

**Statement of
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Chairman
Federal Communications Commission
Before the
Subcommittee on Communications and Technology
United States House of Representatives**

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INTRODUCTION

Chairman Walden, Ranking Member Eshoo, and Members of the Subcommittee, thank you for this opportunity to discuss our work at the Federal Communications Commission.

Since we last met three-and-a-half months ago, the Commission continues to make strong progress on our policy agenda in addition to receiving a landmark legal victory. While I am pleased with this progress, our work is far from done. I’ve said repeatedly that we’re going to run through the tape. The fact that this is an election year doesn’t stop the march of technological change. With each passing day, communications technology grows more important to our economy and quality of life. That means there’s no letting up at the Commission. We must continue to promote core values like universal access, public safety, consumer protection, and competition at the same bold pace we have consistently maintained.

This testimony recaps major developments since our March hearing, and then highlights some key priorities as we move forward.

RECENT DEVELOPMENTS

Open Internet Decision

On June 14, the D.C. Circuit upheld the FCC’s Open Internet Rules. The court’s ruling is a victory for consumers and innovators who deserve unfettered access to the entire web, and it ensures the internet remains a platform for unparalleled innovation, free expression, and economic growth. After a decade of debate and legal battles, this ruling affirms the Commission’s ability to enforce the strongest possible internet protections – both on fixed and mobile networks – that will ensure the internet remains open, now and in the future.

Incentive Auction

On March 29, the world’s first incentive auction officially commenced as participating broadcasters made their initial bid commitments. The auction system performed without a hitch, and, two weeks ago, bidding in the reverse auction closed, ending the initial stage of this landmark undertaking. Here’s where things stand.

The high level of broadcaster commitments enabled the Commission to set a spectrum clearing target of 126 MHz in the forward auction, with 99 percent of all licenses to be offered in the forward auction completely free of any impairments. Winning bids in the reverse auction totaled \$86.4 billion, establishing the clearing cost for repurposing this licensed and unlicensed spectrum for wireless data use.

The Commission received completed applications from potential participants in the forward auction, and applicants that made upfront payments by July 1st became qualified to bid in the forward auction.

The auction is a market-based mechanism for matching supply with demand. Until the forward bidding concludes, we will not know whether the demand meets the large supply offered by broadcasters. Depending upon that response, it's possible that we would need to move to additional stages to find the level where demand meets supply. The Commission intentionally designed the auction to account for the possibility that supply and demand might not match at the initial clearing target. It's something we planned for, and we're fully prepared to implement if the need arises.

FCC staff is now focused on forward auction bidder education and the post-auction transition. Bidder education efforts will include a user guide, an online tutorial, and a practice and mock auction to be held over the coming weeks. After the mock auction concludes, clock phase bidding will begin.

Post-auction transition planning is focused on finalizing the relocation reimbursement process and systems and developing a schedule for relocating stations that will remain on the air to assure that the transition can be completed in a timely manner.

5G – Spectrum Frontiers

Nearly three weeks ago, I circulated to my colleagues our Spectrum Frontiers Report and Order, the Commission's most significant step yet to accelerate the development and deployment of 5G wireless technology. This next generation of wireless connectivity promises quantum leaps forward in three key areas: speeds resembling fiber that are at least 10 times and maybe 100 times faster than today's 4G LTE networks; responsiveness less than one-thousandth of a second, which enables real-time communication; and network capacity multiples of what is available today.

Coupling this ultra-fast, low-latency, high-capacity connectivity with the almost unlimited processing power of the cloud will enable smart-city energy grid and water systems, immersive education and entertainment, and, most importantly, new applications yet to be imagined.

Later this week, the Commission will vote on these proposed new rules to identify and open up vast amounts of spectrum for 5G applications. If the Commission approves the

Spectrum Frontiers item, the United States will be the first country in the world to open up high-band spectrum for 5G networks and applications.

We will be repeating the proven formula that made the United States the world leader in 4G: one, make spectrum available quickly and in sufficient amounts; two, give great flexibility to companies that can use the spectrum in expansive ways; and three, stay out of the way of technological development. We will also balance the needs of various different types of uses in these bands through effective sharing mechanisms; take steps to promote competitive access to this spectrum; and encourage the development of secure networks and technologies from the beginning.

Business Data Services

To seize the opportunities to increase the deployment of mobile networks and to move towards 5G connectivity, we're going to need a lot more backhaul to handle the massive increase in data traffic. In April, the Commission launched its Business Data Services proceeding to help address this challenge. Long known as Special Access, Business Data Services offer the kind of dedicated access that wireless providers need to connect cell towers and antennae to their networks. These backhaul connections can be as much as 30 percent of the cost of operating a wireless network. Such dedicated network connections are also used by offices, retailers, banks, manufacturers, schools, hospitals, and universities to move large amounts of data.

In many areas, however, competition in the supply of Business Data Services remains limited, and that can translate into higher prices for wireless networks and then higher prices for consumers. Lack of competition doesn't just hurt the deployment of wireless networks today, it also threatens to delay the buildout of 5G networks with its demand for many, many more backhaul connections to many, many more antennae.

The Commission's technology-neutral Business Data Services proposal seeks to promote competition that that will encourage innovation and investment. This reform proposal is supported by the nation's leading wireless carriers, save one, and my goal is to conclude this proceeding no later than the end of this year.

Lifeline Modernization

One week after I last appeared before this Subcommittee, the Commission adopted an Order to modernize the Lifeline program. Lifeline was established during the Reagan administration and updated during the second Bush administration based on one simple concept: that we must provide assistance so that low-income Americans can access the dominant communication network of the day. In the Reagan era, that was the telephone network. In the Bush era, that was the cell phone network. Today that's broadband.

Accordingly, the first thing the Order does is to allow the support that the Bush administration extended to cell phone service to now be applied to broadband, whether wired or wireless, under the same kinds of conditions.

The Order also institutes good management practices that will dramatically reduce waste, fraud, and abuse. We started from a strong foundation laid by Chairman Genachowski and Chairwoman Clyburn who established a database to see if Lifeline consumers were double dipping. Correcting this flaw in the program's earlier expansion has already paid off by reducing payments by over a billion dollars to ineligible recipients who gamed the system.

Correcting another flaw, the Order ends the practice of having those who profit from Lifeline's payments determine the eligibility of participants. Instead, we're putting in place a national verifier to determine a person's Lifeline eligibility by checking against previously verified government databases.

Finally, our new Lifeline Order streamlines the requirements to become a Lifeline provider and takes a hard look at the burdens we place on those providers in order to make it easier for carriers to participate in the Lifeline program. Expanding provider participation will mean expanded consumer choice.

I am proud of the work that has been done over the years to shore up the Lifeline program and prevent future fraud. We will continue to work diligently to make sure that important safeguards are in place for this vital program.

Privacy

After months of talks with stakeholders, the Commission launched a proceeding in March to ensure consumers have the tools they need to make informed choices about how and whether their data is used and shared by their broadband providers. This proposal rests on the belief that you should have control over how your data is used and shared by your ISP.

We propose to require that broadband providers give consumers the tools they need to make smart choices about protecting their information. The proposal does not prohibit ISPs from using or sharing customer data. It simply proposes that consumers receive notice of their providers' privacy practices and give consent before ISPs use or share that data.

Last week, the window for reply comments closed, and FCC staff is diligently working through these public comments. I am confident we'll be able to arrive at final rules later this year.

Set-Top Boxes

Today, 99 percent of pay-tv consumers pay hundreds of dollars in rental fees on top of their monthly bill every year because they don't have meaningful alternatives. This February, the Commission launched a proceeding to introduce competition into the set-top box marketplace, as Congress mandated. I'm heartened to see the industry and other stakeholders want to tackle the issue with various proposals. As I've said from the beginning of this process, I'm open to all constructive feedback and proposals from all stakeholders to ensure we reach the best possible result – real competition for consumers.

I am following President Reagan’s good advice, “trust, but verify.” I appreciate that the industry has come to the table. Everyone can agree that consumers should be empowered to watch TV how they want, with the device, app, or interface that they choose. We need to understand more of the details of its proposal, as well as the perspectives of all of the other stakeholders. We need to ensure that consumer privacy is protected; that copyright protections and the interests of programmers are protected. We need to ensure that competition and innovation is empowered. And, of course, we need to ask, as always, whether Commission action will fulfill the Congressional mandate that you all sent to us.

LOOKING AHEAD

Next-Generation 911

During my tenure as FCC Chairman, and in my prior testimony before this Subcommittee, I have been very vocal about the urgent need to improve our 911 system. The recent tragedies in Orlando, San Bernardino, and too many other cities highlight the importance of 911 in times of crisis.

The Commission has taken action to improve the quality and accuracy of 911, and there is good news to report. We see industry is stepping up to many of the challenges, improving 911 location accuracy, supporting text-to-911, and generally investing to improve network reliability and resiliency.

But effective 911 service depends on our nation’s 911 call centers. These Public Safety Answering Points, or PSAPs, must have technology to receive and process calls quickly, accurately locate callers, and dispatch an appropriate response. The unfortunate fact is that 911, designed originally for analog voice, doesn’t scale effortlessly to the advanced digital, wireless, and multi-media technology landscape. In too many communities, the PSAPs are relying on dangerously out of date technology, and the transition to Next Generation 911 (NG911) – envisioned by Congress in 1999 when it established 911 as the national emergency number – has not started or is stalled. Resource-strapped local jurisdictions struggle to maintain existing 911 service, let alone to achieve Congress’s NG911 vision.

Industry and many states, counties, and cities are working hard to address transition risk and achieve NG911 capabilities. Nearly 20 percent of counties now support text-to-911. Many jurisdictions are building out their Emergency Services IP Networks – the basic backbone for NG911 in their communities.

But these islands of progress are the exception, not the rule. Unless we find a way to help the nation’s PSAPs overcome the funding, planning, and operational challenges they face as commercial communications networks evolve, NG911 will remain beyond reach for much of the nation. Let me be clear on this point: 911 service quality will not stay where it is today, it will degrade if we don’t invest in NG911.

Congress has the unique ability to accelerate the transition to NG911. A clear national call to action, with timely application of resources, would actually lower NG911 transition costs by shortening the transition period and enabling 911 authorities to retire costly legacy facilities more quickly. Here are three ways that Congress could help:

National 911 Map: PSAPs are increasingly dependent on electronic maps for 911 routing and location, but the maps that they rely on should not end at the county or state line. Congress could authorize and fund the FCC (in collaboration with DOT) to create a national 911 map that would be available to every PSAP and would eliminate the seams between commercial communications network infrastructure and emergency response dispatch systems.

Cybersecurity Defenses for PSAPs: PSAPs face the same cyber vulnerabilities that have proven so challenging to both government and commercial organizations, but most lack trained workforce and the necessary tools for cyber defense. Congress could bring PSAP IP Networks under the protective umbrella of DHS's "Einstein" program by funding the deployment of intrusion detection sensors for NG911 networks.

National NG911 Implementation Date with Matching Funds: Currently, there is no national timetable or target date for completing the transition to NG911. Congress could establish a nationwide NG911 implementation date (e.g., to complete the transition by the end of 2020) and authorize matching funds to help state and local communities achieve this goal. Congress can further jump start this effort by ensuring that federally run PSAPs and Emergency Operations Centers make achievement of NG911 capability a funding priority.

This Committee has commendably made public safety a priority, and I urge you to do everything in your power to make sure our nation's 911 system evolves safely as it adjusts to achieve your NG911 vision and that PSAPs have the tools and support they need to avoid undue risk in the transition.

Cybersecurity

One of the most important missions of the FCC is to ensure our nation's commercial communications infrastructure supports public safety and national security. The vulnerability of advanced telecommunications networks to physical and cyber-attack is not lost upon us. We have and will continue to work closely with industry and our agency partners to identify, mitigate and where possible reduce cybersecurity risk.

Cybersecurity principles – availability, integrity, and confidentiality – are now routinely incorporated in our engagement with industry. Our advisory committees are doing important work tackling tough cybersecurity issues for current and future networks. I have additionally directed my staff to use our authority, where possible, to help ensure that cybersecurity is "baked in" to the development and deployment of 5G. Our approach is to have communication providers and their industry partners lead while the FCC brings useful assistance and transparency to ensure that this effort benefits from early peer review and serves to accelerate

development of 5G devices and services. We believe that this approach will accelerate U.S. deployment of secure, reliable, and highly functional 5G networks.

Pirate Radio

The Commission remains committed to pirate radio enforcement. Since I became Chairman, we've taken more than 300 pirate radio enforcement actions. 20 percent of the Enforcement Bureau's activities were directed to pirate radio last year, more than any other area of enforcement.

We don't just want to do more to combat pirate radio, we want to do it smarter. We have shifted from our historic "whack-a-mole" enforcement approach to focus on the worst actors – pirates that are repeat offenders that cause interference to licensed broadcasters, that run advertisements, and that operate at high power. Shortly before the last oversight hearing, all five Commissioners signed a letter addressed to local officials as well as real estate and advertiser groups whose members may provide support to pirates, whether knowingly or unknowingly. The letter and a separate Enforcement Advisory explained the very real harms caused by pirate radio and asked those groups for their assistance in addressing the problem.

As I mentioned the last time I appeared before this Subcommittee, we would welcome Congress' help in doing even more, and I know that Representative Pallone is considering legislation to make it illegal to aid or abet pirate radio operations. I welcome this dialogue and look forward to working with Congress to crack down on these criminals.

CONCLUSION

The Commission remains focused on harnessing the power of communications technology to grow our economy and enhance U.S. leadership while preserving timeless values like universal service. While there are disagreements about many of the issues I've outlined, we can all agree on the importance of the Commission's core functions that are critical to U.S. economy, businesses, and consumers. I look forward to working with members of this Subcommittee on these and other matters.