FEDERAL COMMUNICATIONS COMMISSION

Fiscal Year 2013
Annual Performance Report

(October 1, 2012 – September 30, 2013)
# Table of Contents

<table>
<thead>
<tr>
<th>Section Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Message from the Chairman</td>
<td>ii</td>
</tr>
<tr>
<td>Strategic Goal 1: Connect America</td>
<td>1</td>
</tr>
<tr>
<td>Strategic Goal 2: Maximize Benefits of Spectrum</td>
<td>3</td>
</tr>
<tr>
<td>Strategic Goal 3: Protect and Empower Consumers</td>
<td>5</td>
</tr>
<tr>
<td>Strategic Goal 4: Promote Innovation, Investment, and America’s Global Competitiveness</td>
<td>9</td>
</tr>
<tr>
<td>Strategic Goal 5: Promote Competition</td>
<td>11</td>
</tr>
<tr>
<td>Strategic Goal 6: Public Safety and Homeland Security</td>
<td>13</td>
</tr>
<tr>
<td>Strategic Goal 7: Advance Key National Purposes</td>
<td>15</td>
</tr>
<tr>
<td>Strategic Goal 8: Operational Excellence</td>
<td>17</td>
</tr>
</tbody>
</table>
Message from the Chairman

I am pleased to present the Federal Communications Commission’s (FCC or Commission) Fiscal Year (FY) 2013 Annual Performance Report. This report bolsters the FCC’s accountability by making key performance information publicly available. The report summarizes the FCC’s FY 2013 progress in fulfilling its strategic goals and meeting its performance commitments in the Commission’s FY 2013 Annual Performance Plan. The FCC’s FY 2013 Annual Performance Plan was issued as part of the FCC’s FY 2013 budget submission to Congress.

High-speed broadband networks have revolutionized our access to the world around us. The virtually limitless sources of information, education, and entertainment these broadband networks carry can erase the disadvantages of geographic isolation and economic and educational disparities. In combination with the broadcast, cable and DBS video services that have for decades and continue today to contribute so much to our society, they will have incalculable influence on the future of America.

The connective technology of broadband networks defines the 21st century, and it is the job of the FCC to ensure that it will overcome current challenges in the provision of education, health care, and safety of life and property. That is why I believe that the 21st century economy begins here. And that is why it is vitally important for us to clearly state our goals and objectives to ensure that we consistently and energetically pursue them, and to report to the American people on our progress in meeting those goals and objectives.

The FCC makes a more concise description of the Commission’s performance and financial data for FY 2013 available in the FY 2013 Summary of Performance and Financial Information, located at http://www.fcc.gov/encyclopedia/fcc-strategic-plan. At this link, the FCC has also posted its FY 2013 Agency Financial Report, which provides a comprehensive look at the FCC’s financial operations for the past fiscal year.

Tom Wheeler
Chairman
Federal Communications Commission
CONNECT AMERICA

Strategic Goal:
Maximize Americans’ access to—and the adoption of—affordable fixed and mobile broadband where they live, work, and travel.

FY 2013 PERFORMANCE GOALS

- Maximize broadband adoption by promoting affordability and removing other barriers to adoption by all Americans, including those with low incomes and disabilities.

- Maximize availability of fixed and mobile broadband to all Americans and community anchor institutions, including in rural and insular areas and Tribal lands, while ensuring that universal service programs are efficient, effective, and impose no greater burden on consumers and businesses than necessary.

- Enable the private sector to accelerate the deployment and expansion of broadband networks by minimizing regulatory and other barriers to broadband build out.

- Measure and monitor the country’s progress on broadband.

FY 2013 PERFORMANCE HIGHLIGHTS

- Robust, affordable broadband has become essential to access jobs, education, and economic opportunity. Over 80 percent of Fortune 500 companies today require online job applications. Students with broadband at home have a seven percent higher graduation rate. However, low-income households adopt broadband at much lower rates than the average household: Fewer than 36 percent of families with incomes less than $25,000 subscribe to broadband at home, compared to nearly 92 percent of families with incomes over $75,000, according to the U.S. Census Bureau.

- The FCC announced that savings from its comprehensive reform of its Lifeline program reached nearly $214 million in 2012, surpassing the $200 million target the FCC set when it comprehensively reformed the program. The FCC also announced the selection of 14 pilot projects in 21 states and Puerto Rico that will field test approaches to using Lifeline to increase broadband adoption among low-income Americans, providing broadband for nearly 75,000 low-income consumers who lack service.

- Up to 600,000 homes and small businesses that lack broadband will get access as a result of additional support from the FCC’s Connect America Fund. The Commission created the Connect America Fund to unleash the benefits of 21st century broadband communications in communities where there are insufficient market incentives to expand broadband service absent a joint public-private effort. Key reforms allowed Connect America to expand support to both broadband and voice without increasing universal service fees on consumers and businesses. Providers in 44 states and Puerto Rico requested over $385 million from the Fund, which will be matched with hundreds of millions of their own dollars in many areas, to quickly expand broadband infrastructure to
rural communities in every region of the nation. Deployment must be completed within three years.

- The Commission kicked-off a government-wide effort to increase speeds and alleviate Wi-Fi congestion at major hubs, such as airports, convention centers and large conference gatherings. In addition, this would also increase speed and capacity for Wi-Fi in the home where multiple users and devices are often on the network at the same time. This will increase and free up the unlicensed spectrum available for ultra-high-speed, high-capacity Wi-Fi - known as “Gigabit Wi-Fi” - by up to 35 percent. This effort will enable higher data speeds and greater capacity, most notably improving HD video distribution capability.

- At the U.S. Conference of Mayors Winter Meeting, former FCC Chairman Julius Genachowski called for at least one gigabit community in each of the 50 states by 2015. Gigabit communities spur innovators to create new businesses and industries, spark connectivity among citizens and services, and incentivize investment in high-tech industries. Today, approximately 42 communities in 14 states are served by ultra-high-speed fiber Internet providers, according to the Fiber to the Home Council.

- The FCC released the results of its ongoing, nationwide performance study of residential broadband service in its third “Measuring Broadband America” report. This year’s report revealed that most broadband providers continue to improve service performance by delivering actual speeds that meet, or exceed, advertised speeds and that consumers are subscribing to faster speed tiers and receiving faster speeds than ever before. FCC analysis indicates that the improvements of Internet Service Providers in meeting their advertised speeds were largely driven by improvements in network performance, and not downward adjustments to the speed tiers offered. Nearly half of consumers who subscribed to speeds of less than 1 Mbps six months ago have adopted higher speeds, and nearly a quarter of the users who subscribed to speeds between 1 Mbps and 3 Mbps have upgraded to faster speed tiers.

- As the nation’s demand for wireless broadband service continues to grow at a rapid pace, the FCC continues its work to remove barriers to the deployment of infrastructure that supports such service. The Commission adopted a Notice of Proposed Rulemaking (NPRM) initiating a review of its wireless infrastructure policies. The NPRM builds upon the Broadband Acceleration Initiative, including a 2011 Notice of Inquiry seeking comment on measures needed to reduce obstacles to obtaining access to rights-of-way and locations for wireless facilities. The NPRM sought comment on (1) streamlining the environmental and historic preservation review processes for newer technologies; (2) removing barriers to the deployment of temporary towers that are used in cases of emergencies or to add capacity during short term events; and (3) clarification of issues addressed in the Commission’s “shot clock” order which set time periods for state and local governments to complete review of wireless siting applications. Increasing certainty in the FCC’s processes and removing barriers to infrastructure deployment will spur public and private investment, while expanding wireless coverage and capacity throughout the nation.
MAXIMIZE BENEFITS OF SPECTRUM

Strategic Goal:
Maximize the overall benefits of spectrum for the United States.

FY 2013 PERFORMANCE GOALS

- Develop and implement flexible, market-oriented spectrum allocation and assignment policies that promote innovation, investment, jobs and consumer benefits, including by ensuring meaningful availability of unlicensed spectrum.
- Develop and implement policies that support highly efficient use of spectrum.
- Serve as a resource domestically and internationally on issues involving use and management of our spectrum resources.

FY 2013 PERFORMANCE HIGHLIGHTS

- The Commission took actions significantly advancing the President’s goal of freeing up 500 MHz of spectrum for broadband by 2020. They approved freeing up 40 MHz of underutilized satellite spectrum for land-based mobile broadband, including 4G LTE. This was accomplished by removing regulatory barriers that limited this spectrum to satellite use. The Commission also unanimously approved a proposal setting the stage for an auction of H Block spectrum (1915-1920 MHz and 1995-2000 MHz). Proceeds from this auction will help fund a nationwide Public Safety Network for first responders and reduce the deficit. Carefully balanced technical requirements will unlock tremendous value in both of these frequency bands, which Congress directed the FCC to auction.

- The FCC adopted revised rules to enable Wireless Communications Service (WCS) licensees to use a total of 30 megahertz of underutilized spectrum in the 2.3 GHz band for wireless broadband services, while protecting the adjacent Satellite Digital Audio Radio Service (SDARS) operator, Sirius XM Radio, against harmful interference. The revised rules are consistent with a compromise proposal between AT&T Inc. and Sirius XM designed to facilitate the efficient deployment and coexistence of the WCS and SDARS.

- The Commission proposed to make available 100 megahertz of shared spectrum in the 3.5 GHz Band using small cell and database technologies. The NPRM broadly reflects the innovative thinking of the President’s Council of Advisors on Science and Technology, which issued a report recommending spectrum sharing and small cell use in the 3.5 GHz Band. It also builds upon the FCC’s previous work to free up spectrum by promoting spectrum sharing and enabling innovative licensing techniques. The proposal lays the groundwork for the widespread deployment of small cell technologies and would spur significant innovation in wireless technologies and applications while protecting incumbent users in the band.
• America’s first Mobility Fund auction was held during the past year. This market-based policy innovation was part of the Commission’s once-in-a-generation reform of the Universal Service Program last year, which allocated $300 million in savings from cutting waste and inefficiency to a new Mobility Fund aimed at closing gaps in mobile coverage across the country. As a result of the auction, new mobile infrastructure deployment will begin in 31 states with areas that currently lack access to 3G or 4G mobile service. In total, up to 83,000 U.S. road miles on which millions of Americans live, work, or travel will gain access to advanced mobile networks that significantly enhance opportunities for jobs, education, healthcare and public safety. As part of the auction rules, winning companies must make their networks available to other providers for roaming so that as many consumers as possible can benefit from the new networks.

• The FCC moved to significantly modify the Commission’s Part 15 rules governing unlicensed communication equipment in the 57-64 GHz band. The new rules will enhance the use of unlicensed spectrum as a relatively low-cost, high-capacity short-range backhaul alternative to connect wireless broadband networks and for other wireless applications. Unlicensed spectrum technologies have the potential to encourage competition in the broadband market, promote efficient delivery of broadband services in residences and businesses, and improve user experience with consumer devices needing short-range, high data rate communications.

• The FCC took the first steps to unleash significant additional spectrum to accelerate the growth and expansion of new Wi-Fi technology that can offer faster speeds, increase overall capacity, and reduce congestion. They proposed to make up to 195 megahertz of additional spectrum in the 5 GHz band available to unlicensed wireless devices. The Commission also made significant changes to its Part 5 Experimental Radio Service by creating a more flexible framework to support the rapid pace of technological innovation. These changes add three new types of experimental licenses and revise and streamline existing rules and procedures for experimenting, testing, and marketing radio frequency devices, while protecting incumbent licensees from interference.

• The FCC and the U.S. Department of State have been engaged in on-going discussions with their counterparts in Canada and Mexico concerning the Commission’s planned Broadcast Television Incentive Auction. The U.S. and its neighboring countries have established government-to-government working arrangements that have been operating to help ensure optimal outcomes for all three countries.

• The FCC and Industry Canada have agreed on three interim spectrum sharing arrangements covering a range of wireless communications operations along the U.S.-Canada border. The arrangements, which govern various spectrum bands, will enable greater wireless broadband deployment, improved general aviation air-to-ground communications services, and more efficient use of spectrum for specialized mobile radio services.
PROTECT AND EMPOWER CONSUMERS

Strategic Goal:
Empower consumers by ensuring that they have the tools and information they need to make informed choices; protect consumers from harm in the communications market.

FY 2013 PERFORMANCE GOALS

- Promote transparency and disclosure.
- Act swiftly and consistently in the use of enforcement authority to protect consumers.
- Develop and maintain policies that encourage variety in media programming sources and services for consumers.

FY 2013 PERFORMANCE HIGHLIGHTS

- The Commission announced that participating U.S. wireless companies met or beat the deadline to provide wireless customers with free, automatic alerts when they approach or exceed plan limits for data, voice, and text, as well as alerts for international charges. This marks significant progress in the Commission’s effort to eliminate ‘bill shock.’ Bill shock occurs when wireless customers experience a sudden, unexpected increase in their monthly bill as a result of unknowingly exceeding plan limits or incurring significant international charges.

- In December 2012, the FCC and its public and private sector partners released a new online tool, the “Smartphone Security Checker,” to help consumers protect their mobile devices. The “Smartphone Security Checker” is a free, easy-to-use online tool that creates a 10-step action plan to help consumers protect their mobile devices from smartphone-related cybersecurity threats. Almost half of Americans now own a smartphone and close to 20% have been the victim of mobile cybercrime. The FCC worked with smartphone security experts from the U.S. Department of Homeland Security, the Federal Trade Commission, the National Cyber Security Alliance, CTIA-The Wireless Association, Lookout, and other public and private sector partners on these mobile security best practices.

- The Commission took action to protect the privacy of consumers of wireless services by clarifying its customer proprietary network information (CPNI) policies in response to changes in technology and market practices in recent years. Specifically, the Commission made clear that when mobile carriers use their control of customers’ devices to collect information about customers’ use of the network, including using preinstalled apps, and the carrier or its designee has access to or control over that information, carriers are required to protect that information in the same way they are required to protect CPNI on the network. This sensitive information can include phone numbers that a customer has called and received calls from, the durations of calls, and the phone’s location at the beginning and end of each call.
• The FCC raised the standards for providers of Speech-to-Speech (STS) Relay Service in order to improve the experience for persons with a speech disability who need the service in order to make telephone calls using their own voice or an assistive voice device. Speech-to-speech uses specially trained operators, known as Communications Assistants (CAs), to relay conversations back and forth between the individual with the speech disability and the other party to the call. CAs are trained to understand a variety of speech disorders, which enables them to repeat what the caller says in a manner that makes the caller’s words clear and understandable to the called party.

• The FCC took long-overdue steps to ensure that the rates for interstate long-distance calls made by prison inmates are just, reasonable and fair. The Commission’s reforms adopt a simple and balanced approach that protects security and public safety needs, and ensures providers receive fair compensation while providing reasonable rates to consumers. The reforms require that all interstate inmate calling rates be based on the cost of providing the inmate calling service, provide immediate relief for existing exorbitant rates, clarify that inmates or their loved ones who use Telecommunications Relay Services because of hearing and speech disabilities may not be charged higher rates, and require mandatory data collection, annual certification, and enforcement provisions to ensure compliance.

• The FCC unanimously adopted comprehensive reforms to further protect and strengthen the Video Relay Service (VRS) program that enables people with disabilities to do what most Americans take for granted: make a simple phone call. The VRS program permits people with hearing disabilities to use American Sign Language to communicate with other individuals over a broadband connection. The program is financed through the FCC’s Telecommunications Relay Services (TRS) Fund. Building on a foundation of ongoing reforms and program improvements, the Order initiates fundamental restructuring of the program to support innovation and competition, drive down ratepayer and provider costs, eliminate incentives for waste that have burdened the TRS Fund in the past, and further protect consumers.

• The FCC’s Enforcement Bureau took action against individuals for advertising and selling signal jamming devices on craigslist.org. These actions resulted from aggressive undercover operations. Signal jamming devices, or “jammers,” are radio frequency transmitters that intentionally block, jam, or interfere with authorized communications such as cell phone calls, text messages, GPS systems, and Wi-Fi networks. Jammers are indiscriminate. They can block critical public safety and other emergency communications along with the targeted transmissions. As a result, it is a violation of federal law to market, sell, or use a jammer in the United States.

• The FCC proposed a $5,000,000 forfeiture against NobelTel, LLC for deceptively marketing prepaid calling cards to consumers. Such cards are commonly sold in convenience stores and gas stations across the country. With this enforcement action, the FCC has now proposed forfeitures totaling $30 million against six carriers to combat the deceptive marketing of prepaid calling cards. In each of the six enforcement actions, the FCC found that carriers targeted immigrant populations and claimed that buyers could make hundreds or thousands of minutes of telephone calls to their native countries for just several dollars. However, buyers could make calls for only a fraction of those minutes due to the carriers’ assessment of various fees that were not clearly and conspicuously disclosed.
• As a result of an FCC Enforcement Bureau investigation, AT&T agreed to pay $700,000 as part of a consent decree to resolve complaints that the company switched certain consumers to its mandatory monthly wireless data plans even though it had promised they could retain their existing pay-as-you-go data plans. AT&T agreed to refund excess charges paid by individual customers, which could be as much as $25 to $30 a month depending on data use. Consumer complaints prompted the FCC to launch this investigation last year.

• A provider of Video Relay Services (VRS), which are used by people with hearing and speech disabilities to place telephone calls, has agreed to pay nearly $1.4 million to settle two federal investigations. The settlement resolves allegations of improper payments from the federal fund that supports VRS. The investigations by the FCC examined whether the provider, CSDVRS, LLC, improperly billed for VRS calls that were actually generated by its own employees. CSDVRS agreed to repay the Telecommunications Relay Service Fund more than $480,000 in overpayments and interest. In addition, the company will make a $900,000 voluntary contribution to the U.S. Treasury. The company also must implement a robust compliance plan including new operating procedures, comprehensive re-training of its employees and contractors, and periodic reporting requirements.

• Two affiliated Oklahoma companies participating in the FCC’s Lifeline program for low-income consumers, TerraCom, LLC and YourTel America, Inc., have agreed to pay more than $1 million in reimbursements and voluntary contributions to the U.S. Treasury. The payments resolve an FCC investigation into whether the companies violated program rules. The enforcement action was brought under the FCC’s new Lifeline rules guarding against waste, fraud, and abuse, which made clear that only one Lifeline subscription is allowed per household and initiated a process to scrub carrier rolls for duplicate subscribers.

• Level 3 Communications, LLC, resolving an investigation into the company’s rural call completion practices, has agreed to meet rigorous, verifiable call completion standards and to provide extensive records that will assist in FCC enforcement of rules protecting against failed calls to rural areas. Level 3 will also make a $975,000 voluntary contribution to the U.S. Treasury, and has agreed to make additional $1 million voluntary contributions going forward if it misses specified quarterly benchmarks.

• Two providers of automatically dialed calls using prerecorded or artificial voice messages, known as “robocalls,” were issued citations today for making millions of robocalls to wireless phones without prior authorization from the call recipients. The FCC Enforcement Bureau conducted investigations and issued citations to Dialing Services, LLC and Democratic Dialing. The citations require each company to certify within fifteen calendar days that it has ceased making robocalls to wireless phones without prior authorization, and that the calls it makes include the required identifications. Robocallers who make illegal calls to wireless phones may be liable for penalties of $16,000 per call, resulting in fines that could reach tens of millions of dollars or more, depending on the volume of violations.

• The FCC settled two wireless hearing aid compatibility investigations involving Airadigm Communications, Inc. and TeleGuam Holdings, LLC. The settlements include voluntary payments of more than $500,000 as well as conditions designed to ensure
future compliance. The hearing aid compatibility rules ensure that individuals with hearing loss can fully access advanced wireless phone service without excessive feedback or noise.

• The FCC held a Senior Digital Literacy Day. Seniors, and those who work with or care for them, were invited to attend and learn about how high speed Internet service can benefit older Americans. Speakers emphasized safe and secure on-line practices, and there were interactive demonstrations of mobile phones, tablets, iPads, desktops and e-readers, as well as user-friendly computer programs that can benefit seniors.
PROMOTE INNOVATION, INVESTMENT,
AND AMERICA’S GLOBAL
COMPETITIVENESS

Strategic Goal:
Promote innovation in a manner that improves the nation’s ability to compete in the
global economy, creating a virtuous circle that results in more investment and in turn
enables additional innovation.

FY 2013 PERFORMANCE GOALS

- Foster international engagement and cooperation on communications policy issues,
  including the broadband innovation initiative and free flow of data across borders.

- Advocate U.S. spectrum interests in the international arena.

- Preserve the free and open Internet as a platform for economic growth, innovation, job-
  creation, and global competitiveness.

FY 2013 PERFORMANCE HIGHLIGHTS

- The FCC adopted a Report and Order establishing rules to help speed the deployment of
  Internet services onboard aircraft. The Commission’s action enables broadband
  providers to meet increasing consumer demands and promotes the economic growth and
  job-creating impacts of ubiquitous broadband. Since 2001, the Commission has
  authorized a number of companies, on an ad hoc basis, to operate Earth Stations Aboard
  Aircraft (ESAA), i.e., earth stations on aircraft communicating with Fixed-Satellite
  Service (FSS) geostationary-orbit space stations. Installed on the exterior of the aircraft,
  the satellite antenna carries the signal to and from the aircraft, providing two-way in-
  flight broadband services to passengers and flight crews. The Report and Order
  formalizes ESAA as a licensed application in the FSS and establishes a regulatory
  framework for processing applications while ensuring other radio service operations are
  protected from harmful interference.

- An agency-wide Technology Transitions Policy Task Force was initiated. Among issues
  for its consideration, the Task Force will coordinate the Commission’s efforts on IP
  interconnection, resiliency of 21st century communications networks, business broadband
  competition, and consumer protection with a particular focus on voice services. The
  Task Force will also consider recommendations from the Technological Advisory
  Committee on the PSTN Transition, coordinate with the NARUC Presidential Task Force
  on Federalism and Telecommunications, and evaluate the feedback from the
  Commission’s field hearings on Superstorm Sandy. The Task Force will conduct a data-
  driven review and provide recommendations to modernize the Commission’s policies in a
process that encourages the technological transition, empowers and protects consumers, promotes competition, and ensures network resiliency and reliability.

- The FCC launched a new and improved LEARN (Learn Everything About Reverse-Auctions Now) website with enhanced online resources as a one-stop information resource for incentive auction stakeholders, particularly for the nation’s broadcasters. The new LEARN website provides easy access to a range of useful information and resources that will help broadcasters and other stakeholders make more informed business decisions about participating in the incentive auction, which the FCC anticipates holding in 2015. It also offers valuable information about the proposed incentive auction process and the unique business opportunities created by incentive auctions. The FCC’s broadcast television spectrum incentive auction will be the first such auction ever attempted anywhere in the world. The auction will present a significant financial opportunity for many broadcasters, and it will enhance the ability of broadcasters who remain on the air to continue providing the public with diverse, local, free over-the-air television service. At the same time, the spectrum reclaimed through the incentive auction will promote economic growth and enhance America’s global competitiveness by increasing the speed, capacity and ubiquity of mobile broadband services such as 4G LTE and Wi-Fi-like networks.

- As part of ongoing regulatory reform efforts, the Commission adopted a Report and Order to further modernize its international telephony rules, lower costs, and increase competition. The Report and Order eliminates outdated regulations governing agreements between U.S. and foreign carriers for delivering international phone traffic, while strengthening the Commission’s ability to protect U.S. consumers from the effects of anticompetitive conduct by foreign carriers where specific complaints arise.

- The FCC’s International Bureau released its annual circuit status report for U.S facilities-based international common carriers. The report shows that the volume of international telephone calls, private line services and other services from the United States grew by 18% in one year.

- The Commission comprehensively modernized and streamlined its rules governing satellite communications to foster investment and innovation by removing unnecessary regulations and easing administrative burdens. Over the years, the Commission has updated the rules for space stations and earth stations, which transmit radio signals between the ground and satellites, to keep pace with industry developments. This action represents the most wide-ranging review of FCC rules and policies in nearly two decades. The Commission’s Report and Order eliminates unneeded technical and information filing requirements, updates rules to better accommodate evolving technology, and simplifies existing requirements.
PROMOTE COMPETITION

Strategic Goal:
Ensure a competitive market for communications and media services to foster innovation, investment, and job creation and to ensure consumers have meaningful choice in affordable services.

FY 2013 PERFORMANCE GOALS

- Ensure effective policies are in place to promote and protect competition for the benefit of consumers, including appropriate interconnection policies for communications networks.
- Promote pro-competitive and universal access policies worldwide.
- Ensure expeditious and thorough review of proposed transactions to ensure they serve the public interest.

FY 2013 PERFORMANCE HIGHLIGHTS

- The Commission adopted its 15th Report to Congress on the status of competition in the market for the delivery of video programming. The Report, which covers 2011 and 2012, measures the market’s progress toward increasing competition and diversity in multichannel video programming distribution, increasing the availability of satellite delivered programming, and spurring the development of communications technologies. Specifically, the Commission found that the number of Multichannel Video Programming Distributor (MVPD) subscribers grew from 100.8 million to 101.0 million households between year-end 2010 and June 2012. During this period, cable’s share of MVPD subscribers fell from 59.3 percent of all MVPD video subscribers to 55.7 percent at the end of June 2012. Between year-end 2010 and June 2012, Direct Broadcast Satellite (DBS) MVPDs and telephone MVPDs gained both video subscribers and market share. DBS MVPDs accounted for 33.1 percent of all MVPD subscribers in 2010, increasing to 33.6 percent at the end of June 2012. Telephone MVPDs represented approximately 6.9 percent of all MVPD subscribers in 2010, increasing to an estimated 8.4 percent. At the end of June 2012, AT&T’s U-Verse and Verizon’s FiOS services combined had 8.6 million video subscribers. Since the last report, the number of households relying exclusively on over-the-air broadcast service remained steady at approximately 11.1 million households, although the percentage of all households they represent increased slightly from 9.6 percent in 2011 to 9.7 percent in 2012.

- The FCC initiated a proceeding to consider eliminating a provision that gives special treatment to UHF channels under its national television ownership cap. Called the UHF discount, the provision was adopted nearly 30 years ago when UHF signals were regarded as technically inferior to VHF signals in analog television broadcasting. With the transition of full-power stations to digital broadcasting in 2009, the technical inferiority of UHF appears to be a thing of the past. Therefore, the technical justification for treating UHF channels differently no longer seems to exist. The proceeding also
furthers the Commission’s mandate to evaluate its rules to make certain they continue to serve the public interest.

- The FCC released a *Fifth Order on Reconsideration and Sixth Report and Order* that expands low power radio opportunities for diverse media voices nationwide. Processing approximately 6,000 FM translator applications and setting updated rules are the last steps necessary before opening a window for community groups to apply for new low power FM licenses.

- The Commission proposed a forfeiture of $2.25 million against a company that operates a cable system in Houston, Texas, for retransmitting the signals of six television broadcast stations without their consent. The Commission’s Media Bureau launched an investigation of TV Max, Inc. (doing business as “Wavevision”), and other related entities, based on complaints from four major television broadcasters alleging that TV Max retransmitted their stations’ signals without permission. The Commission found TV Max’s violations to be very serious, warranting a substantial penalty given the longstanding unauthorized retransmission that continued even after TV Max was warned about its actions.
PUBLIC SAFETY AND HOMELAND SECURITY

Strategic Goal:
Promote the availability of reliable, interoperable, redundant, rapidly restorable critical communications infrastructures that are supportive of all required services.

FY 2013 PERFORMANCE GOALS

- Promote access to effective communications services, including next generation services, in emergency situations across a range of platforms by public safety, health, defense, and other emergency personnel, as well as all consumers in need.

- Evaluate and strengthen measures for protecting the nation’s critical communications infrastructure and facilitate rapid restoration of the U.S. communications infrastructure and facilities after disruption by any cause, including cyberattacks.

- Implement, maintain and conduct exercises for the FCC’s Continuity of Operations Plans (COOP) and Emergency Preparedness Plans and act swiftly in matters affecting public safety, homeland security, and disaster management.

FY 2013 PERFORMANCE HIGHLIGHTS

- The Commission announced that the nation’s four largest wireless carriers – AT&T, Verizon, Sprint, and T-Mobile – agreed to accelerate the availability of text-to-911, with a commitment to nationwide availability by May 15, 2014. Building on text-to-911 deployments and trials that are already underway, this agreement will accelerate progress and ensure that over 90 percent of the nation’s wireless consumers, including millions of consumers with hearing or speech disabilities, will be able to access emergency services by sending a text message to 911 where local call centers are prepared to receive the texts. Text-to-911 will provide consumers with enhanced access to emergency communications in situations where a voice call could endanger the caller, or a person with disabilities is unable to make a voice call. In addition, to help eliminate consumer confusion while text-to-911 capability is being phased-in, the carriers have committed to provide an automatic “bounce back” text message to notify consumers if their attempt to reach 911 via text message was unsuccessful because this service is not yet available in their area. The Commission’s proposed action also seeks to accelerate the nation’s transition to a Next-Generation 911 system that will use cutting-edge communications technology to assist first responders in keeping our communities safe.

- The FCC proposed action to improve the reliability and resiliency of America’s 911 communications networks, especially during disasters, by ensuring that service providers implement vital best practices in network design, maintenance, and operation. The Commission also proposed amending its rules to clarify how service providers can more effectively and uniformly notify 911 call centers of communications outages and cooperate to restore service as quickly as possible.
• In a Notice of Proposed Rulemaking, the Commission moved forward to implement four key recommendations for strengthening 911 service made by the FCC’s Public Safety and Homeland Security Bureau. The Bureau’s recommendations resulted from an in-depth inquiry into the widespread 911 service failures that occurred after a derecho storm hit portions of the Midwest and Mid-Atlantic in June 2012. A significant number of 911 systems and services were partially or completely down for several days after the derecho. In all, 77 911 call centers serving more than 3.6 million people lost some degree of connectivity, including vital information on the location of 911 calls. Seventeen 911 call centers lost service completely, leaving more than two million residents unable to reach emergency services.

• The FCC proposed action to improve wireless network reliability during disasters by requiring wireless service providers to publicly disclose the percentage of cell sites within their networks that are operational during and immediately after disasters. By providing consumers with a yardstick for comparing wireless performance in emergencies, the FCC’s proposal could in turn encourage competition in the wireless industry to improve network reliability. In a Notice of Proposed Rulemaking, the FCC said that some wireless service disruptions may be unavoidable during emergencies, but the impact tends to vary among providers. For example, Superstorm Sandy disabled approximately 25 percent of cell sites in the affected region, with more than 50 percent of cell sites disabled in the hardest-hit counties, yet not all wireless networks were equally impaired. The FCC’s proposal would require wireless service providers to submit to the FCC, for public disclosure on a daily basis during and immediately after disasters, the percentage of operational cell sites for each county within a designated disaster area. Information yielding these percentages is already included in voluntary reports that wireless service providers submit to the FCC daily during disasters.

• As part of National Cybersecurity Awareness Month, the FCC unveiled an updated 2.0 version of the Commission’s ‘Small Biz Cyber Planner,’ a free and easy-to-use online resource for any small business owner who wants to better protect their business from the growing threat of cybersecurity attacks. Launched in 2011, the tool has already been used by nearly 10,000 businesses across the country to create customized cybersecurity plans. New research by Symantec, an FCC Cybersecurity Outreach Partner, indicates that nearly 83% of U.S. small businesses have no cybersecurity protection plan, despite the fact that millions of cyber attacks occur each year.

• In another initiative during National Cybersecurity Awareness Month, the FCC hosted a technology exhibition and presentations on mobile security. The day-long event is part of the FCC’s ongoing effort to promote awareness of cybersecurity threats and solutions in partnership with industry and others in the public sector. Given America’s growing reliance on mobile technology, and the importance of America’s digital infrastructure to the economy, it is imperative that stakeholders work together to ensure the security, reliability, and resiliency of cyber tools and infrastructure.
ADVANCE KEY NATIONAL PURPOSES

Strategic Goal:
Through international and national interagency efforts, advance the use of broadband for key national purposes.

FY 2013 PERFORMANCE GOALS

- Promote and facilitate the use of broadband to address key national challenges, including health care, education, energy, and e-government.

- Ensure that small businesses have the access to broadband and other communications tools needed to drive innovation and economic growth.

FY 2013 PERFORMANCE HIGHLIGHTS

- Acting to expand access by health care providers to robust broadband networks, the Commission established the Healthcare Connect Fund. The FCC’s existing Rural Health Care program, established by the 1996 Telecommunications Act, was not effectively structured to expand the reach of broadband health care networks. In 2006, the FCC launched its Rural Health Care Pilot Program to learn how to more effectively support these networks, and it now funds some 50 active pilots across the nation. The FCC highlighted lessons learned from these pilots, including a South Carolina consortium that saved $18 million in Medicaid costs by using telepsychiatry, and a group of health care providers in the Midwest that saved $1.2 million in intensive care unit services. Informed by these and other success stories, the new Healthcare Connect Fund will help expand access by health care providers to the high-bandwidth connections they need for modern telemedicine by (1) removing artificial limitations on technology that hampered legacy universal service health care support; (2) encouraging consortia between smaller rural health care providers and urban medical centers to enable remote hospitals and clinics to draw on the medical, technical and administrative resources of larger providers; and (3) covering upgrades to higher speed service required for health care applications. The Fund will allow thousands of new providers across the country to share in the benefits of connectivity and dramatically cut costs for both hospitals and the Universal Service Fund.

- In addition, the reforms establish a new competitive pilot program to test expanding broadband healthcare networks to skilled nursing facilities. Because these facilities are often remote from doctors and sophisticated lab and testing facilities, patients will benefit greatly from broadband services that can reduce the time, expense, and stress of travelling to receive medical care. Up to $50 million over three years will be available for these competitively-awarded pilots.

- The FCC initiated a thorough review and modernization of the E-rate (schools and libraries) program built around three goals: increased broadband capacity, cost-effective purchasing, and streamlined program administration. The Commission’s initiative marks the first comprehensive update of the E-rate program since 1997. According to a survey of E-rate applicants, half had slower connection speeds than the average American home
and 39% cited cost of service as the greatest barrier to better meeting their needs. One quarter of libraries still have broadband speeds of 1.5 Mbps or less, and only 9 percent of libraries have speeds of 100 Mbps or greater. In light of these findings, there is growing consensus that E-rate needs to be updated and revitalized with a renewed focus on ensuring that all schools and libraries have affordable access to high-capacity broadband.

- The FCC’s Office of Native Affairs and Policy (ONAP) released a report detailing its engagement with more than 400 Tribal Nations and travel to 42 federal Indian Reservations since the Office’s inception in the summer of 2010. ONAP’s work with Tribes is focused on bringing modern communications infrastructure and the resulting benefits to Tribal Nations and Native communities throughout the United States. ONAP is responsible for developing and driving a Commission-wide Tribal agenda and ensuring Tribal voices are taken into account in Commission proceedings. Significant accomplishments, the report states, “are reflected in the Commission’s new rules, proposed rules, and new policies with respect to Tribal Nations. These indicators of success include new levels of dialogue and reporting, new licensing priority opportunities, and increased support and investment through universal service support mechanisms.”
OPERATIONAL EXCELLENCE

Strategic Goal:
Make the FCC a model for excellence in government by effectively managing the Commission’s human, information, and financial resources; by making decisions based on sound data and analyses; and by maintaining a commitment to transparent and responsive processes that encourage public involvement and best serve the public interest.

FY 2013 PERFORMANCE GOALS

- Effectively manage the FCC’s information technology resources by maintaining secure systems that meet the needs of both the FCC and the system users.

- Effectively manage the human resources of the FCC in order to ensure sufficient resources and knowledge to handle the FCC’s workload.

- Effectively manage the FCC’s financial resources to best achieve the FCC’s mission and to maintain internal controls that allow for sound financial management and accounting.

- Effectively manage the FCC’s administrative and management program resources to provide for the appropriate support for all of the FCC’s activities and to maintain internal controls that allow for sound facility and equipment expenditures.

- Effectively manage the FCC’s processes for monitoring and disposing of applications, petitions, and complaints before the FCC in order to achieve timely action on pending items.

- Continuously review and examine our regulatory processes and significant regulations to achieve statutory objectives while reducing burdens on industry and promoting innovation and job growth.

FY 2013 PERFORMANCE HIGHLIGHTS

- As part of its Data Innovation Initiative, the Federal Communications Commission continued the modernization of its international reporting requirements. In 2011, the Commission adopted a First Report and Order which eliminated a number of outdated international reporting requirements and reduced the number of international reports to just two: the Traffic and Revenue Report and the Circuit Status Report. The Second Report and Order, adopted during the past year, further streamlines these two reports by eliminating reporting requirements for over a thousand small carriers and reducing the level of detail submitted by international service providers by over 75 percent. Taken together, the Commission estimates these changes will reduce overall burdens industry-wide by nearly 30 percent.
• The FCC unanimously voted to modernize and improve its collection of data about broadband and voice service in the U.S., while at the same time taking measures to streamline and reduce the burden on providers. These changes will improve the data the agency uses to effectuate policies and programs for expansion of access to broadband and voice service for all Americans. The FCC initiated its most comprehensive collection of broadband deployment data which will be used to populate and update the National Broadband Map, a key resource on broadband deployment for consumers, policymakers, researchers, economists and others. Reliable and accurate deployment data are also critical to the expansion of broadband to consumers in unserved rural areas through the FCC’s Connect America Fund and universal service program, and for the FCC’s annual report to Congress on broadband availability.

• The Commission issued the FY 2013 Regulatory Fee Notice of Proposed Rulemaking and FY 2013 Regulatory Fee Order, and the agency successfully collected regulatory fees for FY 2013. The FCC is self-funded through regulatory fees.

• The FCC obtained a clean opinion on its FY 2013 financial statements for the eighth consecutive year. Through responses provided to an audit performed by the agency’s Inspector General, the FCC was able to demonstrate that it is in compliance with the requirements of the Improper Payments Elimination and Recovery Act.