHLIGHTS

The Federal Communications Commission is in the midst of a historic incentive auction to make available low-band spectrum by repurposing a portion of the broadcast television band for wireless use. The auction's design allows for multiple stages of bidding in order to match the supply of spectrum from broadcasters with the demand expressed by wireless bidders. In the first stage of the auction the Commission made available an initial clearing target of 126 MHz, but the cost to clear that amount of broadcast spectrum exceeded the bid prices of the wireless bidders. A second stage was begun on September 13 with a reverse auction to determine the cost to clear a reduced amount - 114 MHz - of spectrum. A forward auction involving wireless carriers will follow the conclusion of this second stage.

The FCC also continues to plan for the post-auction transition. The Incentive Auction Task Force will soon release for discussion and comment transition models to calculate the order and schedule of station relocation efforts. These models reflect input received from broadcasters, wireless companies, tower crews, equipment manufacturers, and other stakeholders.

The Commission updated its rules to help ensure that consumers, industry and the economy reap the benefits of ongoing, innovative technology transitions. It eliminated outdated, unnecessary regulations and established clear criteria that can expedite the Section 214 discontinuance review process required when providers update service from legacy to modern voice technologies. The new framework gives carriers the clarity they need to transition quickly to innovative services and at the same time ensure continued protections for consumers, competition, public safety, and universal service, all important values that must endure even as technology changes.

The Commission also adopted a Declaratory Ruling finding that incumbent local exchange carriers (LECs) will no longer be presumed dominant when providing interstate mass market and enterprise switched access services. The Commission found that intercarrier compensation reforms adopted in 2011 to move interstate switched access services to "bill-and-keep" have divested incumbent LECs of market power over these services. The ruling also acknowledged that incumbent LEC voice services are in decline as more subscribers turn to mobile wireless, cable VoIP, and other alternatives, but reaches no conclusions about the state of competition in any given geographic area or product market. The immediate practical effect of the ruling is a modest reduction of incumbent LECs' tariffing, Section 214 discontinuance, and Section 214 transfer-of-control obligations.

New rules were adopted for wireless broadband operations in frequencies above 24 GHz, making the United States the first country in the world to make this spectrum available for next generation wireless services. Building on the successful, flexible approach to spectrum policy that enabled the explosion of 4G (LTE), these rules set a strong foundation for the rapid advancement to next-generation 5G networks and technologies in the United States, and to begin consideration related to 5G security.

The FCC worked with other U.S. government agencies at the International Telecommunication Union's World Radio communication Conference (WRC) in November 2015 to secure the allocation of an additional 619 MHz of spectrum for possible International Mobile Telecommunications (IMT) use in the Americas region (which includes the United States). At the WRC, the Americas Region identified more spectrum for mobile broadband than any other region.

The Commission adopted rules that require submarine cable licensees to report significant outages to the FCC to help safeguard this critical communications infrastructure and promote reliable communications for businesses and consumers. Submarine cables are vital to America's economic and national security, yet in the past licensees have only reported outages to the FCC on a voluntary and inconsistent basis. When the FCC has received information on outages, it has been too limited to be of use. The new outage reporting rules will enable the FCC to monitor the operational status of submarine cables and assist the agency in ensuring the reliability of this communications infrastructure. The Commission also completed significant upgrades to its Network Outage Reporting System (NORS), which will enhance the Commission's ability to identify network outage trends and enhance network reliability.

The International Bureau removed Cuba from the Commission's Exclusion List for International Section 214 Authorizations. The Exclusion List identifies countries and facilities that are not covered by grant of a global facilities-based Section 214 application and require a separate international Section 214 authorization. By removing Cuba from the Exclusion List, the Commission opens the door for U.S. telecommunication carriers to provide facilities-based telephone and Internet service to Cuba without separate approval from the Commission.

The FCC adopted several measures to help low power television (LPTV) and TV translator stations to continue serving their viewers following the incentive auction. The Spectrum Act of 2012 requires the Commission to protect only full power and Class A TV stations when reorganizing the TV band after the auction. Recognizing the important role that LPTV and translator stations play in the communities they serve, the Commission took several steps to help these stations preserve the important programming content they provide. The Commission's actions included permitting channel-sharing, extending the deadline for digital transition for these stations, and offering software assistance in finding new channels.

The FCC adopted measures to assist AM broadcasters. AM radio, one of the Nation's oldest broadcast services, has traditionally served as a vital source of news and information, as well as a critical lifeline in times of emergencies and natural disasters. AM listenership has nevertheless declined with the rise of newer, higher fidelity media alternatives. Rule changes were made to enable AM broadcaster to improve their signal quality and coverage areas. Other changes were

enacted to provide broadcasters greater flexibility in meeting technical requirements. The FCC opened an exclusive filing window for AM stations, which provide the opportunity to acquire and relocate a limited-purpose fill-in FM translator station. Deployment of cross-service FM translators by AM stations has proven to be a successful means of filling in AM stations' service gaps. Over 1,000 applications were granted as a result of the filing window, doubling the number of translators used for AM/FM cross-service broadcasting.

The Commission adopted rules to comprehensively simplify and streamline the regulatory approval process for satellite licenses under Part 25 of the FCC's rules. This rulemaking is one of the key reforms under the Commission's process reform initiative. The new rules increase satellite operational flexibility, eliminate unnecessary filing requirements, and better accommodate evolving technology. The changes will significantly reduce regulatory burdens and costs. The Commission also acted on a long pending Petition for Reconsideration of the Commission's decision in 2003 to overhaul the satellite space and earth station licensing rules. This action eliminated certain rule provisions and clarified others to further ease administrative burdens for applicants, licensees and the Commission.

Moving to eliminate regulatory burdens that can stifle investment while maintaining protections for consumers and competition, the Commission voted to no longer enforce multiple outdated rules governing legacy local phone companies, known as incumbent local exchange carriers. The FCC granted full or partial forbearance from most of the categories of rules covered by a petition for forbearance filed by U.S. Telecom, an industry trade association. A number of these rules were pre-conditions to the ability of the former "Baby Bell" telephone companies to offer long distance telephone service, a process that was completed over a decade ago. With the long distance service market very different today than it was then, these rules generally no longer are necessary to protect consumers or competition. However, the FCC maintained rules still needed to ensure that consumers in rural areas and low-income consumers have access to affordable phone service, and it preserved rules that continue to protect competition in the market for telecommunications services to businesses and other enterprises.

The Commission adopted a Further Notice of Proposed Rulemaking (FNPRM) to ensure competitive entry in the Business Data Services (BDS) market. Specifically, the Commission proposed to replace the existing, fragmented regulatory BDS structure with a new technology-neutral framework that classifies markets as either competitive—in which all providers are subject to minimal oversight—or as non-competitive—in which providers are subject to one set of tailored rules. The FNPRM proposed and sought comment on a tailored set of rules to safeguard customers in non-competitive markets, including the use of price regulation and the prohibition of certain terms and conditions often imposed by incumbent LECs. The FNPRM also proposed and sought comment on a set of de-regulatory rules to govern competitive markets to ensure that the provision of telecommunications services is just and reasonable and not unreasonably discriminatory.

In addition, during the relevant time period, the Wireline Competition Bureau processed approximately 104 domestic Section 214 discontinuance applications and 66 domestic Section 214 transfer of control applications under its streamlined and non-streamlined filing rules.

The FCC reviewed and processed 916,117 applications and complaints in FY 2016, 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 below.

<u>BUREAU/OFFICE</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>	<u>FY 2016</u>
CONSUMER AND GOVERNMENTAL AFFAIRS	98%	98%	99%	99%	98%	98%	99%
INTERNATIONAL ³	86%	91%	88%	83%	77%	76%	82%
MEDIA	86%	84%	98%	98%	97%	85%	91%
ENGINEERING AND TECHNOLOGY	99.3%	99.6%	99.7%	99.6%	99.7%	99.9%	99%
PUBLIC SAFETY AND HOMELAND SECURITY	99%	91%	90%	97%	99%	99%	99%
WIRELESS TELECOMMUNICATIONS	99%	98%	98%	85%	95%	98%	98%
WIRELINE COMPETITION	99.6%	99.9%	99.8%	99.6%	99.5%	99.3%	99%
FCC TOTAL	98%	97%	98%	92%	96%	98%	98%

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

PROTECTING PUBLIC INTEREST GOALS

The rights of network users and the responsibilities of network providers form a bond that includes consumer protection, competition, universal service, public safety and national security. The FCC must protect and promote this Network Compact.

FY 2016 PERFORMANCE HIGHLIGHTS

The FCC adopted rules to extend to broadcast licensees the same streamlined rules and procedures that common carrier wireless licensees use to seek approval for foreign ownership, with appropriate broadcast-specific modifications. The FCC also reformed the methodology for publicly traded broadcast and common carrier licensees and controlling U.S. parent companies to assess compliance with the statutory foreign ownership limits. Adopting a standardized filing and review process for broadcast licensees' requests for approval of foreign ownership will provide the broadcast sector with a clearer path for investment.

The Commission issued a Notice of Proposed Rulemaking (NPRM) to foster consumer choice and access to diverse programming on television. The NPRM considers prohibiting the use of certain clauses in pay TV programming distribution contracts that impede carriage of independent and diverse programming. The NPRM is the result of the input received from an inquiry the FCC opened earlier this year into the state of diversity in the video programming market. The Commission held two workshops on the issue to examine the state of the video marketplace, challenges faced by distributors of video programming, and marketplace obstacles that affect the provision of independent and diverse programming to consumers.

Additionally, the Commission launched its first Tribal Radio Summit aimed at providing regulatory, programming and other information to Tribal broadcasters and Tribes interested in seeking a radio broadcast license from the FCC. The Commission, via its groundbreaking Tribal radio priority, encourages Tribal nations to seek their own radio stations for the purposes of economic development, historic and cultural preservation and public safety purposes.

In order to strengthen the Emergency Alert System (EAS), the national public warning system through which broadcasters, cable television providers, and other participants deliver emergency information, such as weather alerts, the FCC proposed rules to facilitate involvement on the state and local levels, support greater testing and awareness of the system, leverage technological advances, and enhance security. The NPRM is aimed at promoting community preparedness and ensuring that the public receives the most effective alerts during emergencies.

The Commission also updated its rules so that Americans receive more specific, and potentially life-saving, warnings through the EAS before extreme weather strikes. The amended rules add three new "event codes" that can be used to warn the public about the storm surges and extreme winds that may accompany hurricanes and other severe weather events.

The FCC, in coordination with the Federal Emergency Management Agency, conducted a mandatory nationwide test of the EAS on September 28, 2016. The purpose of the test was to ensure that EAS remains an effective means of warning the public about emergencies. Periodic

testing of public alert and warning systems helps to assess the operational readiness of alerting infrastructure and identify any needed technological and administrative improvements.

The Commission adopted rules were adopted to update and strengthen Wireless Emergency Alerts (WEA), a system that delivers critical warnings and information to Americans on their wireless phones. The updated rules are intended to promote the wider use and effectiveness of this lifesaving service, especially for state and local authorities to convey important information to their communities. The Commission took action to improve WEA message content, help ensure that the messages reach only those people for whom an alert is relevant, (enhanced geo-targeting), require support for transmission of alerts in Spanish, and establish a WEA testing program that will improve the effectiveness of the system for public safety officials and the public.

In support of public safety, the Commission took several steps including facilitating roaming for public safety licensees across the Canadian border. The Commission also approved a mechanism to clear incumbents from the spectrum assigned to the First Responder Network Authority (FirstNet), which will deploy a nationwide interoperable public safety network, and began a rulemaking to address its role in the state “opt-out” process for states wishing to build their own Radio Access Network to interoperate with FirstNet.

In response to a report from the White House Office of Science and Technology, the Commission is working with NTIA to standardize and streamline procedures for establishing interoperability between federal and non-federal first responders.

The Commission’s Task Force on Optimal Public Safety Answering Point (PSAP) Architecture (TFOPA) approved a comprehensive report in January 2016 offering recommendations and guidance for the Commission and the public safety community on PSAP cybersecurity, Next Generation 911 (NG911) architecture implementation, and optimal resource allocation. In December 2016, the Task Force approved supplemental reports and recommendations to provide public safety decision makers with an “NG911 Ready Scorecard” and other in-depth tools for advancing the deployment of NG911 and bringing the benefits of text, video, and multimedia capable PSAPs to the public.

The FCC and the Federal Trade Commission (FTC) are working together to better understand, and ultimately to improve, the security of mobile devices. Wireless Telecommunications Bureau Chief Jon Wilkins sent a letter to mobile carriers asking questions about their processes for reviewing and releasing security updates for mobile devices. At the same time, the FTC ordered eight mobile device manufacturers to provide the agency with information about how they issue security updates to address vulnerabilities in smartphones, tablets, and other mobile devices. As consumers and businesses turn to mobile broadband to conduct more of their daily activities, the safety of their communications and other personal information is directly related to the security of the devices they use. Consumers may be left unprotected, for long periods of time or even indefinitely, by any delays in patching vulnerabilities once they are discovered.

Commission focus on cybersecurity has also yielded guideposts for consideration in addressing network security in both the wired and wireless spaces, as well as other telecom sectors.

Through the Technological Advisory Committee (TAC) and the Communications Security, Reliability and Interoperability Council (CSRIC) the Commission has worked with industry, government at all levels, academia and other stakeholders to develop recommendations to advance issues including 5G wireless security, Wi-Fi security, security related to the Internet of Things, security by design, real time threat information sharing, advancement of cybersecurity workforce needs, privacy, consumer risks, credentialing, enhanced 911 location accuracy and a host of other pressing issues becoming more prevalent in the evolved digital economy.

The FCC's Public Safety and Homeland Security Bureau leads the agency's efforts on matters related to national and homeland security elements of space-provided communications. The Bureau worked with interagency senior staff within the Intelligence Community (IC), Law Enforcement, and other departments, agencies and organizations. In February 2016, the FCC organized and hosted a Purposeful Interference Response Team interagency tabletop exercise focused on GPS interference attended by 70 participants from across the federal government. FCC participated in a DHS-led exercise at White Sands Missile Range in July 2016 to conduct open air testing of GPS, cellular, VHF/UHF jammers against U.S. Government and first responder systems.

The FCC responded to Hurricane Matthew in September 2016. In concert with Federal Emergency Management Agency (FEMA) and the Department of Homeland Security (DHS) National Coordinating Center for Communications (NCC), the Commission deployed FCC staff to the disaster area to assess radio and TV broadcast availability, first responder land mobile radio communications, and overall communications infrastructure damage and restoration. Based on the April 2016 Wireless Network Resiliency Cooperative Framework, the FCC coordinated with the wireless industry, as well as cable providers to develop the first-ever public facing outage reporting to better inform the public.

The Public Safety and Homeland Security Bureau's Operations and Emergency Management Division operates two operations centers: the headquarters FCC Operations Center (FCCOC) and the High Frequency Direction Finding Center (HFDFC). In FY2016 the FCCOC responded to 209 radio interference to public safety reports; 233 unlit communications tower reports; 93 PSAP assistance calls; issued 16 emergency STA's; processed/reviewed 2,335 Network Outage Reporting System alerts; and processed 396 GPS-related activities. In FY2016, the HFDFC processed 1877 direction finding (DF) events related to more than 200 safety-of-life interference complaints, while supporting FCC enforcement activities with over 1300 DF observations. In the same period, the HFDFC processed over 1000 unique DF events related to National Security. Both operations centers worked together to perform direction finding that was instrumental in US Coast Guard in the location and rescue of a sailing vessel in distress in the Pacific Ocean.

The FCC and the FTC also signed a Memorandum of Understanding to further the agencies' ongoing cooperation on consumer protection matters. The memorandum is designed to formalize the existing cooperation between the agencies, outlining methods by which the agencies will coordinate and share information. In addition, the memorandum recognizes the two agencies' complementary authorities with regard to practices by common carriers. The agencies have followed a similar memorandum of understanding related to telemarketing enforcement issues since 2003.

The Commission has taken strong action to crack down on robocalls. The Commission imposed strong consumer protections on specific debt collection robocalls, including strict limits on the numbers of such calls and ensuring that consumers can stop them at any time. The Commission continued to implement the Telephone Consumer Protection Act in ways that benefit consumers – including ensuring that consumers will get wanted calls from schools and utilities while also making sure that robocallers face stiff consequences when they make unwanted calls and send unwanted texts.

To better arm consumers with free, robust robocall-blocking tools, Chairman Wheeler sent letters to major wireless and wireline telephone carriers, as well as the major gateway providers that sometimes transmit calls between other carriers, calling on them to more quickly develop and offer such tools. Industry responded aggressively by establishing the Robocall Strike Force, which includes representatives from telecommunications carriers, device manufacturers, operating system vendors, app developers, and other segments of the industry. The Strike Force made measurable progress for consumers and established concrete milestones toward meeting Chairman Wheeler’s challenge.

The FCC began releasing robocall and telemarketing consumer complaint data updated daily through the Consumer Complaint Data Center. This information is used by developers to help to build and improve “do-not-disturb” technologies that allow consumers to block or filter unwanted calls and texts. The unwanted call dataset, including originating phone numbers of telemarketers and automated robocalls, is available on the FCC Consumer Complaint Data Center’s website.

The Wireline Competition Bureau, International Bureau, and Wireless Telecommunications Bureau granted a series of applications filed by Cablevision Systems Corporation (Cablevision) and Altice N.V. (Altice) seeking approval of various assignments and transfers of control of licenses and authorizations pursuant to Sections 214 and 310(d) of the Act. The Bureaus found that approval of the transaction is unlikely to result in any potential public interest harms outweighing any potential public interest benefits, and that therefore the transaction, on balance, serves the public interest. They also concluded that Altice’s commitment to the New York Public Service Commission to “upgrade the Cablevision network so that all existing customer locations are able to receive broadband service of up to 300 Mbps” provided sufficient assurance that all customers will benefit from enhanced broadband service post transaction. Applicants explained that they “expect to effectuate this commitment in all existing customer locations in Cablevision’s service territory” and to “commence this network upgrade immediately after the transaction closes, and to complete it to all such locations not later than the end of calendar year 2017.” The Bureaus further found that the transaction is likely to benefit lower income customers based on Altice’s commitment to offer “a new low income broadband package of 30 Mbps for \$14.99 a month throughout Cablevision’s service territory.”

The Commission released an NPRM seeking comment on a framework for implementing the requirements of Section 222 for broadband Internet access service (BIAS) providers. The proposed rules would require BIAS providers to disclose their privacy practices with regard to customer proprietary information (PI) (including both CPNI and personally identifiable

information), and seek different levels of consent from consumers with respect to the use and sharing of customer PI. The NPRM also proposed rules for data security, and proposed to harmonize existing voice data breach notification requirements with data breach notification requirements for BIAS providers.

The Commission issued an order approving, subject to conditions, the applications of Charter Communications, Inc., Time Warner Cable Inc., and Advance/Newhouse Partnership (collectively, the Applicants) for consent to the transfer of various Commission licenses and other authorizations from the Applicants to a new company, New Charter, pursuant to Sections 214(a) and 310(d) of the Act. The Commission concluded that, with the adoption of certain conditions designed to address specific harms and confirm certain benefits resulting from the transaction, the license transfers will serve the public interest. With regard to conditions, the Commission: (1) prohibited, for seven years, New Charter from imposing data caps or charging usage-based pricing for its residential broadband service; (2) prevented New Charter from raising prices on companies that deliver Internet traffic—including online video traffic—requested by its broadband subscribers; (3) prohibited, for seven years, New Charter from entering into or enforcing contractual terms that prevent or penalize programmers from distributing content online; (4) required New Charter to undertake both a build-out program that will deploy high-speed broadband to two million more homes; (5) mandated a new low-income broadband program for eligible households; and (6) adopted a monitoring system designed to ensure New Charter’s compliance with the conditions.

On August 9, 2016, the Commission released an Order on Reconsideration in the Inmate Calling Services proceeding, (1) increasing the rate caps on both interstate and intrastate ICS calls to expressly account for costs that facilities incur that are reasonably related to the provision of ICS; and (2) clarifying that providers may not markup the taxes and fees they pass through to consumers.

The FCC’s Enforcement Bureau undertook a number of investigations in fulfilling its mission to enforce the Commission’s rules and protect public safety entities and the public from harmful interference.

- The Bureau investigated over 300 public safety interference complaints.
- The Bureau investigated 68 complaints of radio interference to the Coast Guard, including many involving the “marine 911” channel reserved for emergency safety of life calls.
- The Bureau entered into four different Consent Decrees to resolve investigations into illegal use of jamming devices, which overpower, jam, or interfere with authorized communications, and assessed a forfeiture in excess of \$34 million to a company that illegally imported jammers. Enforcement of the Communications Act and Commission regulations that prohibit the importation, use, marketing, manufacture and sale of jammers is necessary to protect the public and preserve unfettered access to emergency and other communications services.

- The Bureau assessed a total of \$55,000 in forfeitures and \$55,000 in proposed forfeitures against unlicensed (pirate) radio operators, whose operation threatens the livelihood and sustainability of existing broadcasters and the health and safety of the listening public. Pirate radio stations can cause interference to other licensed broadcasters and non-broadcast services, not only preventing listeners from hearing the programming on those stations but also potentially preventing listeners from hearing important Emergency Alert System (EAS) warnings and other public interest programming aired by those broadcasters.

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

- A \$450,000 settlement with a major wireless carrier to resolve an investigation into whether the carrier operated fixed wireless stations without authorization or without filing required license modification notices, resulting in a commitment to improved due diligence in transactions involving fixed microwave stations.
- A corporation paid \$175,000 to resolve an investigation into whether the company failed to disclose corporate felony convictions as required by the Commission's rules. The company and some of its subsidiaries hold numerous FCC wireless licenses and were required to disclose on their applications prior criminal convictions for violations of the Foreign Corrupt Practices Act and, separately, obstruction of justice.
- \$11 million in fines against three related long distance carriers for "cramming" unauthorized charges onto consumer telephone bills, "slamming" consumers by switching their preferred phone carriers without authorization, deceptive marketing, and violating the FCC's truth-in-billing rules.
- A foreign railroad company will pay \$1,210,000 to resolve an investigation of the railroad company's operation of more than a hundred wireless radio facilities in the U.S. without prior FCC approval, and for failing to obtain FCC authorizations for the transfer of control of thirty wireless radio licenses.
- A settlement to resolve an investigation into whether a carrier "crammed" unauthorized third-party charges on its customers' wireline telephone bills. The company allowed scammers to charge customers approximately \$9 per month for a sham directory assistance service. Under the terms of the settlement, the company will issue refunds totaling \$6.8 million to current and former consumers and will pay a \$950,000 fine.
- Proposing to fine two New York-area men \$25,000 each for apparently using false caller ID numbers to carry out harassing phone calls to the ex-wife of one of the men.

- Reaching a \$200,000 settlement with a manufacturer resolving an investigation into certain Wi-Fi routers that were not in compliance with Commission rules pertaining to power levels. As part of the settlement, the company agreed to adopt robust compliance measures to ensure that its existing and future Wi-Fi routers are in compliance and to begin to work with the open source software community to consider paths for open source software on routers.
- A broadcast ownership group will pay \$9,495,000 to resolve a number of Media Bureau investigations, including the Bureau's investigation of allegations that the group violated its obligation to negotiate for retransmission consent in good faith.
- Reaching a \$2.4 million settlement resolving an investigation into five 911 service outages that occurred on a company's wireless network in various parts of Alaska between August 2008 and April 2016.
- A Memorandum Opinion and Order finding that an incumbent telephone company failed to use reasonable judgment when, for a three-month period, it knowingly routed 911 calls to an automated operator message that instructed 911 callers to "hang up and dial 911."
- A carrier and its parent company paid \$1.1 million to resolve an investigation that they repeatedly exceeded foreign ownership levels approved by the Commission.
- A provider of long-distance and other services paid a \$100,000 civil penalty to resolve an investigation into whether the company failed to complete long distance telephone calls to a consumer in rural Minnesota.
- Fined a Florida-based long distance carrier \$1.6 million for billing consumers for unauthorized charges and fees.
- A settlement resolving an investigation into a major carrier's practice of inserting unique identifier headers or so-called "supercookies" into its customers' mobile Internet traffic without their knowledge or consent.
- Fined two related companies and their owner more than \$3.4 million for billing consumers for services that were not requested.
- Proposed a \$29,600,000 fine against four related long distance carriers for a variety of apparent deceptive practices targeting consumers with Hispanic surnames, switching their long distance carriers without authorization and adding unauthorized charges onto consumers' bills.
- Reached a \$540,000 settlement with a media company regarding a lack of sponsorship identification in radio advertising promoting a proposed energy project. This is the largest payment in FCC history for a single-station violation of the Commission's sponsorship identification laws.

- Fined a long distance carrier \$1.44 million for switching customers' long distance carriers without proper authorization.
- Entered into a \$595,000 settlement with a cable provider to resolve an investigation into whether the company failed to properly protect its customers' personal information when the company's electronic data systems were breached.
- Proposed a \$718,000 fine against an electrical contractor for blocking consumers' Wi-Fi connections at an event at a convention center, forcing participants to pay substantial fees to use the contractor's Wi-Fi service.
- Issued a \$34.9 million fine against an online retailer for marketing nearly 300 illegal signal jamming devices to U.S. consumers as well as selling 10 high powered jammers to undercover FCC personnel posing as consumers.
- Fined a Florida man \$48,000 for operating an illegal jamming device in his vehicle and entered into settlements of more than \$60,000 with four separate entities to resolve investigations into the use of illegal jamming devices that posed significant risks to public safety and potentially compromising other radio communications services.
- Entered into a \$36,000 settlement with a major wireless carrier to resolve an investigation into whether the carrier operated common carrier point-to-point microwave stations on unauthorized frequencies without authorization or without filing required license modification notices, resulting in a commitment to improved due diligence in transactions involving fixed microwave stations.
- Entered into a \$620,000 settlement with a major tower company to conclude an investigation into the corporation failed to comply with agency antenna structure registration and lighting requirements, resulting in a commitment to ensure the registration and lighting of all towers in order to eliminate any public safety concerns with respect to air navigation.
- Entered into a \$195,000 settlement to resolve an investigation into whether an energy data company failed to obtain an FCC authorization in operating Radio Frequency Identification readers near railways to monitor rail traffic in real time, resulting in the relinquishment of its license and an obligation to implement a compliance plan for future licensed operations.
- Fined six companies a combined \$30 million for deceptively marketing prepaid calling cards.

MAKING NETWORKS WORK FOR EVERYONE

In addition to promoting the development of competitive networks, the FCC must also ensure that all Americans can take advantage of the services they provide without artificial impediments.

FY 2016 PERFORMANCE HIGHLIGHTS

The Federal Communications Commission announced new broadband labels to provide consumers of mobile and fixed broadband Internet service with easy-to-understand information about price and performance. These labels will help consumers make informed decisions about the purchase of broadband service.

The FCC's Connect2Health Task Force launched the *Mapping Broadband Health in America* tool (available at www.fcc.gov/health/maps), a web-based mapping tool that will enable and inform more efficient, data-driven decision making at the intersection of broadband and health. By allowing users to ask and answer questions about broadband and health at the county and census block levels, the tool provides critical data that can help drive broadband health policies and connected health solutions. The mapping tool shows various aspects of connectivity and health for every state and county in the United States. Users can generate customized maps that display broadband access, adoption and speed data alongside various health measures (e.g., obesity, diabetes, disabilities and physician access) in urban and rural areas. These maps can be used by both public and private sectors and local communities to identify not only gaps, but also opportunities.

The Commission released the results of its ongoing nationwide performance study of consumers' fixed broadband Internet access service in its fifth "Measuring Broadband America" report. The report furthers the Commission's efforts to provide greater transparency about network performance to help consumers make more informed choices about broadband services. This year's report shows that broadband speed offerings to the average consumer continue to increase at a rapid pace, and broadband service providers generally are delivering actual speeds that meet or exceed advertised speeds. However, results are not uniform across technologies. The report finds a growing disparity in advertised download speeds between many DSL-based broadband services and most cable- and fiber-based broadband services.

While the nation has made significant progress in broadband deployment, 34 million Americans still lack access to broadband meeting today's benchmark speeds of 25 megabits per second (Mbps) for downloads and 3 Mbps for uploads, according to the FCC's 2016 Broadband Progress Report. The report also finds that a persistent digital divide has left approximately 40 percent of the people living in rural areas and on Tribal Lands without access to service at the FCC's speed benchmark. In addition, while connectivity for schools has greatly improved since the FCC began modernizing its E-rate program, 41 percent of schools have not yet met the FCC's short-term goals for connectivity capable of supporting digital learning applications. For these reasons, the 2016 report concludes that advanced telecommunications capability is not being deployed to all Americans in a reasonable and timely fashion.

The Commission, through the Office of Native Affairs and Policy, conducted four regional Tribal training and consultation workshops aimed at providing salient and important policy information on telecommunications and broadband matters for Tribal governments and elected and appointed officials. The overarching goal of these workshops are to assist Tribes seeking to find solutions where telecommunications and broadband infrastructure are lacking. In this regard, FCC staff coordinated these efforts with and facilitated participation by U.S. Department of Agriculture staff.

The Commission continued to adopt and implement reforms to modernize the high-cost universal service mechanisms, now known as the Connect America Fund, to support broadband deployment, including deployment of 25/3 Mbps. The Commission reformed support mechanisms for rate-of-return carriers providing them an option to receive a specific amount of model-based Connect America Fund support for 10 years or to remain on reformed legacy support mechanisms that now explicitly support stand-alone broadband. With either option, carriers are required to meet defined deployment obligations. The Commission established a framework for the Connect America Fund Phase II competitive auction. Furthermore, the Commission addressed the unique challenges facing Alaska by adopting an order providing set support amounts over 10 years to rate-of-return carriers and their wireless affiliates for both fixed and mobile broadband.

Buildout in connection with Connect America Fund Phase I incremental support is winding down with Round 1 having completed in FY 2016, and recipients required to report on progress towards interim milestones for Round 2. In Round 1, support recipients deployed new Internet access service to nearly 150,000 locations. During FY 2016, recipients reported Round 2 deployment to more than 240,000 additional locations.

In FY 2016, the Wireline Competition Bureau largely completed authorization of provisionally selected bidders in the rural broadband experiments, authorizing almost \$24.4 million in support to new entrants utilizing a variety of technologies to deploy new, robust broadband to consumers in areas served by the larger incumbent telephone companies.

The Commission modernized and reformed its Lifeline program to help low income consumers afford access to the 21st Century's vital communications network: the Internet. Since 1985, Lifeline has helped make telephone service affordable for low-income Americans. Today, consumers need Internet access for full and meaningful participation in society. Yet 43 percent of nation's poorest households say they can't afford modern broadband service. To help close this digital divide, the Commission refocused Lifeline support on broadband, which will enable low-income Americans to share in the 21st Century opportunities that access to the Internet provides. At the same time new rules build on recent reforms in the program to combat waste fraud and abuse and increase program efficiency, including establishing an independent National Eligibility Verifier to confirm subscriber eligibility.

Acting to ensure that rates for phone calls are just, reasonable and fair for all Americans, the FCC took further steps to rein in the excessive rates and egregious fees on phone calls paid by some of society's most vulnerable: people trying to stay in touch with loved ones serving time in jail or prison. With the cost of a call sometimes ballooning to \$14 per minute once inside prison

walls, the FCC for the first time capped rates for local and in-state long-distance inmate calling, and cut its existing cap on interstate long-distance calls by up to 50 percent.

The Commission took major steps to ensure greater access to wireless communications services and handset devices for tens of millions of Americans with hearing loss. New rules reflect a consensus-driven approach to foster accessibility for individuals who are deaf and hard of hearing while promoting innovation and investment by the wireless industry. The new rules expand the scope of the hearing aid compatibility regulations to cover the wireless technologies of today and tomorrow. Recognizing that wireless voice communications increasingly operate via alternative technologies, the Commission has expanded the rules to cover IP-based communications services like Wi-Fi Calling and Voice-over-LTE. In addition, the new rules will require that future technologies comply with current and future hearing aid compatibility rules, encouraging manufacturers to consider hearing aid compatibility at the earliest stages of the product design process, ensuring that consumers with hearing loss are not always trying to catch up to technology and providing industry with additional regulatory certainty.

In this vein, the Commission also adopted a rulemaking proposing use of real-time text to ensure that people with disabilities who rely on text to communicate have accessible and effective telephone access. This proposal will provide enhanced access to 911 for persons with hearing and speech disabilities, and builds on work done by the Commission to promote the expanded adoption of text-to-911 capabilities.

In response to industry requests, the Commission initiated a rulemaking proceeding to support the transition from outdated text telephone (TTY) technology, which provides individuals with hearing or speech disabilities with text-based access to the telephone system using specialized equipment, to real-time text (RTT) technology over Internet protocol (IP) enabled networks and services. As a technology designed for the IP environment that also allows the use of off-the-shelf end user devices, RTT can, for the first time in our nation's history, enable people with disabilities to use text-based communications services that are fully integrated with communications services and devices used by the general public. Further, RTT's advanced features, including its speed, full character set, reliability, and ease of use, can significantly improve access to emergency services for people with disabilities and help reduce reliance on telecommunications relay services.

The Commission adopted rules to further implement mandates to make user interfaces on digital apparatus and navigation devices used to view video programming accessible to and usable by individuals who are blind or visually impaired, clarified requirements for activation mechanisms for closed captioning and video description accessibility features, and proposed rules to ensure that consumers are able to readily access closed captioning display settings. In a separate proceeding, the Commission also proposed rules to increase the availability of video described programming for individuals who are blind or visually impaired. In a third proceeding, the Commission modified its rules to make more effective the procedures for addressing consumer informal complaints concerning captioning on television.

To ensure increased access for individuals who are deaf-blind, the Commission converted the National Deaf-Blind Equipment Distribution Program (NDBEDP) from a pilot program, which

was a launched in 2012, to a permanent program. Under the NDBEDP, also known as “iCanConnect,” the Commission provides up to \$10 million annually from the interstate telecommunications relay service fund to support local programs that distribute communications equipment to eligible low-income individuals who are deaf-blind. The equipment provided through this program gives individuals who are deaf-blind the tools they need to access telecommunications service, Internet access service, and advanced communications services, enabling them to connect with family, friends, and the community, and providing opportunities for education, employment, and independence.

In addition, the Commission hosted a summit on the telecommunications needs of people with cognitive disabilities, and a roundtable event to discuss closed captioning of programming on public, educational, and government access channels.

The FCC’s Enforcement Bureau undertook several investigations concerning Universal Service Fund and Telecommunications Relay Services Fund reimbursements. Results of these investigations included:

- An \$11.9 million fine against a company for improperly billing the Telecommunications Relay Service (TRS) Fund, which enables persons with speech or hearing disabilities to make and receive phone calls. The company sought and received millions in reimbursements from the TRS Fund and failed to reasonably verify over 40,000 “users” with obviously false names.
- Reached a settlement with a city Department of Education resolving an investigation into whether the school system violated the competitive bidding rules of the FCC’s E-rate program, which subsidizes telecommunications, Internet access and Wi-Fi services for schools and libraries. The city DOE paid \$3 million to the U.S. Treasury under the terms of the settlement agreement and relinquished claims over pending E-rate applications and undisbursed funds.
- Reached a settlement with a wireless carrier to resolve an investigation into whether the company improperly enrolled several thousand customers as eligible for enhanced Tribal support reimbursements from the FCC’s Lifeline program. Under the settlement, the company will reimburse the Universal Service Fund approximately \$2 million and adopt substantial compliance procedures.
- Proposed a fine of \$106,425 against a telecomm provider for violating the Universal Service Schools and Libraries Universal Support Program rules by overcharging two school districts for basic telephone services.

PROMOTING OPERATIONAL EXCELLENCE

Make the FCC a model for excellence in government by effectively managing the FCC's resources and maintaining a commitment to transparent and responsive processes that encourage public involvement and best serve the public interest.

FY 2016 PERFORMANCE HIGHLIGHTS

The Federal Communications Commission adopted rules to require cable operators, satellite television providers, and broadcast radio and satellite radio licensees to post their public and political files to the FCC's online public inspection file database. The Commission adopted online public file rules for broadcast television licensees in 2012, moving television public files online to a central, Commission-hosted database rather than maintaining files locally at their main studios. TV broadcasters completed their transition to the online file in July 2014. Modernizing the filing process made it easier for consumers to access information about their broadcast services without having to travel to the station's main studio and reduced the cost of broadcaster compliance. The new rules extend the online file to these additional entities and include a number of measures to minimize the effort and cost associated with moving the public files online.

The FCC launched its new online Consumer Complaint Data Center to provide greater transparency into consumer complaints received by the Commission. This online platform will provide the public with more granular information about consumer complaints and tools to customize how they view the data. The data center also has an API that allows parties to extract and manipulate the data. Informal complaints submitted to the FCC are added to the database, which is updated on a daily basis. The database includes the service the consumer is complaining about (phone, TV, Internet, radio, emergency, or accessibility), the method by which the consumer receives the service (such as wireless or VoIP phone), the issue the consumer is complaining about and the consumer's general location information. Consumer complaints are an essential resource for the agency's work. Such complaints can be used to inform policy decisions by the Commission, allow companies to facilitate resolutions to specific problems raised, and can be used by the Enforcement Bureau to track trends and enforce the Commission's rules. In addition, raw data sets help stakeholders track consumer sentiment and provide useful analysis to the public.

Similarly, the Commission has implemented an online Public Safety Support Center that specifically intakes complaints from public safety entities, such as complaints related to 911 outages, failures of 911 location accuracy, fraudulent 911 calls, wireless interference to public safety frequencies and unlit towers. This directed intake allows Commission staff the ability to focus promptly on the types of complaints which may involve safety of life for swift resolution.

The Commission implemented the EAS Test Reporting System (ETRS), an electronic filing system that improves the reliability and value of the EAS by identifying potential points of failure and coverage gaps. The ETRS was designed to minimize the reporting burdens on EAS Participants pre-populating data that is already available from related Commission databases,

offering many responses in the form of checkboxes and drop-down menus, and enabling EAS Participants to file data for several facilities in a single batch.

On May 16 and 17, 2016, the FCC participated in the National Level Executive Branch Continuity Exercise known as Eagle Horizon 2016. Over one hundred FCC managers and staff participated in the full-scale exercise at the FCC's alternate facility, headquarters, and via telework. During the exercise, the Commission demonstrated its ability to perform its essential functions while operating away from our primary headquarters facility, including essential continuity tasks such as alerting and notifying agency staff; initiation and execution of continuity operations; testing communications capabilities; and responding to a simulated major terrorist attack. A FEMA assessment team provided high marks for the Commission's pre-exercise planning, general continuity preparations, and exercise activities.

Maps and geospatial analysis allow the FCC to display information to the public in an interactive visual format. FCC maps have become useful tools for conveying data in conjunction with Commission reports and public notices. The FCC's maps site serves as a centralized hub for data visualizations and is one of the most highly trafficked parts of the Commission's website. Fifteen maps have been published this year, bringing the total number of maps to 53 since the launch of the original FCC maps site. These maps represent topics ranging from nationwide LTE coverage to fixed broadband deployment data. To keep pace with the demand for more and improved data visualization tools, The FCC has been working to update its maps site to streamline the publishing process and increase the public's access to the maps published by the Commission. We developed geospatial visualization design standards to maintain a consistent user experience across our maps and geospatial applications.

The FCC launched its new website featuring a more responsive design, a new site navigation structure, and an improved search capability. Extensive user research revealed visitors to FCC.gov prefer a clear separation of consumer content and practitioner content. Therefore the new site navigation features a toggle capability that allows visitors to browse by subject category or FCC bureaus and offices. The design of the site has been upgraded to a more modern look-and-feel that is responsive to the device you are using. This means that the display will adjust depending on whether you are using a mobile device, tablet or computer. The new site features a new search application. The new search brings together results from both FCC.gov and the Electronic Document Management System (EDOCS) into a seamless search experience. The user interface also allows visitors to search only within FCC.gov and EDOCS and provides an array of facets to help further refine search results.

The Enforcement Bureau continued to implement the Commission's *Field Modernization Order*, which included establishing the FCC Operations Center as the single point of contact for public safety agencies to report interference. The Operations Center's streamlined complaint intake process allowed the Field Offices to meet its metric to respond to 99% of public safety calls within 24 hours of receipt.