

**Testimony of
Thomas Wheeler
Chairman
Federal Communications Commission**

**Before the
Subcommittee on Communications and Technology
Committee on Energy and Commerce
U.S. House of Representatives**

“Oversight of the Federal Communications Commission”

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Chairman Walden, Ranking Member Eshoo and Members of the Subcommittee, I appreciate this opportunity to testify before you today concerning the oversight of the Federal Communications Commission.

I am particularly pleased to appear here with a full panel of FCC Commissioners. As I said on my first day on the job, it will be – and it already has been – an honor to work with my fellow Commissioners. I believe that we will make a great team. We may not always agree but, having spent time with each of my colleagues, I believe we will always seek the public interest.

I am equally honored to be working with the men and women of the Federal Communications Commission. It is the hard-working and dedicated professionals of the Commission who are

responsible for what happens at the FCC. Our activities rely mainly on the expertise and dedication of these fine people.

Now, on my 39th day in office, I am pleased to be here to testify before you. I have appreciated the informal conversations that I have had with various Members of this Subcommittee. And I view hearings like this as critically important in building the working relationship that I hope will typify my tenure as Chairman.

In my first few days in office, I have put forth a set of principles that I believe should guide the Commission as it makes its decisions. I have described myself as a “network guy” and that is who I am. More importantly, that is who America is – a nation leading the world in the creation of new networks and a place where the new networks and the new economy are synonymous.

We are living in the midst of a great network revolution – the marriage of computing and connectivity known as the Internet. Like other network technological revolutions that preceded it, our new network revolution is redirecting both our commerce and our culture. Any such change comes with an ample supply of challenges.

It is from the history of these network revolutions – their struggles, their successes and their lessons – that we derive three overriding principles that I believe should guide our work at the Commission:

- **Promoting Economic Growth and National Leadership** – technological innovation, growth and national economic leadership have always been determined by our networks.

Competition drives the benefits of those networks, and we have a responsibility to see to the expansion of those networks, including the appropriate allocation of adequate amounts of spectrum.

- **Guaranteeing the Network Compact** – a change in technology may occasion a review of the rules, but it does not change the rights of users or the responsibilities of network providers. This civil bond between network providers and users has always had three components: access, interconnection, and the encouragement and enablement of the public-purpose benefits of our networks (including public safety and national security). The Commission must protect the Network Compact. For example, the right of access also means the ability of users to access all lawful content on a network. That is why the FCC adopted – and I support – the Open Internet Order.
- **Making Networks Work for Everyone** – it isn't just that high-speed expands, but also what it enables. How networks enable a 21st century educational system, enable the expansion of capabilities for Americans with disabilities; and assure diversity, localism and speech are basic underpinnings of our responsibility.

At the core of our networks is competition. My time in the private sector has left me an unabashed supporter of competition.

Competition is a power unto itself that must be encouraged. Competitive markets produce better outcomes than regulated or uncompetitive markets. Where we are fortunate enough to have workable competition, we should protect it. Where there may not be fulsome competition, we

should promote it. Congress has given us tools to accomplish this goal. We will use these tools in a fact-based, data-driven manner.

In today's world, businesses are moving fast, innovation is moving fast, and technology is moving fast. The FCC must move quickly as well. So before we take your questions, let me note three areas where the Commission is taking action to better keep pace with today's innovation economy while maintaining our commitment to sound and effective decision-making and the public interest.

First, is Process Reform.

One of my top priorities is improving the efficiency of the FCC, especially the timeliness of FCC decision-making. I know this Subcommittee has been focusing on this issue. Yesterday, you moved legislation related to this goal. We have indicated our goal is to manage the FCC in the best possible manner with the most transparency. We will work with Congress to have the best functioning FCC.

On my second day on the job I announced that I had requested a senior member of my staff to attack the process reform topic and provide me with a report on process reform recommendations within 60 days. For example, I have instructed staff to consider actions that would:

- Enhance the accountability of the decision-making process at the FCC, by establishing smart internal deadlines, and updating our tracking systems to better monitor and report on the status of open items;
- Expedite the licensing process and reduce the amount of information applicants need to file, with the aim of speeding the process;
- Shorten the processing time of applications for review through an “automatic” affirmation process, as Commissioner Pai has suggested;
- Streamline the consumer complaint process and create a searchable database that would enable us to analyze the data received more effectively, as Commissioner Rosenworcel has proposed;
- Take aim at backlogged matters and initiate aggressive plans for getting these matters decided, as Commissioner Clyburn did during her tenure as Chairwoman; and, of course;
- Weed out regulations that are outdated, and incorporate performance measures for the most significant activities being proposed by the FCC.

No one has a monopoly on good ideas. That is why we have used a crowd-sourcing mechanism to solicit input from the FCC staff on reform suggestions, receiving close to 300 excellent ideas. Their suggestions – and those of external parties – will make a difference.

In putting forward these suggestions, I am eager to work on a bipartisan basis, both within the Commission and with Congress. For example, I heartedly subscribe to Commissioner Pai’s statement that, “[i]f we make it easier for others to hold us accountable for our performance, I’m

confident that we would act with more dispatch.” On this, and other, items, I believe we can find common ground.

I also have urged staff not to wait to pursue streamlining initiatives, but rather to take whatever steps they can to speed decision making immediately. I believe the recent action to approve the very large – but non-controversial – Verizon/Vodafone transaction via a Bureau-level Public Notice rather than a lengthy order is a good example of this kind of common-sense approach.

Second are the spectrum auctions and especially the incentive auction.

The availability and efficient use of spectrum for all purposes is, as it should be, a very high Commission priority. I am very pleased about the recent progress toward making additional spectrum available for wireless broadband – something for which this Subcommittee, NTIA and the Department of Defense deserve to take substantial credit. I am committed to working to ensure the Commission meets the statutory deadlines established by Congress, including permitting the pairing of the long-sought 2155-2180 MHz and 1755-1780 MHz bands. This Subcommittee – on a bipartisan basis – has played a critical role in this effort. The Guthrie-Matsui legislation marked up yesterday is a timely example of your commitment to this goal.

Of course, the incentive auction, which Congress instructed us to conduct, represents both a great opportunity and a great challenge. The opportunity to rely upon a voluntary, market-oriented approach to determine the highest and best use of spectrum is self-evident. Delivering on those instructions is a non-trivial undertaking. There is no single topic on which I have spent more

time over the last 39 days. These meetings have given me an appreciation of the very complex nature of the undertaking. I am confident that this project is in the hands of very skilled professionals and I am committed to augmenting their number as required. I believe that conducting auctions in the middle of 2015 will substantially enhance their success; to that end, we are scheduled to consider adopting a Report and Order in the spring of next year.

And while we are talking about spectrum and weeding out regulations that are outdated, the issue of what to do with spectrum while on an airplane has garnered a great deal of attention and been widely misunderstood.

The FAA is the expert agency on determining which devices can be used on airplanes.

The FCC is the expert agency when it comes to technical communications issues. For over 20 years, the FCC banned the use of mobile devices on airplanes because of their potential to interfere with networks on the ground below.

At the FCC's Open Meeting later today, the Commission will consider an item that seeks public comment on a proposal to update this outdated rule. There are two parts to the proposal:

- Part 1: Maintaining the existing prohibition and, in fact, expanding it to prohibit transmission on all mobile frequencies.
- Part 2: If the airline elects to install new on-board technology to provide a mobile signal to passengers within its planes and control its transmission, the airline would be allowed to do so. This technology has been operational in many of the world's major airlines

since 2008 and has been demonstrated to resolve the interference problems on which the FCC rule is based.

If the basis for the rule is no longer valid, then the rule is no longer valid. This is a simple proposition, as applicable to the rules about the telegraph (which we still have on the books and should be eliminated), and the rules about on-board interference which technology has made unnecessary.

I understand the consternation caused by the thought of your onboard seatmate disturbing the flight making phone calls. I do not want the person in the seat next to me yapping at 35,000 feet any more than anyone else. But we are not the Federal Courtesy Commission. Our mandate from Congress is to oversee how networks function. Technology has produced a new network reality recognized by governments and airlines around the world. Our responsibility is to recognize that new reality's impact on our old rules.

I have placed calls to the CEOs of major airlines to deliver a simple message: we are not requiring them to do anything and that, absent new systems on their planes, the ban on mobile devices continues. I am reminding them that if they choose to install the new technology, it permits the airline to disable the ability to make calls while still allowing for text messaging, emails and web surfing.

I am painfully aware of the emotional response this proposal has triggered. Yet, I firmly believe that if we are serious about eliminating regulations which serve no purpose, the decision is clear.

A vote not to proceed on seeking comments on this issue is a vote against regulatory reform.

The third area of focus is the Internet Protocol (IP) transitions.

That's with an "s" – transitions – because there are more than one. What some call the "IP transition" is really a series of transitions; a multi-faceted revolution that advances as the packets of IP-based communication replaces the digital stream of bits and analog frequency waves. The impacts on networks have already begun and will be profound. Fiber networks are expanding. Bonding technology is showing interesting possibilities with regard to the nation's traditional copper infrastructure. Communications protocols are moving from circuit-switched Time-division Multiplexing (or TDM) to IP. And IP-based wireless data services are increasingly prevalent with IP voice not far behind.

At our Open Meeting this afternoon, we will hear a status report from our Technology Transitions Policy Task Force. This report will lay out the schedule, including plans for an Order for consideration at our January Open Meeting. That Order will recommend to the Commission how best to: (i) obtain comment on and begin a diverse set of experiments that will allow the Commission and the public to observe the impact on consumers and businesses of such transitions (including consideration of AT&T's proposed trials); (ii) collect data that will supplement the lessons learned from the experiments, and (iii) initiate a process for Commission consideration of legal, policy, and technical issues that would not neatly fit within the experiments, with a game plan for efficiently managing the various adjudications and rulemakings that, together, will constitute our IP transition agenda.

Let me finish with a phrase I have used a lot in my first month. I believe we are the “Optimism Agency” of the Federal government. The 21st Century flows through the FCC. I am an optimist about the benefits the new 21st Century network can bring to the American people. But I am optimist without illusions. Network change is always accompanied by new challenges. And in addressing these challenges, we – the Congress and the Commission – are stewards of the public interest. I look forward to working with this Subcommittee as we exercise our joint responsibilities.

Thank you. I look forward to answering your questions.