

**TESTIMONY OF FCC CHAIRMAN AJIT PAI**  
**BEFORE THE SUBCOMMITTEE ON COMMUNICATIONS AND TECHNOLOGY**  
**OF THE UNITED STATES HOUSE OF REPRESENTATIVES**  
**COMMITTEE ON ENERGY AND COMMERCE**

**“OVERSIGHT OF THE FEDERAL COMMUNICATIONS COMMISSION”**

**OCTOBER 25, 2017**

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

That work has been substantial. For instance, over the past nine months, we have voted on 63 items at our monthly meetings under my chairmanship, compared to 102 in three years under my predecessor. In the interests of time and space, I'll focus on four key areas in which we have made a mark: promoting public safety, bridging the digital divide, modernizing our regulations, and combatting unwanted robocalls.

*1. Promoting Public Safety.*—Hurricanes Harvey, Irma, and Maria, recent wildfires in California, and other emergencies have underscored the importance of public safety communications. The FCC has tackled the challenge head-on. I have personally visited Texas in the wake of Hurricane Harvey and Florida (with Commissioner Clyburn) in the wake of Hurricane Irma to meet with those impacted. From those who handled thousands of calls in 911 call centers to those who provided wireless connectivity to thousands of evacuees at Houston's George R. Brown Convention Center to those who stayed on the broadcast airwaves to help South Floridians stay safe, countless Americans stepped up to help. That includes the FCC's terrific staff, who have spent many long hours and traveled many long miles to serve the American people.

Puerto Rico and the U.S. Virgin Islands have presented unique and active challenges, and the FCC has responded uniquely and actively. For example, the FCC has made available almost \$77 million in advanced Universal Service support to carriers in Puerto Rico and the U.S. Virgin Islands to assist in the restoration of communications services. We have also granted over 200 STAs and waivers to help get communications networks up and running. One such example is an experimental license we granted to Alphabet's Project Loon, which went live late last week in collaboration with AT&T to provide connectivity to some of the hardest hit areas of Puerto Rico. For my part, I have spoken with the FEMA Administrator and other FEMA officials; with Puerto Rican government officials; with wireless carriers serving Puerto Rico and the U.S. Virgin Islands; with tower companies whose assets are in Puerto Rico and the U.S. Virgin Islands; and others both to understand the scope of the challenge and to offer the FCC's help. With so much communications and power infrastructure destroyed and so many other pressing needs on the island, from hospitals to schools, the road to recovery in Puerto Rico will be hard. But we are and will be helping in every way we can. And because we recognize that this will be a long-term project, earlier this month, the FCC established a Hurricane Recovery Task Force to support the restoration of communications services in areas affected by this season's hurricanes, with an emphasis on addressing the challenges facing Puerto Rico and the U.S. Virgin Islands.

*2. Bridging the Digital Divide.*—The FCC's top mission under my leadership has been bridging the digital divide. That divide keeps too much human capital on the shelf. As I explained during a recent Rise of the Rest visit in Indianapolis with entrepreneur Steve Case and others, bridging that divide benefits individuals, communities, and the country.

So we've gotten to work in several respects. We've reformed our Universal Service Fund programs to focus taxpayer funds on parts of the country that lack high-speed Internet

access. In particular, our \$2 billion Connect America Fund Phase II initiative and \$4.5 billion Mobility Fund II initiative aim to bring fixed and mobile broadband respectively to unserved areas. And in our wireline and wireless infrastructure proceedings, we have teed up numerous proposals to make it easier to deploy the networks of the future for the benefit of Americans who are on the wrong side of the divide today. Additionally, I've encouraged the Administration and Congress to consider including broadband as part of any infrastructure plan and to give serious consideration to bills like the Gigabit Opportunity Act (which has been introduced in both the House and Senate).

Closing the digital divide won't be easy. But America will reap a significant return on its investments if it enables every American to be a participant in, rather than a spectator of, the digital economy.

*3. Modernizing Our Regulations.*—One of the most powerful forces in government is inertia. Rules that get on the books stay on the books, sometimes long after the rationale that underlay their adoption is gone. In most cases, the rules simply don't reflect the marketplace of today; and in some, they affirmatively harm consumers and competition by diverting investment and impeding innovation.

Regulatory inertia no longer has purchase at the FCC. We have actively sought to repeal and revise outdated rules. Several months ago, for instance, we started a Media Modernization Regulatory Initiative. We observed that there are over 1,000 pages of regulations that apply to the media sector alone and asked the public to identify any that ought to be eliminated or streamlined. The response was overwhelming, so much so that beginning in September, and for the foreseeable future, the FCC will vote every month on a Notice of Proposed Rulemaking addressing these regulations. The very first repeal we proposed is a useful exemplar; there's

simply no need for certain companies to be forced to maintain hardcopies of our regulations when virtually everyone can find them online. There's more of that to come. (And not just in the media space. Just last week, we finally wiped away the rules relating to certain telegraph services—years after the last telegraphs were sent in the United States.)

*4. Ending Unwanted Robocalls.*—Unwanted and illegal robocalling represents the number one category of consumer complaints that the FCC receives every year. And small wonder—with billions of robocalls unleashed every month, and with untold time and money lost, consumers have had it. So have we. That's why I announced early in my tenure that we would deem our top consumer protection priority what consumers have clearly told us is *their* top priority.

We've matched our aims with action in three ways. *First*, we've taken steps to obstruct these calls from being placed. We've proposed to allow carriers to block “spoofed” robocalls that appear to originate from invalid or unassigned telephone numbers. We've proposed to empower consumers and businesses to tell carriers to block calls that mimic their phone numbers but aren't actually placed by them—that is, a “do not originate” system. We've started a process to enable “call authentication”—that is, a digital fingerprint for a call that will ultimately make clear which calls come from a legitimate source. And we're exploring the creation of a reassigned numbers database so that consumers won't receive calls from businesses intended for someone else and businesses can reach customers who want to receive their calls.

*Second*, we've taken aggressive action against those who bombard consumers with unwanted and illegal robocalls. We have proposed a \$120 million fine against a Florida man who directed over 100 million robocalls to consumers in the last three months of 2016 alone. This is the largest fine ever considered by the FCC. This case and others like it signal to those

who might seek to scam, annoy, and harass Americans that the Commission is an active cop on the beat.

*Third*, the FCC is working with other entities to help root out and prosecute these scams. In particular, I've spoken with Chairman R.S. Sharma of the Telecom Regulatory Authority of India (TRAI). We discussed the problem of U.S.-bound robocalls coming from India, and Chairman Sharma proactively offered the investigative assistance of the Indian government. I'm optimistic that this kind of cooperation—backed up by the Memorandum of Understanding between the FCC and TRAI, the first bilateral agreement signed under my chairmanship—will help us give American consumers more moments of peace than they've had of late.

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Finally, I want to commend the Subcommittee for its efforts to pass an FCC reauthorization bill. Of particular importance is the provision in this legislation which would allow the deposits placed by bidders in spectrum auctions to be sent to the Treasury. This measure is critical because without it, the FCC won't be able to launch a large spectrum auction for the foreseeable future.

As I testified this past July, the Communications Act requires that upfront payments made by bidders in spectrum auctions be deposited in “an interest bearing account at a financial institution designated . . . by the Commission (after consultation with the Secretary of the Treasury).” But recent regulatory requirements have dissuaded private institutions from holding upfront payments. And public institutions have indicated that they will not set up the special purpose accounts that would be necessary to offer such services. As a result, no financial institution will accommodate the holding of upfront payments in an interest bearing account for a large spectrum auction. Thus, the Commission currently has no way to comply with the law—

and no way to move forward with any large spectrum auction. By allowing upfront payments to be deposited at Treasury, the reauthorization legislation passed by the Subcommittee would enable the Commission once again to hold major spectrum auctions. This is critical if America is going to lead the world in 5G.

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Chairman Blackburn, Ranking Member Doyle, and Members of the Subcommittee, thank you once again for holding this hearing. I look forward to answering your questions.