








Federal Communications Commission FY95 Annual Report

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 **Federal
Communicati
Commission**

 Wireless Telecommunications	 Cable Services
 Compliance & Information	 International
 Mass Media	 Common Carrier

1995

**61st
Annual Report
Fiscal Year 1995**

FCC Auctions Generate Billions for the U. S. Treasury



Chairman Hundt presents President Clinton and Vice President Gore a check for \$7,736,020,384 for the U.S. Treasury. This represents the proceeds from the auction of 99 licenses to provide broadband PCS service.

Commissioners

Members of the Federal Communications Commission during fiscal year 1995.

Reed E. Hundt, Chairman
(Term expires June 30, 1998)

James H. Quello,
(Term expires June 30, 1996)

Andrew C. Barrett,
(Term expires June 30, 1995)

Susan Ness,
(Term expires June 30, 1999)

Rachelle B. Chong
(Term expires June 30, 1997)

Letter of Transmittal

Letter of Transmittal

Federal Communications Commission Washington, D.C. 20554

To the Congress of the United States

We submit for your consideration the 61st Annual Report of the Federal Communications Commission for fiscal year 1995. It includes information required by the Communications Act of 1934, as amended, and the Communications Satellite Act of 1962.

The report contains a comprehensive review of key events in the Commission's areas of regulatory concern: broadcasting, cable television, common carrier communications, international communications, wireless telecommunications services, spectrum management, and frequency allocations.

It also covers major administrative matters, engineering, legal and legislative activities.

Respectfully,

Reed E. Hundt
Chairman

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Commissioners

Reed E. Hundt (Democrat)

Chairman



Nominated to the Commission to serve as Chairman by President Clinton; confirmed by the Senate November 19, 1993; sworn in November 29, 1993; term ends June 30, 1998.

Prior to coming to the Commission, Chairman Hundt was a senior partner in the Washington, D.C., office of Latham & Watkins, a national and international law firm, where his practice included representation on state, federal and international communication issues including local exchange telephone, long distance, international fiber optic, cable television alternatives and satellite, and First Amendment work.

He also has handled pro bono matters for the United States Court of Appeals for the Fourth Circuit, the NAACP Legal Defense Fund, the Lawyers Committee for Civil Rights, Conservation International and the D.C. Preservation League. He served as a law clerk to the late Chief Judge Harrison L. Winter of the United States Court of Appeals for the Fourth Circuit. Hundt was a senior advisor to the Clinton for President campaign and a senior advisor and member of the Economic Council for the Presidential Transition Team. In addition, he has advised Vice President Gore on economic issues since 1984.

Born in Ann Arbor, MI, March 3, 1948, Hundt received a B.A., magna cum laude, with an exceptional distinction in history, from Yale College in 1969 and a J.D. from Yale Law School in 1974. Chairman Hundt belongs to the District of Columbia, Maryland and California Bars.

James H. Quello (Democrat)



Nominated to the Commission by President Nixon; confirmed by the Senate April 23, 1974; sworn in April 30, 1974. Reappointed by President Reagan in 1981 and again in 1984 for a third term; confirmed by the Senate June 15, 1984; sworn in July 26, 1984; Commissioner Quello was reappointed by President Bush in 1991 for a fourth term; confirmed by the Senate June 25, 1991; sworn in July 12, 1991; term ends June 30, 1996.

Commissioner Quello served as Interim Chairman February 5, 1993 to November 29, 1993. He rose from position of Promotion Manager (1960) of radio station WJR, Detroit, to Vice President, General Manager (1974); retired as Vice President of Capital Cities Broadcasting Corporation (1972). Detroit Housing and Urban Renewal Commissioner (1951-73); trustee, Michigan Veterans Trust Fund (1951-74).

Member of Governor's Special Study Commission on Urban Problems; Governor's Special Study Committee on Legislative Compensation; Assistant National Public Relations Chairman, Veterans of Foreign Wars; TV-radio Chairman, United Foundation; Executive Board Member, Boy Scouts of America; and board member, American Negro Emancipation Centennial.

Born in Laurium, MI, April 21, 1914, he holds a B.A. degree from Michigan State University (1935). He has been awarded an Honorary doctorate of public service from Northern Michigan University (1975); distinguished alumni award and honorary doctorate of humanities from Michigan State University (1974 and 1977).

Andrew C. Barrett (Republican)

Nominated to the Commission by President Bush; confirmed by the Senate August 4, 1989; sworn in September 8, 1989. Reappointed by President Bush in 1990; confirmed by the Senate May 23, 1990; sworn in June 21, 1990. Term ended June 30, 1995.

Formerly served as Commissioner, Illinois Commerce Commission (1980-89). Served as Assistant Director of Illinois Department of Business and Economic Development (1979-80). Served as Director of Operations for the Illinois Law Enforcement Commission (1975-79). Past Associate Director for the Chicago Branch NAACP, (1971-75). He also served as Associate Director for the National Conference of Christians and Jews (1968-71).

He holds a B.A. degree from Roosevelt University (1969), an M.A. degree from Loyola University of Chicago (1971), and a J.D. degree from DePaul University (1975).

**Susan Ness (Democrat)**

Nominated to the Commission by President Clinton on April 14, 1994; confirmed by the Senate on May 19, 1994. Ness fills the seat vacated by the Honorable Ervin Duggan. Term ends June 30, 1999.

As a communications attorney, she has served as a senior leader and group head in the Communications Industries Division of the American Security Bank, a regional financial institution based in Washington, D.C.

Served as Assistant Counsel to the House Committee on Banking, Currency and Housing. Later, founded and directed the Judicial Appointments Project of the National Women's Political Caucus. Served as vice chair of the Montgomery County Task Force on Community Access Television and was president of the Montgomery County Commission for Women.

She holds a B.A. from Douglass College (Rutgers University), a Masters in Business Administration from the Wharton School at the University of Pennsylvania and a J.D., cum laude, from Boston College Law School.

**Rachelle B. Chong (Republican)**

Nominated to the Commission by President Clinton to fill the vacancy left by the Honorable Sherrie Marshall. The term began on July 1, 1992, and ends on June 30, 1997; confirmed by the Senate on May 19, 1994; sworn in on May 23, 1994. She is the first Asian-American to serve on the Commission.

Formerly a partner in the international law firm of Graham & James. Practiced telecommunications law before the California Public Utilities Commission on behalf of cellular telephone carriers, radio common carriers and developers of innovative telecommunications devices.

Practiced communications law from 1984-1986 with the now-defunct Washington, D.C. law firm of Kadison, Pfaelzer, Woodard, Quinn & Rossi. She is a founding member of Women in Telecommunications in Northern California and a member of the governing Committee of the ABA Forum Committee on Communications. A Phi Beta Kappa scholar, she holds dual B.A. degrees in Journalism and Political Science from the University of California at Berkeley (1981) and a J.D. from Hastings College of Law (1984).



Commissioners From 1934 to the Present

Commissioner	Party Affiliation	State	Term of Service
*Eugene O. Sykes <i>Chairman</i>	Democrat	Mississippi	July 11, 1934 to Apr. 5, 1939 <i>July 11, 1934 to Mar. 8, 1935</i>
*Thad H. Brown	Republican	Ohio	July 11, 1934 to June 30, 1940
*Paul A. Walker <i>Acting Chairman</i>	Democrat	Oklahoma	July 11, 1934 to June 30, 1953 <i>Nov. 3, 1947 to Dec. 28, 1947</i>
<i>Chairman</i>			<i>Feb. 28, 1952 to Apr. 17, 1953</i>
*Norman Case	Republican	Rhode Island	July 11, 1934 to June 30, 1945
Irvin Stewart	Democrat	Texas	July 11, 1934 to June 30, 1937
*George Henry Payne	Republican	New York	July 11, 1934 to June 30, 1943
*Hampson Gary	Democrat	Texas	July 11, 1934 to Jan. 1, 1935
*Anning S. Prall <i>Chairman</i>	Democrat	New York	Jan. 17, 1935 to July 23, 1937 <i>Mar. 9, 1935 to July 23, 1937</i>
*T. A. M. Craven	Democrat	District of Columbia	Aug. 25, 1937 to June 30, 1944
		Virginia	July 2, 1956 to Mar. 25, 1963
*Frank McNinch <i>Chairman</i>	Democrat	North Carolina	Oct. 1, 1937 to Aug. 31, 1939 <i>Oct. 1, 1937 to Aug. 31, 1939</i>
*Frederic I. Thompson	Democrat	Alabama	Apr. 13, 1939 to June 30, 1941
*James Lawrence Fly <i>Chairman</i>	Democrat	Texas	Sept. 1, 1939 to Nov. 13, 1944 <i>Sept. 1, 1939 to Nov. 13, 1944</i>
Ray C. Wakefield	Republican	California	Mar. 22, 1941 to June 30, 1947
*Clifford J. Durr	Democrat	Alabama	Nov. 1, 1941 to June 30, 1948
*Ewell K. Jett <i>Interim Chairman</i>	Independent	Maryland	Feb. 15, 1944 to Dec. 31, 1947 <i>Nov. 16, 1944 to Dec. 20, 1944</i>
*Paul A. Porter <i>Chairman</i>	Democrat	Kentucky	Dec. 21, 1944 to Feb. 25, 1946 <i>Dec. 21, 1944 to Feb. 25, 1946</i>
Charles R. Denny <i>Acting Chairman</i>	Democrat	District of Columbia	Mar. 30, 1945 to Oct. 31, 1947 <i>Feb. 26, 1946 to Dec. 3, 1946</i>
<i>Chairman</i>			<i>Dec. 4, 1946 to Oct. 31, 1947</i>
*William H. Willis	Republican	Vermont	July 23, 1945 to Mar. 6, 1946
*Rosel H. Hyde <i>Chairman</i>	Republican	Idaho	Apr. 17, 1946 to Oct. 31, 1969 <i>Apr. 18, 1953 to Apr. 18, 1954</i>
<i>Acting Chairman</i>			<i>Apr. 19, 1954 to Oct. 3, 1954</i>
<i>Acting Chairman</i>			<i>May 1, 1966 to June 26, 1966</i>
<i>Chairman</i>			<i>June 27, 1966 to Oct. 31, 1969</i>
*Edward M. Webster	Independent	District of Columbia	Apr. 10, 1947 to June 30, 1956
*Robert F. Jones	Republican	Ohio	Sept. 5, 1947 to Sept. 19, 1952
*Wayne Coy <i>Chairman</i>	Democrat	Indiana	Dec. 29, 1947 to Feb. 21, 1952 <i>Dec. 29, 1947 to Feb. 21, 1952</i>
George E. Sterling	Republican	Maine	Jan. 2, 1948 to Sept. 30, 1954
*Frieda B. Hennock	Democrat	New York	July 6, 1948 to June 30, 1955
*Robert T. Bartley	Democrat	Texas	Mar. 6, 1952 to June 30, 1972
*Eugene H. Merrill	Democrat	Utah	Oct. 6, 1952 to Apr. 15, 1953
*John C. Doerfer <i>Chairman</i>	Republican	Wisconsin	Apr. 15, 1953 to Mar. 10, 1960 <i>July 1, 1957 to Mar. 10, 1960</i>
*Robert E. Lee <i>Interim Chairman</i>	Republican	Illinois	Oct. 6, 1953 to June 30, 1981 <i>Feb. 5, 1981 to Apr. 12, 1981</i>
<i>Chairman</i>			<i>Apr. 13, 1981 to May 18, 1981</i>
*George C. McConaughy <i>Chairman</i>	Republican	Ohio	Oct. 4, 1954 to June 30, 1957 <i>Oct. 4, 1954 to June 30, 1957</i>
*Richard A. Mack	Democrat	Florida	July 7, 1955 to Mar. 3, 1958
*Frederick W. Ford <i>Chairman</i>	Republican	West Virginia	Aug. 29, 1957 to Dec. 31, 1964 <i>Mar. 15, 1960 to Mar. 1, 1961</i>
*John S. Cross	Democrat	Arkansas	May 23, 1958 to Sept. 30, 1962

Commissioners From 1934 to the Present

Commissioner	Party Affiliation	State	Term of Service
Charles H. King	Republican	Michigan	July 19, 1960 to Mar. 2, 1961
Newton N. Minow	Democrat	Illinois	Mar. 2, 1961 to June 1, 1963
<i>Chairman</i>			<i>Mar. 2, 1961 to June 1, 1963</i>
E. William Henry	Democrat	Tennessee	Oct. 2, 1962 to May 1, 1966
<i>Chairman</i>			<i>June 2, 1963 to May 1, 1966</i>
Kenneth A. Cox	Democrat	Washington	Mar. 26, 1963 to Aug. 31, 1970
Lee Loevinger	Democrat	Minnesota	June 11, 1963 to June 30, 1968
*James J. Wadsworth	Republican,	New York	May 5, 1965 to Oct. 31, 1969
Nicholas Johnson	Democrat	Iowa	July 1, 1966 to Dec. 5, 1973
H. Rex Lee	Democrat	District of Columbia	Oct. 28, 1968 to Dec. 31, 1973
*Dean Burch	Republican	Arizona	Oct. 31, 1969 to Mar. 8, 1974
<i>Chairman</i>			<i>Oct. 31, 1969 to Mar. 8, 1974</i>
Robert Wells	Republican	Kansas	Nov. 6, 1969 to Nov. 1, 1971
Thomas J. Houser	Republican	Illinois	Jan. 6, 1971 to Oct. 5, 1971
Charlotte T. Reid	Republican	Illinois	Oct. 8, 1971 to July 1, 1976
Richard E. Wiley	Republican	Illinois	Jan. 5, 1972 to Oct. 13, 1977
<i>Chairman</i>			<i>Mar. 8, 1974 to Oct. 13, 1977</i>
Benjamin L. Hooks	Democrat	Tennessee	July 5, 1972 to July 25, 1977
James H. Quello	Democrat	Michigan	Apr. 30, 1974-
<i>Chairman</i>			<i>Feb. 5, 1993 to Nov 28, 1993</i>
Glen O. Robinson	Democrat	Minnesota	July 10, 1974 to Aug. 30, 1976
Abbott M. Washburn	Republican	Minnesota	July 10, 1974 to Oct. 1, 1982
Joseph R. Fogarty	Democrat	Rhode Island	Sept. 17, 1976 to June 30, 1983
Margita E. White	Republican	Sweden	Sept. 23, 1976 to Feb. 28, 1979
Charles D. Ferris	Democrat	Massachusetts	Oct. 17, 1977 to Apr. 10, 1981
<i>Chairman</i>			<i>Oct. 17, 1977 to Feb. 4, 1981</i>
Tyrone Brown	Democrat	Virginia	Nov. 15, 1977 to Jan. 31, 1981
Anne P. Jones	Republican	Massachusetts	Apr. 7, 1979 to May 31, 1983
Mark S. Fowler	Republican	Canada	May 18, 1981 to Apr. 17, 1987
<i>Chairman</i>			<i>May 18, 1981 to Apr. 17, 1987</i>
Mimi Weyforth Dawson	Republican	Missouri	July 6, 1981 to Dec. 3, 1987
Henry M. Rivera	Democrat	New Mexico	Aug. 10, 1981 to Sept. 15, 1985
Stephen A. Sharp	Republican	Ohio	Oct. 4, 1982 to June 30, 1983
Dennis R. Patrick	Republican	California	Dec. 2, 1983 to Apr. 17, 1987
<i>Chairman</i>			<i>Apr. 18, 1987 to Aug. 7, 1989</i>
Patricia Diaz Dennis	Democrat	New Mexico	June 25, 1986 to Sept. 29, 1989
Alfred C. Sikes	Republican	Missouri	Aug. 8, 1989 to Jan. 19, 1993
<i>Chairman</i>			<i>Aug. 8, 1989 to Jan. 19, 1993</i>
Sherrie P. Marshall	Republican	Florida	Aug. 21, 1989 to April 30, 1993
Andrew C. Barrett	Republican	Illinois	Sept. 8, 1989-
Ervin S. Duggan	Democrat	Georgia	Feb. 28, 1990 to Jan. 30, 1994
Reed E. Hundt	Democrat	Maryland	Nov. 29, 1993-
<i>Chairman</i>			
Susan Ness	Democrat	New Jersey	May 19, 1994-
Rachelle B. Chong	Republican	California	May 23, 1994-

*Deceased

The Commission



The Federal Communications Commission (FCC) is an independent federal regulatory agency responsible directly to Congress. Established by the Communications Act of 1934, it is charged with regulating interstate and international communications by radio, television, wire, satellite, and cable. Its jurisdiction covers the 50 states and territories, the District of Columbia and U.S. possessions.

The FCC is directed by five Commissioners appointed by the President and confirmed by the Senate for staggered five-year terms. No more than three can be members of the same political party.

The President designates one of the Commissioners to serve as Chairman. The Commissioners hold regular agenda meetings and special meetings. They also may act between meetings by "circulation," a procedure whereby a document is submitted to each Commissioner individually for official action.

The Chairman presides over all FCC meetings. The Chairman coordinates and organizes the work of the Commission and represents the agency in legislative matters and in relations with other government departments and agencies.

The Commission reorganized itself in FY95 to establish two new bureaus -- Wireless Telecommunications and International -- to reflect the changes in the industries it regulates.

It also continued its use of emerging technologies to serve more efficiently its customers -- the American public and regulated industries.

The FCC expanded its use of the Internet, which has become an increasingly popular way for the public to access information. In FY95 the FCC established a "home page" and expanded its Internet communications pipeline to meet increased use by the public and staff. The Commission implemented a fax-on-demand system to allow quick access to forms, press releases and other information. In addition, the FCC installed six video teleconferencing systems in its various offices in Washington, DC, and Gettysburg, PA.



The FCC completed the installation of ISDN (Integrated Services Digital Network) telephones for Headquarters staff in FY95. In addition, the Headquarters voice mail system was enhanced to allow greater capacity and flexibility.

Information technology continues to be a significant factor in the success of the Commission's auction activities. Technology is used for remote bid submission plus electronic calculation and notification of round results.

Bureaus and Offices

The Commission is composed of six operating bureaus and 10 offices which provide support services.

Under the supervision and direction of the Chairman, the Managing Director serves as the FCC's chief operating and executive official. The Managing Director provides managerial leadership to, and exercises supervision and direction over, the FCC's bureaus and staff offices in management and administrative matters; formulates and administers all management and administrative policy programs and directives for the Commission; assists the Chairman in carrying out administrative responsibilities; advises the Chairman, Commissioners and management on administrative and related matters; administers the FCC's management systems and directs agency efforts in improving management effectiveness, operational efficiency and employee productivity.

Office of the Managing Director (OMD)

The Office of Public Affairs is responsible for informing the press and public of the FCC's actions, facilitating public participation in the FCC's decision-making processes, operating many of the FCC's public reference rooms and library and conducting an extensive consumer outreach program. OPA issues daily news releases, public notices and other informational material; prepares the Annual Report and other publications; handles telephone, written, and walk-in requests for information. OPA maintains the FCC's Internet web site.

Office of Public Affairs (OPA)

The Office of the Inspector General was created by the Inspector General Amendments Act of 1988. The Inspector General conducts and supervises audits and investigations relating to the programs and operations of the agency. The Inspector General recommends policies for activities designed to promote economy, efficiency and effectiveness, as well as to prevent and detect fraud and abuse in agency programs. The Inspector General also provides a means for keeping the Chairman, Commissioners and the Congress fully informed about problems and deficiencies at the agency.

Office of the Inspector General (OIG)

Administrative Law Judges preside over hearings and issue Initial Decisions. Review of Initial Decisions is done by the full Commission.

Office of Hearings and Review (OHR)

**Office of the General
Counsel (OGC)**

The General Counsel serves as the chief legal advisor to the Commission and its various bureaus and offices. The General Counsel also represents the Commission before the federal courts of appeals, recommends decisions in adjudicatory matters before the Commission, assists the Commission in its decisionmaking capacity, performs a variety of legal functions regarding internal administrative matters and advises the Commission on fostering competition and promoting deregulation in a competitive environment.

**Office of Workplace
Diversity (OWD)**

The Office of Workplace Diversity, established this year, serves as the principal advisor to the Chairman and Commission on all aspects of workforce diversity, affirmative recruitment, equal employment opportunity and civil rights within the Commission. The office develops, coordinates, evaluates, and recommends to the Commission internal policies, practices, and programs designed to foster a diverse workforce and to promote equal opportunity for all employees and applicants for employment.

**Office of Communication
Business Opportunities
(OCBO)**

Also new this year, the Office of Communications Business Opportunities is responsible for providing advice to the Commission on issues and policies concerning opportunities for ownership and contracting by small, minority and women-owned communications businesses. The office also advises the Commission on policies to foster equal employment opportunity in the communications industries for minorities, women, and people with disabilities. The office works with entrepreneurs, industry and public interest organizations and individuals to provide information about policies to promote ownership and employment opportunities in the communications industry.

**Office of Plans and Policy
(OPP)**

The Office of Plans and Policy serves as principal economic and technical policy adviser to the Commission, analyzing agenda items and developing long-term policy. The office also produces working papers on major policy issues. (A more extensive profile of the office is included later in this report.)

**Office of Legislative and
Intergovernmental Affairs
(OLIA)**

The Office of Legislative and Intergovernmental Affairs serves as the Commission's principle point of contact with Congress and other governmental entities. Its name was changed this fiscal year from the Office of Legislative Affairs to reflect its expanded responsibilities. (A more extensive profile of the office is included later in this report.)

Office of Engineering and Technology (OET)

The Office of Engineering and Technology is responsible for managing the non-Government use of the spectrum. OET makes recommendations to the Commission on how the radio spectrum should be allocated and establishes the technical standards to be followed by users. OET provides technical leadership to create new opportunities for competitive technologies and services for the American public. (A more extensive profile of the office is included later in this report.)

The Commission is divided into six operating bureaus reflecting six broad divisions of Commission responsibility. These are: the Mass Media, Common Carrier, Wireless Telecommunications, Compliance and Information, International, and Cable Services Bureaus.

The Operating Bureaus



FCC Chairman Reed Hundt, far right, listens to President Clinton talk about reinventing government.

FCC Appropriations History

<u>1970-79</u>	<u>1980-89</u>	<u>1990-95</u>
1970 -----\$24,561,000	1980 -----\$76,047,000	1990 \$107,550,000
1971 -----\$26,844,000	1981 -----\$80,363,000	1991 116,794,0001/
1972 -----\$31,969,000	1982 -----\$79,900,000	1992 \$126,309,000
1973 -----\$34,173,000	1983 -----\$82,917,000	1993 \$140,000,0002/
1974 ----- \$40,155,000	1984 -----\$88,283,000	1994 \$160,300,000
1975 -----\$46,900,000	1985 -----\$95,441,000	1995 \$185,232,000 3/
1976 -----\$51,163,000	1986 -----\$90,341,000	
1977 -----\$56,911,000	1987 -----\$97,099,000	
1978 -----\$64,550,000	1988 -----\$99,613,000	
1979 -----\$70,466,000	1989 -----\$99,613,000	

1/ Final action of Graham- Rudman - Hollings Sequestration Act on total appropriation Level of \$116,794,000 reduced available funds by \$1,518 to \$116,792,482.

2/ Appropriation included \$11,500,000 in supplemental no-year funding to implement the Cable Television Consumer Protection and Competition Act of 1992.

3/ Reduced by \$305,000 for administration and contract costs savings to \$184,927,000.

Regulatory Fees Collected from 1994-1995

1994.....\$58,917,000.00
1995.....\$119,339,000.00

Fees Collected from 1987-1995

FY87.....\$10,330,000.00	FY92.....\$50,618,000.00
FY88.....\$41,206,000.00	FY93.....\$39,102,000.00
FY89.....\$56,858,000.00	FY94.....\$42,780,000.00
FY90.....\$27,559,000.00	FY95.....\$50,609,000.00
FY91.....\$46,361,000.00	

FCC Personnel Chart

Full Time Permanent Employees	Washington D.C.	Field	Total
Commissioners Offices	31	-----	31
Office of Plans and Policy	16	-----	16
Office of Managing Director	223	4	227
Mass Media Bureau	302	-----	302
Information Resources Management	262	3	265
Compliance and Information Bureau	77	243	320
Wireless Telecommunications Bureau	158	130	288
Office of Engineering and Technology	90	-----	90
Office of General Counsel	75	-----	75
Administrative Law Judges	16	-----	16
Review Board	6	-----	6
Office of Public Affairs	60	-----	60
Office of Legislative and Inter-Governmental Affairs	14	-----	14
Office of Inspector General	5	-----	5
International Bureau	117	-----	117
Cable Services Bureau	179	-----	179
Office of Communications Business Opportunities	8	-----	8
Office of Workplace Diversity	3	-----	3
Total	1642	380	2,022

Disabilities Taskforce



One of the Commission's overriding concerns in FY95 was to ensure that the benefits of the information revolution were available to everyone, including the disability community.

The FCC Disabilities Issues Task Force was formed in March of 1995 by Chairman Reed Hundt, the FCC Disabilities Issues Commissioner. Linda Dubroof, Deputy Chief of the Network Services Division, Common Carrier Bureau, was appointed Director of the Task Force in June 1995 by Chairman Hundt. Every Bureau and Office of the FCC is represented on the Task Force. The Task Force serves as the FCC's main point of contact and coordination on all disability access initiatives, and works to ensure that the FCC takes steps to promote access to the Information Superhighway by individuals with disabilities.

Accomplishments



- In June 1995 Chairman Hundt announced a "Top Ten List" of things that the FCC could do to facilitate access for persons with disabilities. Working Groups were formed to implement this Top Ten List.
- In July 1995, to commemorate the 2nd anniversary of Telecommunications Relay Services (TRS) for persons with hearing and speech disabilities, Miss America 1995 Heather Whitestone visited the FCC and participated in a live TRS call with Chairman Hundt. The TRS working group began discussion of a future Notice of Inquiry (NOI) addressing how TRS can serve more Americans in more efficient ways.
- The Commission implemented a policy ensuring that all Commission open meetings are closed-captioned for people with hearing disabilities; Task Force members began work on an accessibility handbook and a training video for FCC employees on disability issues.
- In April 1995 the Wireless Telecommunications Bureau adopted a Notice of Proposed Rulemaking (NPRM), WT No. 95-56, to create a new Low Power Radio Service that would include auditory assistive listening devices for individuals with hearing disabilities.

- Task Force members and other FCC officials met with cable industry representatives and representatives of the disability community to negotiate a plan for ensuring that the Emergency Alert System (EAS) will be accessible to persons with disabilities.
- The Task Force began work on an FCC policy paper regarding the universal design of telecommunications equipment and services; participated in industry and consumer fora on universal design and other accessibility issues.
- Representatives of the Task Force and the Mass Media Bureau began circulating drafts of a historic Notice of Inquiry (NOI) on closed-captioning and video description of video programming, for Commission adoption and release in December 1995.
- Task Force members and Common Carrier Bureau staff conducted a Negotiated Rulemaking between industry and consumers on wireline telephone hearing aid- compatibility, over rules which were suspended in April 1993; also prepared a Notice of Proposed Rulemaking (NPRM), for release in November 1995 to implement the recommendations of the Negotiated Rulemaking Committee.
- Chairman Hundt and the Task Force began dialogue with industry and consumer groups on the issue of hearing aid-compatibility with wireless digital (PCS) telephones, with plans for a January 1996 Summit between industry and consumers on wireless compatibility.



Chairman Hundt and Heather Whitestone, Miss America 1995, demonstrate use of the Telecommunications Relay Services, which allows hearing - or speech-impaired people to have access to all telephone services.

FCC On Line



FY95 is the year the FCC went “on line.” Until this year the Internet program was very limited, and had virtually no visual presence. Transactions were almost all based on file transfer protocol. Chairman Hundt committed the FCC to using Internet’s World Wide Web as a mechanism for disseminating information about Commission proceedings and documents. The Office of Public Affairs was given the responsibility of organizing and managing the FCC’s Internet activities, with technical support from the Office of the Managing Director. At the same time, all Bureaus and Offices were requested to participate in and contribute to the development of Internet.

It was during this time that the FCC completed the evolution of its computing infrastructure from an archaic centralized mainframe computing environment with little or no communications capability into a modern distributed computer infrastructure. The project became known at the FCC as the Information Systems Modernization project. ISM began in 1989 with the official decision to “replace the Honeywell” and was completed in 1995 when Chairman Hundt unplugged the old mainframe. The project included development of a highly reliable local area network, placement of a personal computer on every employee’s desk, and migration of virtually every license processing application in the Commission to a new computing platform. Internet is one of the most radically different of all the new applications which needed that modern infrastructure to exist.

During FY95 the Office of Public Affairs began operating as a production center with a goal of publishing all FCC documents on the Internet concurrently with paper release. To achieve this goal, OPA created a file structure to accommodate all types of FCC documents and drafted an entire suite of Internet Pages to serve as the basis for Bureaus and Offices to use in devising their own pages. At the same time, computer support staff set up automated scripts (programs) to create indexes to assist users in finding the documents they needed to see. The use of intelligent file names (i.e., names which reflect information about the file) plus the indexes constituted the most reliable means to locate documents on the FCC site. All over the FCC, authors now send their documents to a special mailbox. At the same time that those documents are released in paper copy. From this mailbox, OPA staff format and post the documents to the Internet, providing unprecedented access to FCC customers across the country and throughout the world. During the year more than 5,000 documents were published on the ‘Net, many within one day of release. The page also invited questions, comments or suggestions to be directed to a new email box: FCCINFO@fcc.gov.

Public usage of the system quickly rose to 14,000 “hits” per day on the original Internet server. This number includes Auctions activities featuring Round Results, which are loaded onto the Net within 1/2 to 3/4 hour of close of bidding. The initial surge of usage stabilized at about 16,000 hits per day. Hundreds of email queries per month are received in the various email boxes publicized on Internet, ranging from comments on the site itself, to questions of how to obtain information or services from the FCC, to thoughtfully composed discussions of various policy issues.

Usage statistics show that the most frequently “hit” files are the Main FCC Home Page, <http://www.fcc.gov>; auctions information; Chairman’s and Commissioners’ Pages; and special interest pages. Databases, especially where individual queries are available, are also highly visited. Finally, a large number of individual files are hit once or twice.

During this start-up phase the FCC also began a Listserv Daily Digest subscription service. The Digest is a summary of Commission activities reflected in its published documents. It includes bibliographic information and summaries of public notices, news releases, and documents scheduled for publication in the FCC Record. There are now approximately 1,000 subscribers on the DD listserv.

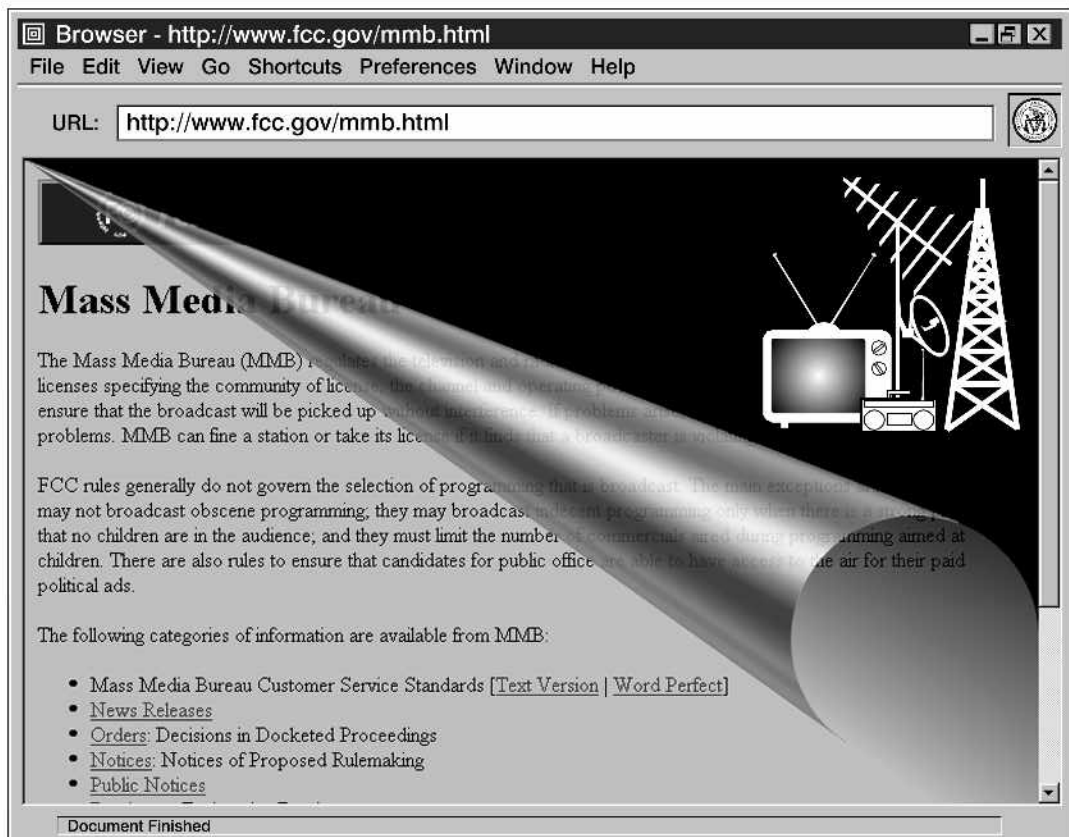
Comments and requests to add new information or to expand existing services began flowing in from around the world via email, phone and letter. The FCC has received numerous comments on the wealth of information now being transmitted via Internet. At the same time, customers are requesting more complete document coverage concurrent with notification, better explanations of what’s on the ‘Net, additional information about applications status, better access to Commission staff, electronic forms and electronic filing are what the public wants on the Internet. Requests for more and more information increase with each new addition to the site, and at the same time usage of the site increases.

During FY95 Chairman Hundt initiated “the Chairman’s Corner” a bi-weekly column in which he discusses public policy issues and invites responses to his comments. Commissioners Quello, Ness and Chong also have set up their own pages, complete with speeches, columns and biographical information. The Chairman and Commissioners each have a reply form which enables readers to respond directly to the issues or topics discussed in the column. This feature brings the Commission within reach of “regular citizens” who highly appreciated it, judging by favorable comments received via email, whether or not the commenter agrees with the underlying policy positions. Additionally, Chairman Hundt and Commissioner Chong have participated in online “chats” via America Online and Compuserve.



Chairman Hundt officially decommissions the FCC's old Honeywell computer on May 19, 1995, ushering in a new era in FCC computing.

http://www.fcc.gov/mmb.html



Mass Media Bureau

Overview

The Mass Media Bureau is the part of the FCC that deals with broadcasting - - television and radio -- as well as Multipoint Distribution Service (MDS) (sometimes called wireless cable) and Instructional Television Fixed Service (ITFS), a service used mainly by educational entities to provide classroom instruction to multiple locations. The Bureau issues licenses (authorization of service), performs policy and rulemaking functions and administers the enforcement program for all mass media services.

The **AUDIO SERVICES DIVISION** (ASD), the largest Division in the Bureau, licenses commercial and noncommercial educational AM, FM and FM translator services. In FY95 ASD planned and implemented a major reorganization aimed at streamlining its operations, reducing levels of review, and improving its speed of service. The reorganization eliminated all three branches, reduced the number of supervisors by seven, and established work groups focused on a particular type of work rather than a broadcast service. Through the reorganization, the Division divided its legal staff so that senior staff and reviewers concentrated on the contested cases and appeals, and the less senior staff on the more routine applications. The reorganization also allowed the managers to implement a more focused case-by-case tracking system. ASD designed a new computerized application processing and tracking system for processing the more than 12,000 radio renewal applications that will be filed during the current license renewal cycle. Additionally, ASD created a radio renewal booklet to facilitate the renewal process for licensees by consolidating all forms, information, helpful tips and worksheets in a convenient packet. ASD also took a number of steps to improve the availability of information to its customers. It established a Customer Service Team to upgrade the quality and efficiency of the Division's public information dissemination by providing the public with information about processing procedures, application status, and expected processing times. The AM and FM engineering databases are now available to the public from commercial sources or, in compressed form, through the Internet. A toll-free Radio Renewal Information telephone line and a radio renewal email Internet address have also been established to assist licensees in the license renewal process.

The **VIDEO SERVICES DIVISION** (VSD) licenses commercial and noncommercial educational TV, Low Power TV, TV translators, MDS and ITFS. To prompt the development of the Multipoint and/or Multichannel Distribution Service (MDS) as a viable competitor to cable television service, the Commission in June 1994 refocused and prioritized the MDS application process, transferring that function to the Mass Media Bureau. In accordance with the principles of the National Performance Review, VSD formulated a new organizational structure that featured multidisciplinary, collaborative work teams under the immediate guidance of a sole management-level official within that Division. During FY95 the reorganized MDS staff was able to make significant progress towards eliminating the large backlog of MDS applications and legal cases that were pending at the time that the MDS service was transferred to the Bureau. At the same time, several rulemaking initiatives were developed by Video Services Division in order to develop more effective procedures to promote the initiation of new and improved ITFS and MDS services.

The **POLICY AND RULES DIVISION** (PRD) conducts rulemaking proceedings which affect the mass media services and provides legal and technical analyses of these rules. The Policy and Rules Division also conducts sociological and economic studies to formulate and evaluate Commission policies in terms of their economic effects on the media or on other Commission-regulated industries or society. During FY95 the Allocations Branch of the Policy and Rules Division streamlined its internal process for adopting most rulemaking decisions. It has reduced the review process by eliminating one intermediate level of review. It has also significantly increased its reliance on procedural rules in disposing of petitions for reconsideration and applications for review by issuing summary dispositions of issues that are repetitious of earlier pleadings and that have been addressed in earlier decisions. These changes, along with a temporary shift in resources, permitted the Branch to reduce its backlog of cases over one-year-old by over 50% during the summer of 1995.

The **ENFORCEMENT DIVISION** (ED) responds to complaints, conducts investigations concerning broadcast stations, handles matters concerning political broadcasting regulations, enforces the broadcast and cable television equal employment opportunity laws and rules, and participates in formal adjudicative proceedings involving broadcast stations. During FY95 the Enforcement Division streamlined its organization and improved speed of service without sacrificing quality by developing substitutes for a former level of managerial review. Specifically, it eliminated two management positions through attrition. It encouraged peer review to reduce further the amount of managerial review necessary. The Division also established task forces, frequently across Branch lines, to focus the Division's efforts on its highest priorities. These task forces were led by non-managerial team leaders, chosen for their expertise in the task at hand. The

flattened structure and the task forces have increased efficiency, team spirit and morale while reducing levels of review.

In FY95 the Bureau adopted the practice of streamlining its decision documents by eliminating long detailed recitation of background and non-decisional facts. The underlying legal analysis is not reduced, but the letter decisions more succinctly present the basis for the decision. This new practice significantly reduced the amount of review and editing time.

FY95 Highlights

- Eliminated Prime Time Access Rule.
- Developed and successfully carried out a plan to eliminate by June 1995 the existing backlog of radio and television assignment and transfer applications that were contested and/or involved rule waivers and that had been pending for over 180 days, except for those cases that were blocked by circumstances beyond the Bureau's control. In all, 93 contested sales applications were disposed by staff action and recommendations to the Commission for disposition were made with respect to 10 other sales applications. At the same time, the Bureau met its concurrent commitment to maintain the current speed of service for routine radio and television sales applications at 60 days.
- Reduced substantially the backlog of MDS applications and legal cases pending at the assumption of the MDS authorization of service function. By the close of FY95 the reorganized MDS staff reduced that number to 4,065, a 72% reduction. This included a 96% reduction (from 5,523 to 207) in the number of petitions to deny that were pending at the time of the transfer.
- Conducted 109 lotteries involving 420 mutually exclusive LPTV and TV translator applications, of which nearly 12% were filed by entities that were more than 50% minority owned. In 14 of 49 lotteries (26%) a minority applicant was the winner.
- Increased by more than 32% (from 468 to 628) the number of ITFS new and major change application disposals with nearly 88% of those disposals being non-routine actions.
- Significantly improved the speed of service for FM license applications by streamlining the authorization process, reducing the average processing time from 10 months to 90 days.

Major Proceedings



- Responded to 18,031 telephone and 7,594 written complaints and inquiries made in connection with the Bureau's enforcement program. Also, issued 16 Notices of Apparent Liability totaling \$183,000 and six forfeiture orders totaling \$51,500.

Multipoint Distribution Service (MM Docket No. 94-131 and PP Docket No. 93-253)

In December 1994 the Commission issued a *Notice of Proposed Rulemaking (Notice)* seeking comments on proposals to streamline the procedures by which applications for new facilities in the single channel and multichannel Multipoint Distribution Services (MDS) are filed and processed. The Commission proposed to adopt filing procedures consistent with its competitive bidding procedure, requiring applicants to file only short-form applications for predetermined geographic areas with the successful bidders filing long-form applications at a later date. Comments on alternative filing procedures, including a national filing window and one limited to existing licensees and systems operations, were also solicited. In the *Notice*, the Commission also invited comment on the technical and practical feasibility of utilizing a mandatory electronic filing approach in conjunction with the proposed filing procedures.

The Commission's announced goal in instituting this proceeding was to facilitate development of wireless cable, the delivery of video programming via microwave channels to subscribers using MDS and/or Instructional Television Fixed Service (ITFS). On June 30, 1995, the Commission adopted a *Report and Order* that established a geographic licensing plan, utilizing a simultaneous multiple round bidding process, under which the Commission would allot one MDS authorization for each of the Rand McNally defined 487 Basic Trading Areas (BTAs) and six additional BTA-like geographic areas. The BTA authorization holder would have the exclusive right to construct facilities to provide wireless cable service over any usable MDS channel within the BTA, provided currently authorized and previously proposed MDS stations, as well as the protected service areas and receive sites of ITFS systems, were not interfered with.

While the signals of a BTA authorization holder were not allowed to interfere with those of any other BTA authorization holder, the Commission permitted BTA authorization holders to negotiate interference protection rights in recognition of the fact that BTA boundaries did not always track desired service areas. In the *Report and Order*, the Commission also initiated a variety of measures to

streamline further the MDS application and implementation processes, for example, authorizing the voluntary use of electronic filing and fee payments for new MDS applications and establishing computerized interference studies using new data elements to be included in the revised MDS application form. Adoption of the new licensing plan and related measures should promote rapid opportunities for MDS to reach its competitive potential.

Advanced Television (ATV) is a generic term referring to any system for distributing television that results in improved television audio and video quality. High Definition Television (HDTV) is a type of ATV system. HDTV refers to systems that aim to offer approximately twice the horizontal resolution and twice the vertical resolution of conventional television pictures, which would approach the quality of 35 mm film, and provide sound quality rivaling that of compact discs. In February of 1993 the Advisory Committee on Advanced Television Service reported to the Commission that a digital advanced television system was achievable but that the competing systems that it had evaluated would all benefit from further development and that none could be recommended over the others at that time. Three months later, in May of 1993, seven companies and institutions that had been proponents of the tested systems joined together in a “Grand Alliance” to develop a final digital advanced television system. They developed such a system and a standard was developed based on it. That system appears capable not only of delivering HDTV but, additionally, of allowing each broadcaster to deliver up to four standard definition television (SDTV) signals in the same amount of frequency space as it currently uses to deliver a single programming stream.

On November 28, 1994, the Advisory Committee reported that standard to the Commission and recommended its adoption as the advanced television standard. On July 28, 1995, the Commission adopted a *Fourth Further Notice of Proposed Rule Making and Third Notice of Inquiry (Notice)* in this proceeding. In that *Notice*, the Commission noted that the development of the flexible Grand Alliance digital advanced television would enable broadcasters to provide HDTV service, or SDTV service, or other digital services and to switch quickly and easily between these services. This, the Commission reasoned, was a change in circumstance that warranted revisiting a number of previously considered issues. Accordingly, it sought comment on a wide array of issues including digital broadcast programming requirements, eligibility for digital broadcast television licenses, the length of the transition to digital broadcast television, the recovery of spectrum, the value of recovered spectrum, the treatment of noncommercial stations, and cable “must carry” requirements.

**Advanced Television
Service**
(MM Docket No. 87-268)

Children's Television
(MM Docket No. 93-48)

In April 1995 the Commission issued a *Notice of Proposed Rule Making (Notice)* seeking comment on proposals to clarify and strengthen its rules implementing the Children's Television Act of 1990 (CTA). The CTA directs the Commission to review, in any application for license renewal, whether a television broadcast licensee has "served the educational needs of children through the licensee's overall programming, including programming specifically designed to serve such needs." The Commission first adopted rules implementing the CTA in 1991.

In 1993 the Commission initiated this proceeding by adopting a *Notice of Inquiry* to examine whether its rules should be revised to identify more clearly the levels and types of programming necessary to serve children's educational needs adequately. In June 1994 the Commission also convened an en banc hearing on the subject of children's television programming. Based on comments responding to the *Notice of Inquiry* and submitted in conjunction with the en banc hearing, the Commission proposed in the *Notice* to improve the information available to parents and the local community regarding educational television programming, and to revise its definition of "core" educational programming to give licensees clearer guidance regarding the types of programming required by the CTA. In addition, the Commission proposed three alternative options: monitor licensee performance for a specified period of time to determine whether or not efforts to improve the dissemination of information to the public and a clarified definition of educational programming result in a significant increase in such programming; establish a safe harbor quantitative processing guideline specifying an amount of core programming that would represent one means of satisfying the CTA's programming obligation; establish a quantitative programming standard requiring that every station be responsible for airing a minimum amount of core programming. Other proposals in the *Notice* include allowing stations to meet a quantitative guideline or standard by sponsoring programs shown on other stations. The deadlines for filing comments and reply comments on the *Notice* have passed, and the Commission is presently evaluating these comments.

Television
Ownership Rules
(MM Dockets 91-221 and 87-8)

The Commission adopted a *Further Notice of Proposed Rule Making* to review its regulations governing television broadcasting and its policies and rules governing terrestrial satellite television stations. The *Further Notice* proposes a new analytical framework within which to evaluate the Commission's ownership rules applied to television stations and provides a structured approach to a comprehensive economic and diversity analysis of the rules. Both national and local ownership rules are under consideration in this proceeding, as are Limited Marketing Agreements (LMAs) involving television stations. Nationally, an entity

may generally have an attributable interest in no more than 12 commercial television stations or television stations reaching 25% of the total television households. Locally, the “duopoly” rule prohibits an entity from having an attributable interest in two or more commercial TV stations whose Grade B contours overlap. The “one-to-a-market” rule generally prohibits a party from holding cognizable ownership interests in commercial radio and television stations in the same market.

Parties are permitted to own, pursuant to waiver requests, radio-television combinations in the top 25 television markets where there will be at least 30 separately owned broadcast licensees after the combination. Radio-television combinations may also be permitted in the same market involving “failed” stations that have not been operated for a substantial period of time. At the close of FY95, these rules were the subject of consideration for possible legislative action.

The Commission adopted a *Notice of Proposed Rule Making* to review its broadcast attribution rules. The attribution rules define what interests are cognizable for purposes of applying the multiple ownership rules to specific situations. The multiple ownership rules limit the number of broadcast stations that a single person or entity, directly or indirectly, is permitted to own, operate, or control. The Commission asked for comment on: (1) whether to raise the voting stock attribution benchmarks from 5 percent to 10 percent and from 10 percent to 20 percent for passive investors; (2) whether to restrict the availability of the current exceptions to attribution for minority corporate stockholdings where there is a single majority shareholder and for nonvoting stock; (3) whether to relax insulation standards for business development companies and other widely-held limited partnerships; (4) how to treat limited liability companies and other new business forms for attribution purposes; (5) whether to repeal or retain the remaining aspects of the Commission’s cross-interest policy, which prevents individuals from having “meaningful” designated interests in two media outlets serving substantially the same area; and (6) whether to adopt a new policy under which the Commission would scrutinize multiple “cross interests” or other significant business relationships, when held in combination among ostensibly competing broadcasters, to determine whether the combined interests, which individually would not raise concerns, would raise issues with respect to the Commission’s diversity and competition concerns.

Broadcast Attribution Rules

(MM Dockets Nos. 94-150, 92-51, and 87-154)

**Minority and
Female Ownership**
(MM Dockets Nos. 94-149
and 91-140)

The Commission adopted a *Notice of Proposed Rule Making* proposing initiatives designed to increase minority and female ownership of mass media facilities. The *Notice* seeks current data with respect to female ownership and emphasizes that the proposals will be applied to women only if the Commission receives sufficient information to construct a legally sustainable basis for doing so. (The legality of minority preferences was upheld by the Supreme Court in Metro Broadcasting. In its June 12, 1995, decision in Adarand Constructors, Inc. v. Pena, the Supreme Court held that race-based federal affirmative action programs are subject to strict judicial scrutiny. The Commission is in the process of evaluating the impact of this decision.) The major initiatives proposed by the Commission include (1) a reworked version of its earlier “incubator” proposal which would permit owners to exceed the applicable ownership caps if they assist minorities or women in becoming station owners; (2) an exception to the attribution rules that would deem investments in minority and female-controlled facilities non-attributable if a control group of minorities or women hold more than 50 percent of the voting stock and a specified minimum level of equity; and (3) various modifications to the existing minority tax certificate policy. The *Notice* sought comment on how these and other proposals could apply to all mass media, including broadcast, cable, LPTV and wireless cable facilities.

**Broadcast TV
Networks and
Affiliates:
Network
Programming
Practices**
(MM Docket No. 95-92)

On June 15, 1995, the Commission issued a *Notice of Proposed Rule Making* initiating an examination of its rules regarding programming practices of broadcast television networks and their affiliates. The *Notice* specifically addresses the right to reject rule, the time option rule, the exclusive affiliation rule, the dual network rule and the network territorial exclusivity rule. The *Notice* proposes to retain the right to reject rule with a clarification to eliminate financial considerations as a sole justification for program rejection; to modify the time option rule to permit time option agreements if they contain an appropriate deadline for invoking the option; to eliminate the exclusive affiliation rule, at least in large markets; and to eliminate the first prong of the network territorial exclusivity rule -- prohibiting exclusivity for rejected programs vis-a-vis other stations in the same community, but to retain the second prong of the rule -- prohibiting exclusivity vis-a-vis stations not in the same community. The Commission also asked a series of questions designed to evaluate the costs and benefits of the dual network rule. The Commission has, via this *Notice* and other related proceedings, put all of the network/affiliate rules out for public comment as part of a comprehensive review.

On June 14, 1995, the Commission issued a *Notice of Proposed Rule Making* to reexamine two rules regulating broadcast television network/affiliate relationships. The first rule prohibits agreements by which a network can influence or control the rates its affiliates set for the sale of their non-network broadcast time, and the other rule prohibits broadcast television affiliates that are not owned by their networks from being represented by their networks for the sale of non-network advertising time. The *Notice* requests information that will allow the Commission to ascertain whether the rules continue effectively to promote diversity and competition. Should the record indicate that neither television broadcast networks nor networks and their affiliates have the ability or incentive to manipulate the market price for network or national spot television advertising time, the Commission will consider eliminating or modifying the rules. In addition, it will consider eliminating or modifying the rules if the record indicates that they are ineffective in correcting the public interest harm they were designed to remedy. On the other hand, should the Commission determine that networks, or networks and their affiliates, have the ability and incentive to manipulate the market price for network or national spot television advertising time, and that these rules effectively address any resulting public interest harm, it will consider retaining the rules. The *Notice* also asks whether the rules as currently formulated achieve their intended purpose or if they are readily circumvented. Finally, the Commission will consider the costs the rules may impose and asks commenters to weigh these costs against the rules' potential public interest benefits. This proceeding is part of the Commission's comprehensive review of all its network/affiliate rules.

On April 5, 1995, the Commission issued a *Notice of Proposed Rule Making* proposing to eliminate or modify the Commission's requirement that broadcast television stations file their network affiliation agreements with the Commission and that these filings be publicly available. The Notice asks several questions about the benefits and costs of these filings. The primary benefit of the rule is that it allows the Commission to continuously monitor network/affiliate contractual relations. The primary cost is that the rule makes available information which can be used to skew the competition for affiliation agreements. In light of evidence on benefits and costs of these filings, the Notice proposes the Commission take one of several possible actions. First, the Commission might eliminate the filing requirement and depend upon its general ability to obtain the agreements when either the Commission or an outside party thinks there is a need to examine network/affiliate contractual relations. Next, the Commission might continue the filing requirement but either make the filings confidential or redact certain financial information if the filings continue to be publicly available. Finally, the Commission might retain the rule if

**Broadcast TV
Networks and
Affiliates:
Advertising Rules
(MM Docket No. 95-90)**

**Broadcast TV Networks
and Affiliates:
Filing of Network
Affiliation Agreements
(MM Docket No. 95-40)**

there is no other less burdensome manner in which it can achieve the intent of the rule. This proceeding is part of the Commission's comprehensive review of all its network/affiliate rules.

**Broadcast
TV Networks
and Affiliates:
Station Ownership
and Affiliation Limits
(MM Docket No. 91-221)**

On March 7, 1995, the Commission eliminated two of its rules governing networks and the relationship between television networks and their affiliates. One of these, the "network station ownership" rule, prohibited networks from owning television broadcast stations in markets that had so few stations, or stations of such unequal desirability (in terms of coverage, power, frequency, or other related matters), that competition would be substantially restrained by permitting network ownership of a station. The other rule was the "secondary affiliation" rule, which limited secondary affiliations in markets where two stations had affiliated with two of the three "traditional" networks and there was at least one independent (i.e., unaffiliated) station with comparable facilities. In such circumstances, the rule required a network seeking an affiliation in the market to offer its programming first to the independent station.

The Commission concluded that changes in the television marketplace had made both rules obsolete. With regard to the network station ownership rule, the Commission noted the growth in the number of television broadcast stations since the adoption of the rule, the fact that it had rarely been invoked (and was never successfully invoked to block network ownership of a station) and the limited number of communities remaining where it could potentially be invoked as reasons for the rule's elimination. The secondary affiliation rule was eliminated due to improvements in UHF television reception since the rule's adoption, enabling UHF to better compete against VHF stations and removing one of the obstacles to the development of UHF service for which the secondary affiliation rule was designed to compensate. The Commission also noted that the increased availability of programming and heightened competition for affiliates also contributed to both rules' obsolescence.

**Financial Interest and
Syndication Rules
(MM Docket No. 95-39)**

On September 6, 1995, the Commission issued a *Report and Order* that eliminated the financial interest and syndication (fin/syn) rules. The fin/syn rules had placed significant restraints on the ability of the three networks to acquire financial interests in television programming and to participate in the syndication market. The Commission originally adopted the fin/syn restrictions in 1970 based upon its belief that the three networks -- ABC, CBS, and NBC -- at that time dominated the market for television programming and thus inhibited the growth of independent and diverse sources and outlets for such programming. The dominance of the networks subsequently declined over the years with the emergence of cable, the Fox network, and independent television stations. As a result, after extensive proceedings, the Commission in 1993 eliminated certain aspects of the fin/syn rules immediately but retained other restrictions for an interim period.

The new *Report and Order* was based upon analysis of the market for television programming since that time. The Commission concluded that proponents of retaining the remaining fin/syn rules had failed to meet their burden of demonstrating that repeal would not serve the public interest. Further, the Commission found that the evidence suggested the need to accelerate elimination of the remaining restrictions. Thus, the Commission directed that the remaining rules be eliminated effective upon publication of the *Report and Order* summary in the Federal Register, which occurred on September 21, 1995.

**Prime Time
Access Rule
(PTAR)
(MM Docket No. 94-123)**

On July 31, 1995, the Commission issued a *Report and Order* repealing the Prime Time Access Rule (PTAR) effective August 30, 1996. PTAR generally prohibits television stations affiliated with the ABC, CBS, and NBC networks in the top 50 prime time markets from broadcasting more than three hours of network programming or off-network programming (i.e., reruns of programs formerly shown on the networks) during the four hours of prime time. This rule was adopted in 1970, when the three networks were viewed as dominating the television marketplace, to promote independent sources of television programming and to prevent the networks from dictating affiliate programming choices during the whole of prime time. PTAR also has been seen as furthering the growth of independent stations by providing them greater access to popular off-network programming. The Commission concluded that PTAR is not necessary under today's market conditions. The networks no longer dominate the television marketplace, and the rule places artificial restraints on what affiliates subject to the rule can show during the access period. The Commission determined PTAR is no longer necessary to promote independent sources of television programming, to promote the growth of independent stations or new networks, or to safeguard affiliate autonomy. The Commission provided a one-year transition period until the final repeal of PTAR to moderate any potential disruption to the marketplace.

At the end of FY95 the Commission issued a *Notice of Inquiry* to assess the current availability, cost, and uses of closed captioning and video description, and to examine what further Commission actions may be appropriate to promote these services. It also asked for comments on the appropriate means of promoting their wider use in programming delivered by television broadcasters, cable operators, and other video programming providers. Closed captioning provides important benefits primarily for individuals with hearing disabilities by displaying the audio portion of a television signal as printed words on the television screen. Video description is a more recent innovation that benefits individuals with vision disabilities. It provides audio descriptions of a program's key visual elements that are inserted during the natural pauses in the program's dialogue.

**Closed Captioning/
Video Description Services
(MM Docket No. 95-176)**

Both the Senate and the House of Representatives have passed bills which, if enacted, would for the first time generally require the closed captioning of video programming. The submission of the information sought by the NOI may provide a useful foundation for further Commission action whether or not the pending legislation is enacted.

Mass Media Statistics

Current Broadcast Authorizations

Outstanding broadcast authorizations for major services at the close of Fiscal Year 1995 totaled 26,341, an increase of 1,302 over Fiscal Year 1994.

Class	Sept. 30, 1994	Sept. 30, 1995	Increase or (decrease)
Standard (AM)	5,049	5,059	10
Frequency Modulation (FM)	5,872	5,935	63
Educational FM	1,987	2,064	77
UHF Commercial TV	742	744	2
VHF Commercial TV	569	571	2
UHF Educational TV	249	252	3
VHF Educational TV	127	127	--
LPTV/TV Translators (UHF-VHF)	7,713	8,558	845
FM Translator and Booster	<u>2,731</u>	<u>3,031</u>	<u>300</u>
Totals	25,039	26,341	1,302

There were 14,752 AM, FM and TV broadcast stations authorized at the close of FY 1995. A total of 13,529 had operating authorizations, and 1,223 were under construction.

Class	Licensed Stations Sept. 30, 1994	Outstanding Construction Permits for New Stations Sept. 30, 1994	Licensed Stations Sept. 30, 1995	Outstanding Construction Permits for New Stations Sept. 30, 1995
Standard (AM)	4,919	130	4,908	151
Frequency Modulation (FM)	5,076	796	5,274	661
Educational FM	1,715	272	1,805	259
UHF Commercial	598	144	620	124
VHF Commercial TV	559	10	559	12
UHF Educational TV	240	9	240	12
VHF Educational TV	<u>123</u>	<u>4</u>	<u>123</u>	<u>4</u>
Totals	13,230	1,365	13,529	1,223

Nonhearing Applications Statistics

Class	On hand Oct. 1, 1994	New	Granted	Dismissed denied returned	Designated for hearing	On hand Oct. 1, 1995
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Standard Broadcast (AM)

New stations and major changes	69	64	45	7	0	81
Assignments and transfers	129	942	896	33	0	142
Renewals	67	728	143	1	0	651
Licenses and other	259	567	523	27	0	276

Frequency Modulation (FM) (Commercial and Educational)

New stations and major changes	502	695	192	90	0	915
Assignments and transfers	348	1,385	1,337	59	0	337
Renewals	139	789	195	0	0	733
Licenses and other	1,641	1,976	2,165	187	0	1,265

FM Translators and Boosters

New stations and major changes	389	756	430	158	0	557
Assignments and transfers	36	111	98	10	0	39
Renewals	53	208	48	4	0	209
Licenses and other	111	498	394	24	0	191

Television (TV) (Commercial and Educational)

Class	On hand Oct. 1, 1994	New	Granted	Dismissed denied returned	Designated for hearing	On hand Oct. 1, 1995
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New stations and major changes	46	79	4	3	0	118
Assignments and transfers	35	987	916	55	0	51
Renewals	202	1	119	1	0	83
Licenses and other	194	282	249	10	0	217

LPTV/TV Translators and Boosters

New stations and major changes	2,817	30	1,265	561	0	1,021
Assignments and transfers	51	284	289	3	0	43
Renewals	180	48	158	1	0	69
Licenses and other	157	1,322	1,302	33	0	144

Instructional TV Fixed

New stations and major changes	649	605	558	70	0	626
Assignments and transfers	0	20	19	0	0	1
Renewals	0	82	73	0	0	9
Licenses and other	383	1,035	965	3	0	450

Broadcast Licenses Denied/Dismissed

The following is an informal list of applications for license or license renewals denied or dismissed by the Commission from 1934 to the present:

Call letters	Date of denial/ Location	Date of station dismissal	deletion
KGIX	Las Vegas, NV	07-31-34	05/14/35
KPJM	Prescott, AZ	10-15-35	12-16-35
KGBZ	York, NE	05-21-36	07-28-36
KWEA	Shreveport, LA	07-02-36	08-01-36
KWTN	Watertown, SD	05-25-38	11-06-39
KGDY	Huron, SD	05-25-38	06-24-38
WHEF	Kosciusko, MS	10-25-38	11-14-38
KGCA	Decorah, IA	11-04-40	11-24-40
KIDW	Lamar, CO	09-22-42	09-22-42
WOKO	Albany, NY	03-27-45	11-09-47
WORL	Boston, MA	04-23-47	05-31-49
WJBW	New Orleans, LA	04-22-48	08-14-49
WIBK	Knoxville, TN	08-10-49	11-17-52
KWRZ	Flagstaff, AZ	08-18-49	06-22-50
KXXI	Reno, NV	12-27-49	02-28-50
KSFE	Needles, CA	08-04-50	08-04-50
KENE	Belen, NM	01-10-51	01-31-51
KLIO	Portland, OR	04-24-57	05-27-57
WREA	East Palatka, FL	07-19-61	02-12-62
WITV(TV)	Fort Lauderdale, FL	07-27-61	09-18-61
KCKY	Coolidge, AZ	02-23-62	12-10-62
KCLF	Clifton, AZ	02-23-62	12-10-62
KGLU	Safford, AZ	02-23-62	12-10-62
KVNC	Winslow, AZ	02-23-62	12-10-62
KZOW, KWJB-FM	Globe, AZ	02-23-62	12-10-62
KRLA	Pasadena, CA	03-15-62	08-01-64 <u>1</u> /
WDKD	Kingstree, SC	07-25-62	02-01-65
WSPN	Saratoga Springs, NY	08-09-63	03-03-64
WIXI	Irondale, AL	09-11-63	10-30-64
WMOZ	Mobile, AL	01-29-64	08-03-66
WIZ	Lorain, OH	03-31-64	07-14-67
WGMA	Hollywood, FL	04-17-64	<u>2</u> /
WHZN	Hazleton, PA	03-18-65	04-06-65
WLEV-TV	Bethlehem, PA	06-16-65	08-25-65
WBPZ-TV	Lock Haven, PA	06-16-65	08-25-65

Broadcast Licenses Denied/Dismissed (Continued)

Call letters	Location	Date of denial/ dismissal	Date of station deletion	
KSHO-TV	Las Vegas, NV	07-23-65	06-09-67	
KMRE	Anderson, CA	06-02-65	09-15-65	
KABE	Westwego, LA	10-06-65	06-06-66	
WKSB	Milford, DE	04-29-66	06-20-66	
KSFV-FM	San Fernando, CA	01-30-68	03-28-68	
WNJR	Newark, NJ	11-26-68	05-31-84 <u>9/</u>	
WKOV	Wellston, OH	01-24-68	09-11-70	
KICM	Golden, CO	10-02-68	04-08-69 <u>3/</u>	
WHDH-TV	Boston, MA	01-22-69	03-19-72	
KXXI(FM)	Alamogordo, NM	05-06-69	08-27-69 <u>3/</u>	
WCGA	Calhoun, GA	10-29-69	12-17-71	
WTRG	Honolulu, HI	03-18-70	02-18-71 <u>3/</u>	
KFLY, KFLY-FM	Corvallis, OR	05-20-70	03-03-71	
KPTN	Central Point, OR	05-20-70	03-03-71	
WXUR, WXUR-FM	Media, PA	07-01-70	07-06-73 <u>3/</u>	
KJML-FM	Sacramento, CA	07-27-70	09-14-70	
KVIN	Vinita, OK	06-21-71	04-20-72	
KWLG	Wagoner, OK	06-21-71	08-25-72	
WCFV	Clifton Forge, VA	05-27-71	07-01-71	
KRSD-TV	Rapid City, SD	10-28-71	06-20-73 <u>3/</u>	
KDSI-TV	Lead, SD	10-28-71	06-20-73 <u>3/</u>	
WEBY	Milton, FL	05-10-72	04-18-73	
KDOV	Medford, OR	05-10-72	06-29-72	
WLUX	Baton Rouge, LA	09-20-72	<u>2/</u>	
WPRY	Perry, FL	05-23-73	07-06-73	
WHMC	Gaithersburg, MD	03-10-73	12-03-73	
WMRE	Monroe, GA	11-28-73	09-05-74	
KANI	Montgomery, AL	12-19-73	09-01-75	
WSRA	Milton, FL	01-10-74	02-08-74	
WAIQ(TV-ED)	Montgomery, AL	12-17-74	<u>6/</u>	
WBIQ(TV-ED)	Birmingham, AL	12-17-74	<u>6/</u>	
WCIQ-TV-ED)	Mount Chesna State Park, AL		12-17-74	07-15-76
WDIQ(TV-ED)	Dozier, AL	12-17-74	07-15-76	
WEIQ(TV-ED)	Mobile, AL	12-17-74	07-15-76	
WFIQ(TV-ED)	Florence, AL	12-17-74	07-15-76	
WGIQ(TV-ED)	Louisville, AL	12-17-74	07-15-76	
WHIQ(TV-ED)	Huntsville, AL	12-17-74	07-15-76	
KEFM(FM)	Omaha, NE	01-30-75	09-08-76	
KOIL	Omaha, NE	01-30-75	09-22-83 <u>9/</u>	
KISN	Vancouver, WA	01-30-75	09-02-76	

Broadcast Licenses Denied/Dismissed (Continued)

Call letters	Location	Date of denial/ dismissal	Date of station deletion
WIFE	Indianapolis, IN	01-30-75	06-01-76
WIFE-FM	Indianapolis, IN	01-30-75	09-02-76
WLBB	Carrolton, GA	04-30-75	08-19-81
WOOK	Washington, DC	09-09-75	04-22-78
WFAB	Miami, FL	09-17-75	02-21-77
WOTW, WOTW-FM	Nashua, NH	02-19-76	07-30-78
WHBI-FM	Newark, NJ	05-19-76	<u>7/</u>
WMOU, WXLQ(FM)	Berlin, NH	06-29-76	03-06-80
KORK-TV	Las Vegas, NV	06-30-76	10-01-79
WKYZ	Madisonville, TN	08-25-76	01-10-77
KFDR	Grand Coulee, WA	01-17-77	03-14-77
WXPB-FM(ED)	Philadelphia, PA	03-22-77	<u>5/</u>
WSWG, WSWG-FM	Greenwood, MS	07-13-77	12-14-81
WWLE	Cornwall, NY	10-07-77	02-13-81
WLIR(FM)	Garden City, NY	11-18-77	06-21-83
WJUX(FM)	Miami, FL	11-05-78	04-29-81
WHLW	Lakewood, NJ	02-17-78	<u>2/</u>
WJZ	Mt. Holly, NJ	04-04-78	11-24-82
WBRL	Berlin, NH	05-04-78	11-10-80
KOAD	Lemoore, CA	07-12-78	10-16-78
KIKX	Tucson, AZ	05-29-80	05-28-82
WNAC-TV	Boston, MA	06-04-80	05-26-82
KHJ-TV	Los Angeles, CA	06-04-80	12-16-88
WOR-TV	New York, NY	06-04-80	<u>8/</u>
KDIG-FM	San Diego, CA	07-24-80	<u>7/</u>
WDRK	Greenville, OH	05-14-81	08-03-83
KHOF-TV	San Bernardino, CA	11-14-80	05-24-83
WVCA-FM	Gloucester, MA	06-15-82	<u>9/</u>
KVOF-TV	San Francisco, CA	02-07-84	
KHOF-FM	Los Angeles, CA	11-13-83	<u>4/</u>
WBUZ(AM)	Fredonia, NY	03-24-89	06-04-91
WBBY-FM	Westerville, OH	07-23-90	02-13-92
KQEC(TV)	San Francisco, CA	03-21-90	<u>4/</u>
WSNS-TV	Chicago, IL	07-23-91	<u>10/</u>
KUKQ(AM)	Tempe, AZ	05-16-91	04-07-92 KUPD(FM)
Tempe, AZ	05-16-91	04-06-92	
KSRK(AM)	Lufkin, TX	09-03-93	09-03-93
WBRL(AM)	Berlin, NH	09-03-93	

1/ Operating on temporary authority.

2/ Later allowed to assign license.

3/ License surrendered.

4/ No final action.

5/ New authorization granted 10-10-79.

6/ Reinstated as CP2-14-80.

7/ New interim operation.

8/ Station moved to Secaucus, NJ; not deleted.

9/ New license issued.

10/ Under appeal with the Court of Appeals

Broadcast License and Permit Revocations

The following are licenses and construction permits revoked by the Commission.

Call letters	Location	Date of revocation order	Date of station deletion
KUMA	Yuma, AZ	02-20-39	02-01-40
WSAL	Salisbury, MD	10-24-39	03-31-40
WWPN	Middlesboro, KY	10-16-47 <u>1/</u>	02-27-48
KGAR, KGAR-FM	Garden City, KS	02-27-48	05-19-49
WPBP	Mayaguez, PR	12-22-48	05-02-49
KCRO	Englewood, CO	10-14-49	08-09-50
KWIK	Burbank, CA	12-14-49	05-15-51
KPAB	Laredo, TX	01-26-50	02-14-51
WXLT	Ely, MN	05-23-50	03-28-51
KFMA	Davenport, IA	06-21-50 <u>1/</u>	04-02-51
KALA	Sitka, AK	05-21-52	08-06-52
WSHA(TV)	Sharon, PA	10-27-54 <u>1/</u>	03-31-55
KOTO	Albuquerque, NM	06-22-55 <u>1/</u>	11-09-55
WGAV	Amsterdam, NY	09-25-57 <u>1/</u>	04-28-59
KHCD	Clifton, AZ	07-23-58	01-27-59
KAJK(TV)	Reno, NV	06-03-59 <u>1/</u>	07-07-59
KBOM	Bismarck-Mandan, ND	11-30-60	03-03-63
KLFT	Golden Meadow, LA	01-19-61	06-25-62
WIOS	Tawas City-East Tawas, MI	12-20-61	01-13-62
KPSR(FM)	Palm Springs, CA	07-19-61	08-16-62
WLOV(FM)	Cranston, RI	11-01-61	01-30-63
KCPA(FM)	Dallas, TX	02-12-62	06-27-62
WGRC	Green Cove Springs, FL	02-20-62	06-27-62
KWK	St. Louis, MO	05-27-63	03-01-66
WBMT	Black Mountain, NC	06-26-63	09-01-63
WELF-FM	Glen Ellyn, IL	03-11-64	03-11-64
WELG-FM	Elgin, IL	03-11-64	03-11-64
WCLM(FM)	Chicago, IL	09-27-64	08-28-66
WHHL	Holly Hill, SC	06-22-66	07-12-67
WPFA	Pensacola, FL	05-11-66	<u>2/</u>
WSRA	Milton, FL	08-01-67	08-17-67
WEKY	Richmond, KY	05-03-68	<u>2/</u>
KDFR(FM)	Tulare, CA	07-03-68	12-03-68 <u>3/</u>
KLSU	White Castle, LA	03-26-73	06-05-73
WFAN-TV	Washington, DC	04-16-74	10-22-75
WMET(TV)	Baltimore, MD	04-16-74	10-22-75
WVGB	Beaufort, SC	06-24-76	06-01-81 <u>4/</u>

Broadcast License and Permit Revocations (Continued)

Call letters	Location	Date of revocation order	Date of station deletion
WCLY	Columbia, PA	05-19-77	09-14-78
WLLE	Raleigh, NC	07-21-77	01-21-80
KKUZ-AM	Terrance Lake, WA	01-13-89	02-13-89
KRGL-AM	Myrtle Creek, OR	05-05-89	06-05-89
WRPZ-AM	Paris, KY	08-22-90	
WBBY(FM)	Westerville, OH	02-21-90	02-11-92
WKSP-AM	Kingstree, SC	08-01-91	08-13-91
WPSC-AM	Pageland, SC	02-07-92	07-07-92
WDAT-AM	Amory, MS	08-03-92	
WAST(AM)	Ashtabula, OH	08-19-92	06-07-91
WORI-AM	Oak Ridge, TN	06-24-92 ^{3/}	06-11-92
KOKY-AM	Jacksonville, AR	07-13-92 ^{3/}	
WKIJ(AM)	Parrish, AL	11-11-92	11/02-92
WFRK(AM)	Coleman, FL	01-07-93	
KBRS(AM)	Springdale, AK	08-03-93	
WKLO(AM)	Danville, KY	08-26-93	08-26-93

1/ Construction permit only.

2/ Later allowed to assign license.

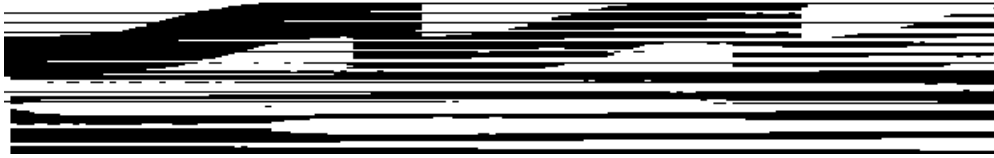
3/ License surrendered.

4/ New interim operation commenced.

http://www.fcc.gov/ccb.html



Common Carrier Bureau



The Common Carrier Bureau has responsibility for FCC rules and regulations dealing with most of the telecommunications services provided to the public. The companies providing these services are called common carriers, and are most conveniently thought of as telephone companies, even though they provide a wide range of other services. **Overview**

The 1934 Communications Act requires common carriers to charge reasonable prices. It directs the FCC to review tariffs, authorize facilities, establish accounting rules, and investigate complaints. Most of the regulatory responsibility for these matters resides in the Common Carrier Bureau, although, as part of a major reorganization completed this year, some responsibilities have been divided among different bureaus.

The reorganization placed the allocation of radio spectrum and other matters relating to mobile service providers (such as cellular telephone companies) in a new Wireless Telecommunications Bureau. Regulatory responsibilities for certain aspects of international service, including the allocation of satellite orbital slots, were transferred to a new International Bureau.

Over 1,300 telephone companies provide local telephone service in the United States. These companies include the Bell Operating Companies (BOCs) that formerly were part of the integrated Bell System. As a result of the AT&T divestiture in 1984, the BOCs are now part of seven separate regional holding companies: Ameritech, Bell Atlantic, BellSouth, NYNEX, Pacific Telesis, SBC Communications, and U S West.

The Bureau is divided into six divisions:

The **ACCOUNTING AND AUDITS DIVISION** deals with a variety of accounting matters including the establishment of accounting systems and the setting of depreciation rates. Its staff also conducts audits of regulated carriers.

The **ENFORCEMENT DIVISION** handles complaints and other matters related to the enforcement of the Communications Act. All carriers, even those the Commission has chosen not to regulate directly because of their small size, are subject to certain consumer protection requirements, and consumers retain the right to bring their complaints to the Commission.

The **INDUSTRY ANALYSIS DIVISION** tracks industry trends and publishes a variety of statistical reports. It also administers the Commission's programs for assisting low-income subscribers.

The **NETWORK SERVICES DIVISION** handles issues related to telephone numbering, network reliability, and the Commission's registration program to ensure that equipment connected to the telephone system does not harm the telephone network.

The **POLICY AND PROGRAM PLANNING DIVISION** handles legal proceedings establishing and revising many of the Commission's more complex rules.

The **TARIFF DIVISION** reviews tariffs filed by regulated carriers which include the terms and conditions of service offerings as well as prices.

FY95 Highlights

- Investigated the rates of a number of Operator Service Providers (OSPs);
- Issued Notices of Apparent Liability (NALs) against a variety of interexchange carriers for unauthorized conversion of long distance services (slamming);
- Amended rules pertaining to slamming to protect consumers and curtail abuses of letters of agency (LOAs);
- Issued the first ever "Common Carrier Scorecard" to educate both consumers and carriers about trends and problems in the industry based on actual consumer complaint statistics;
- Conducted periodic meetings with both local exchange and inter-exchange carriers to address industry problem areas;
- Adopted rules for nationwide Caller ID service.



Major Proceedings

On July 20, 1995, the Commission released a *Notice of Proposed Rulemaking (NPRM)* seeking comment on ways to increase the level of telephone subscribership in the United States.

Subscribership Levels and Public Switched Network Use
(CC Docket 95-115).

On May 4, 1995, the Commission affirmed that the widespread availability of Caller ID was in the public interest, and that rules addressing telephone number delivery must balance the privacy interests of both the calling and called parties.

Caller ID
(CC Docket 91-281)

The Hearing Aid Compatibility Act of 1988 (HAC Act) required the Commission to establish rules that ensure reasonable access to telephone service by persons with hearing disabilities, and to seek to eliminate the disparity between hearing aid users and non-users in obtaining access to the telephone network. In implementing this Act the Commission undertook to resolve certain hearing-aid compatibility issues through a negotiated rulemaking proceeding.

Hearing Aid Compatibility
(CC Docket 87-124)

In the spring of 1995 the Commission established a 19-member Hearing Aid Compatibility Negotiated Rulemaking Committee. Committee members represented all interested parties, including the Commission, telephone equipment manufacturers, employers, hospitals, nursing homes, hotels and motels and persons with disabilities. The Committee held eight formal meetings over 64 calendar days, and formed working groups which met informally during that same period. The Committee successfully completed its work, reaching consensus on all issues, and, in August 1995 filed a Final Report of its recommendations with the Commission. The Commission stated that it planned to consider a *Notice of Proposed Rulemaking* on these rules in the fall.

On July 13, 1995, the Commission released a *Notice of Proposed Rulemaking* seeking comment on a wide variety of policy and technical issues concerning number portability. Telephone numbers are critical to the routing of telephone calls over the public switched network in the United States because they generally identify a particular customer being called and a particular service provider. As a consequence, telecommunications customers cannot generally retain their telephone numbers if they wish to change service pro

Telephone Number Portability
(CC Docket No. 95-116)

**End User Common
Line Charges for ISDN
(CC Docket No. 95-72)**

viders or geographic locations. Number portability is the ability of customers to retain their telephone numbers when they switch service providers, services, and/or locations. The Commission's *Notice* examines the public interest benefits and costs of various forms of number portability.

On May 30, 1995, the Commission released a *Notice of Proposed Rulemaking* seeking comment on the application of Subscriber Line Charges (SLCs) to services providing multiple voice-grade-equivalent channels over a single facility.

These services, such as integrated services digital network (ISDN) service, permit customers to obtain digital transmission over existing copper wire, through the use of advanced equipment. In addition to obtaining multiple channels over a single local loop or T-1 facility, these services can transmit data at higher speeds and with greater accuracy. The Commission stated in opening this proceeding that it must be careful to avoid creating regulatory barriers to the development of beneficial new technologies, particularly when those services and technologies can facilitate access to the benefits of the National Information Infrastructure. At the same time, it should not favor one technology or service over others.

**Policies and Rules
Concerning
Unauthorized
Conversion of Long Dis-
tance Carriers
(CC Docket No. 94-129)**

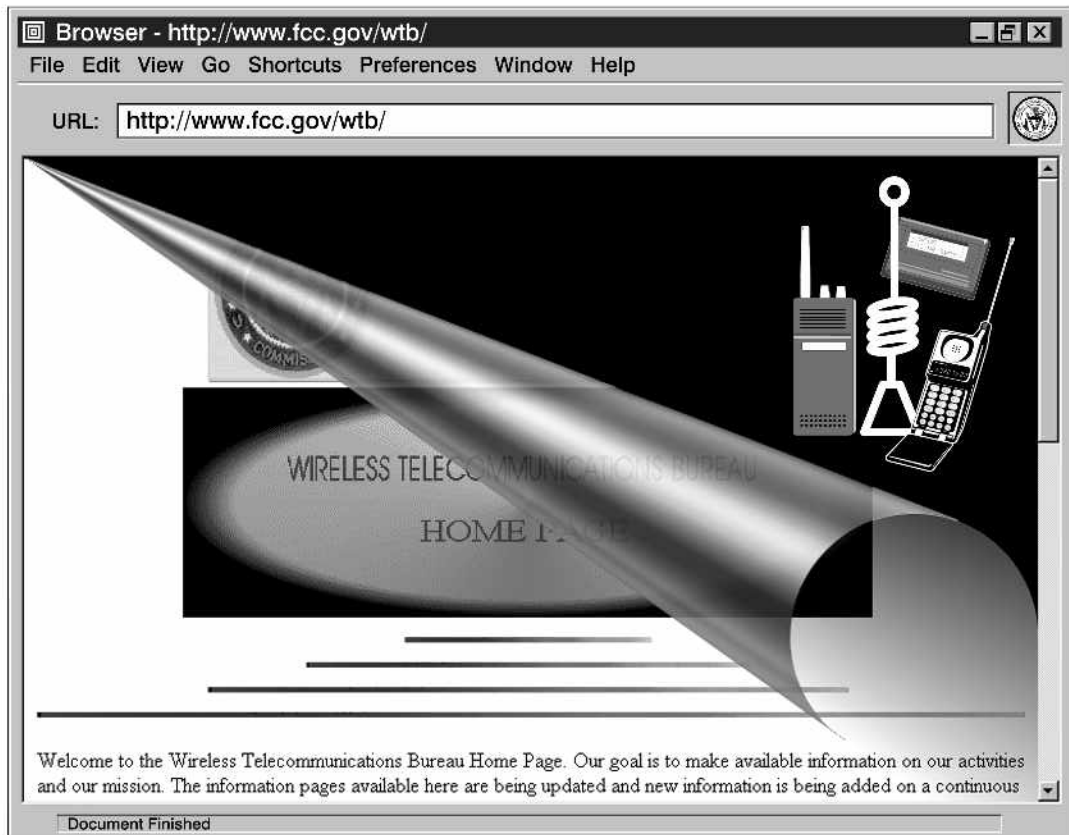
On June 13, 1995, the Commission adopted a *Report and Order* amending the rules concerning the Letters of Agency (LOAs) used to change the long-distance carrier of a telephone customer. The new rule requires that LOAs be separate from inducements such as prizes or contests, and that they clearly state that, by signing the LOA, the consumer is requesting a change in his long-distance service. In conjunction with the amendment of the rules concerning the unauthorized conversion of long-distance service, the Enforcement Division initiated a series of investigations into carrier "slamming" practices. Notably, one carrier was fined for converting a widow's telephone service by forging the signature of her husband, who had been deceased for three years.

Common Carrier Facts



- The seven regional companies with Bell origins serve most of the major metropolitan areas. They serve about 50% of the land mass of the United States and 75% of the population. The rest of the local companies (also called local exchange carriers or LECs) include more than a thousand small independent telephone companies and several larger holding companies such as GTE.
- In the aggregate, the revenues of LECs exceeded \$100 billion in 1995. About \$60 billion was received for local services and subscriber line charges; more than \$25 billion was charged to long distance carriers; and the remaining \$15 billion was received primarily from short distance toll calls completed in their own service territories. In recent years new local companies have begun to install fiber optic cable to service major business customers and lay the foundations for local competition. As of FY1995, however, the new entrants remained tiny in comparison to the established LECs.
- Telecommunications Relay Services (TRS) is one of the fastest-growing segments of the telecommunications industry. During the first two years of TRS (1993 - 1995) interstate minutes of TRS use grew at an average rate of approximately 1.5 percent per month. During the 1994 calendar year, the total volume of TRS calls was approximately 136 million minutes of use, including approximately 120 million minutes of intrastate use and 16 million minutes of interstate use. For the 1995 calendar year, NECA estimates usage will be a total of 151 million minutes, including 133 million minutes of intrastate use and 18 million minutes of interstate use.
- For most of this century, AT&T provided virtually all of the nation's long distance telephone service. Beginning in the 1970s, other firms began to enter the industry. Today, there are several hundred companies that provide long distance telephone service. In 1995 AT&T provided about 56% of the nation's service; MCI about 18%; Sprint 9%; and smaller carriers accounted for the remaining 17%. In addition to \$13 billion of short distance toll calls handled by LECs, the long distance carriers provided \$75 billion of services.
- The most rapidly growing component of long distance calling is in the international market. During 1995 American callers were billed more than \$13 billion for international calls. The regulation of international calls, especially the prices charged for international calls, is a responsibility the Common Carrier Bureau shares with the International Bureau.

http://www.fcc.gov/wtb/



WIRELESS TELECOMMUNICATIONS BUREAU



The Wireless Telecommunications Bureau was officially established on December 1, 1994, to manage all Federal Communications Commission domestic wireless telecommunications programs and policies, except those involving satellite communications.

The functions include licensing, enforcement and regulatory duties. The Bureau also is responsible for implementing competitive bidding authority for spectrum auctions, given to the Commission by the Omnibus Budget Reconciliation Act of 1993.

To meet its important mission, the Bureau is dedicated to the following goals:

1. To foster competition among different services.
2. To promote universal service, public safety and service to individuals with disabilities.
3. To maximize efficient use of spectrum.
4. To develop a framework for analyzing market conditions for wireless services.
5. To minimize regulation where appropriate.
6. To promote the offering of new and innovative services, particularly by small businesses and new entrants.
7. To serve WTB customers efficiently (including improving licensing, eliminating backlogs, disseminating information and making staff accessible).
8. To enhance consumer protection and outreach and to improve the enforcement process.

Overview

During 1995 the Wireless Telecommunications Bureau continued to pursue new and innovative ways to meet its customers' needs. Below are several examples:

Promoting Competition

- During FY95 the Bureau has rapidly and efficiently implemented the first successful spectrum auction process. Auctions have proven to be a fast, fair and efficient mechanism to introduce competition in wireless services quickly, without regulatory delay.
- The Bureau issued licenses in record time to jumpstart competition. In the Broadband PCS auction, licensees received their licenses just four months after the conclusion of the auction.
- The Bureau promoted competition in wireless services through its development of the Commission's policy positions in such areas as LEC-CMRS interconnection, resale, flexible service definitions such as PCS and General Wireless Communications Services. Furthermore, the Bureau has played a leading role in fostering wireless competition in the local loop.

Promoting the Public Interest

- During FY95 the Bureau formed the Public Safety Wireless Advisory Committee to identify spectrum for public safety use and to create a comprehensive scheme for the creation of an interoperable federal, state and local public safety network. This Committee is jointly led by the FCC and the National Telecommunications and Information Administration.
- The Bureau increased its efforts to coordinate with the FTC and other Government agencies to eliminate "application mills." Application mills are entities which encourage filing of speculative applications which lead to processing backlogs and license "flipping," both of which delay the delivery of valuable services to the public.
- The Bureau began working with the wireless industry and the hearing-impaired community to ensure that the benefits of wireless telecommunications will be available to hearing-impaired individuals throughout America.

Working Better and Smarter

- The Bureau has reduced application backlog by reducing bureaucratic delay in licensing and allowing licensees to provide service more quickly. The new Bureau inherited a significant backlog of more than 189,000 applications and initiated an aggressive backlog reduction program which reduced the backlog by nearly 65%.

- The Bureau implemented electronic filing procedures, which have reduced processing time from an average of 75 days in the Amateur service to next day service. Electronic filing is rapidly being implemented in all application processes.
- In mid-August, the Consumer Assistance Branch implemented a new telephone procedure which allows callers to listen to pre-recorded messages while waiting for a representative. The first message gives the option of faxing future inquiries. Our monthly fax receipts from that point on have more than tripled. A response is made to the requestor within 24 hours, thus enhancing our accessibility to our customers.

FY95 Highlights

- Broadband Personal Communications Services auction raised \$7.7 billion for the United States Treasury and enabled two new wireless licensees in each market to increase competition in the wireless industry.
- Narrowband Regional Personal Communications Service auction raised each market to offer services such as two-way paging, voice messaging and information services.
- Public Safety Wireless Advisory Committee formed.
- The FCC's first electronic filing process was developed, which provides significant cost and time savings to both the FCC and the public.
- Allocation of spectrum below 5 GHz transferred from Federal Government use as specified in the Omnibus Budget Reconciliation Act of 1993.
- Acting on WTB recommendations, the Commission has issued a series of orders eliminating state rate regulation of wireless services.



Major Proceedings

On March 13, 1995, the FCC concluded the auction of 99 PCS licenses. A total of 18 winning bidders together bid \$7 billion for these 99 licenses in 51 Major Trading Areas (MTAs). Two licenses were awarded in each area, except where one of the two licenses in each of those markets previously went to "pioneer's preference" winners: Omnipoint, Cox, and American Personal Communications. These "pioneers" paid a total of \$700 million for their licenses, bringing the total for these licenses to \$7.7 billion.

Conclusion of Broadband PCS Blocks A and B Auction

This auction is recognized in the Guinness Book of World Records as the largest auction ever.

Broadband Personal Communications Services (Broadband PCS) is broadly defined by the Federal Communications Commission as “radio communications that encompass mobile and ancillary fixed communication services that provide services to individuals and businesses and can be integrated with a variety of competing networks.” For example, PCS phone service could be used in the development of more advanced cellular phone services which would be able to pinpoint the subscriber in any given locale. The frequency would allow the signal to be transmitted a greater distance and in this case, would “roam” with the subscriber. This would eliminate the need for many different phone lines (i.e., car phones) and would probably be much less costly.

The FCC’s auctions of Broadband PCS licenses helped kick off an entirely new industry. Analysts predict that within ten years, there could be 100 million wireless telephone subscribers -- an increase of more than 70 million. The creation of this new industry is estimated to generate billions of dollars of future investment and create hundreds of thousands of new jobs.

Competition in the PCS industry will benefit consumers and businesses. The FCC’s licensing plan for this spectrum provides for up to four new full service providers of wireless services in each market. Consumers will be able to choose from multiple providers and will receive lower prices and better services as a result. Businesses will increase their productivity and enhance efficient delivery of products because they will have greater choice among service providers and more advanced telecommunications services. Businesses also will benefit by providing a supporting role to this new industry, in construction of infrastructure, software development, etc.

Conclusion of Regional Narrowband PCS Auction

On October 26, 1994, the FCC concluded the auction of 30 narrowband PCS licenses. The 30 licenses covered five geographic areas, with 6 licenses in each area. A total of nine winning bidders together bid \$489 million for these licenses. After reducing the winning bids by the 40 percent bidding credit small businesses owned by women and minorities received, the net revenues for this auction were \$395 million.

Narrowband PCS is different from broadband PCS because each license provides the licensee with the right to provide service over a smaller portion of the spectrum. Narrowband licenses typically allow operation on 50 kHz channels paired with 50 kHz channels, 50 kHz channels paired with 12.5 kHz channels, or unpaired 50 kHz channels. Broadband licenses allow operation on either 30 MHz channels or 10 MHz channels.

The FCC defined narrowband PCS as a “family of mobile and portable radio communications services which could provide services to individuals and businesses, and be integrated with a variety of competing networks.” The FCC anticipated that advanced paging and messaging services would be the predominant narrowband services provided.

In an effort to ensure broad participation by small businesses and minority and women-owned businesses, firms identified by the FCC as designated entities, the FCC provided a 40 percent bidding credit on 10 of 30 licenses: one 50 kHz/50 KHz paired channel and one 50 kHz/12.5 kHz channel in each of the five regions. The 40 percent bidding credit was another measure to ensure meaningful participation by minority and women-owned businesses in the emerging PCS industry. The FCC also offered other provisions designed to reduce entry barriers faced by small businesses and minority and women-owned businesses, including installment payments, bidding credits and tax certificates.

These incentives seem to be a successful method of attracting broad participation by small businesses and minority and women-owned firms. Twenty of the 28 qualified bidders in this auction identified their firm as a minority-owned business, women-owned business, or small business. Of the nine winning bidders, four were qualified as small businesses that are owned by minorities and/or women.

In these Orders, the Wireless Telecommunications Bureau addressed challenges to the licensing of the Personal Communications Service A and B Blocks, including a request that licensing be stayed until the conclusion of subsequent Personal Communications Service auctions. The Bureau rejected these challenges and granted the licenses, concluding that the immediate grant of the licenses would introduce competition into the wireless marketplace and was in the public interest.

The auction and licensing process was considerably faster than the comparable licensing process for cellular and other wireless services in which lotteries or comparative hearings were used. In this auction, and in the regional narrowband auction, licensees received their licenses approximately four months after the conclusion of the auction.

On February 7, 1995, the Commission adopted the *First Report and Order*, and on July 31, 1995, the Commission adopted the *Second Report and Order* in response to directives contained in the Omnibus Budget Reconciliation Act of 1993, mandating steps to be taken leading to the transfer of spectrum below 5 GHz currently assigned for use by the Federal Government to the private sector. Commission actions to this end taken in 1995:

PCS Licensing Orders

Transfer of Spectrum from Federal Government Use (ET Docket 94-32)

States' Petitions to Regulate CMRS Rates (PR Docket No. 94-109)

(1) Allocated the 2390-2400 MHz band for use by unlicensed Personal Communications Services devices, providing for continued use of the 2402 MHz band by devices operating in accordance with Part 15 of the Commission's Rules, allocating both of these bands for use by the Amateur service on a primary basis, and allocating the band 4660-4685 MHz for use by Fixed and Mobile services.

(2) Created the General Wireless Communications Service (GWCS) to operate in the 4660-4685 MHz band. The GWCS service continues the Commission's efforts to promote flexible use of spectrum, and allow the market to determine how spectrum should be allocated

From May 4, 1995, through August 8, 1995, the Commission adopted a series of orders denying seven states the authority to continue regulating intrastate rates for cellular and other commercial radio services, on the grounds that the petitions filed by Arizona, California, Connecticut, Hawaii, Louisiana, New York and Ohio did not meet the statutory standard established by Congress; that market conditions fail to protect consumers from unjust and unreasonable rates or unjustly and unreasonably discriminatory rates.

These steps ended state regulation of rates cellular carriers charge and promoted competition by allowing a competitive marketplace to determine wireless rates.

PLMRS (PR Docket No. 92-235)

On June 15, 1995, the Commission adopted a proceeding containing a *Report and Order* that dealt with three main issues in the Private Land Mobile Radio Services: channelization, transition time, and consolidation of radio services. The *Order* established a narrowband channel plan that facilitates the use of spectrally-efficient equipment, and provides for a technology neutral transition that allows users the opportunity to continue using their existing equipment and gradually migrate to narrower channels as the need arises. Additionally, the *Order* encouraged industry to reach a consensus plan to consolidate frequency coordinators and submit their proposal to the Commission.

The proceeding contained a *Further Notice of Proposed Rulemaking* that proposes to introduce market-based incentives such as exclusivity, competitive bidding, and user fees into the Private Land Mobile Radio Services. Market-based incentives would encourage efficient spectrum usage and allow users to make the equipment choices which best address their needs.

http://www.fcc.gov/cib/



Compliance and Information Bureau



In order to describe more clearly the nature of the Bureau's service to the public and to its other customers, the name of the former Field Operations Bureau (FOB) was changed to the Compliance and Information Bureau (CIB) on December 1, 1994.

Overview

During FY95 CIB undertook a comprehensive management staff review of its mission, functions, processes and organizational structure in accordance with principles outlined in the National Performance Review. The resulting reorganization of the Bureau will result in the streamlining of CIB's operations and the creation of a more effective organization that will achieve significant savings in operational costs.

The Bureau's vision statement is to ensure communications excellence. The mission of the Compliance and Information Bureau is to support the nation's communications capability by fostering sound communications policy, promoting compliance with that policy, informing the public, and using its technical expertise to solve communications problems. The Bureau is in the business of informing the public about FCC regulations, policies, practices, and procedures; informing the Commissioners and the other Bureaus about telecommunications problems and about the needs of the users; obtaining compliance with FCC rules; and using its expertise in communications technology to solve problems.

CIB carries out its programs to serve the public and the Commission through a number of field offices located throughout the United States. The field activities, in turn, are directed by three regional offices. Program and policy development for CIB is the responsibility of the Bureau's divisions and other offices located at the FCC's headquarters in Washington, D.C.

CIB's compliance program is administered by the **ENFORCEMENT DIVISION** and is designed to ensure that U.S. radio laws and Commission rules are observed. The compliance program involves staff activities such as inspecting radio stations for compliance with the Communications Act and Commission Rules, investigating the unlicensed or unauthorized operation of radio stations, resolving radio frequency interference problems, inspecting and

certifying ship radio stations, and providing assistance to public safety and law enforcement agencies experiencing radio communications problems. CIB pursues administrative sanctions, as well as civil and criminal court actions, against persons and entities that violate the Communications Act and/or the Commission's rules.

The Enforcement Division is composed of the Investigations Branch, the Signal Analysis Branch, and the Legal Branch. During FY95 the Enforcement Division initiated a proceeding entitled *Notice of Proposed Rulemaking (NPRM) in the Matter of the Commission's Forfeiture Policy Statement and Amendment of Section 1.80 of the Rules to Incorporate the Forfeiture Guidelines*. Additionally, the Division conducted a number of significant information gathering and investigative initiatives for other Commission bureaus and offices during the fiscal year and engaged in various activities to inform, assist and educate licensees, user groups, industry groups and the general public about matters within the Commission's jurisdiction.

CIB's **INFORMATION STAFF** develops, produces and delivers information dissemination products and services that support the overall mission of the Commission and CIB's goals and objectives. The Information Staff experienced an extremely busy FY95 that included performing a major role in the comprehensive study and review of the Bureau, as well as the planning, development and execution of a Public Affairs Specialist Training Workshop for the Bureau.

The **EMERGENCY ALERT SYSTEM STAFF** of CIB is also a vital part of the Bureau's Information Staff. On November 10, 1994, the Commission adopted a *Report and Order* initiated and prepared by the EAS Staff that replaced the old Emergency Broadcast System (EBS) with a new Emergency Alert System (EAS) that represents a vast technical and operational improvement over the old one.

CIB's **ENGINEERING DIVISION** supports the Bureau's enforcement and public information functions through the Equipment and Standards Branch in Washington, D.C., the Equipment Construction and Installation Branch in Powder Springs, Georgia, and the Advanced Technology Group in Columbia, Maryland. The Equipment and Standards Branch (ESB) establishes and reviews technical measurement procedures to determine compliance with FCC regulations and to provide regulatory feedback. It also develops technical specifications for equipment used by FCC field offices, provides facilities used by these offices, and analyzes and interprets data collected by field offices to improve Bureau effectiveness. The Equipment and Construction and Installation Branch (ECIB) designs and constructs specialized equipment for field use that can not be purchased or economically contracted for in small quantities. It also has a patent program to protect the Commission's investment in unique devices developed

by the Branch. The Advanced Technology Group (ATG) analyzes communications technology advances, applies new technologies to CIB's activities and provides information and identifies training needs to keep field staff abreast of technological developments. The Engineering Division experienced an extremely busy FY95. In addition to its routine duties, it provided a great deal of innovative technical planning and support to the comprehensive study and review of the Bureau undertaken during the past fiscal year.

FY95 Highlights

- Change of Bureau name and comprehensive management staff review of CIB's mission, processes and organization.
- NPRM regarding the Commission's monetary forfeiture policy statement.
- NOI concerning the inspection of radio installations on large cargo and small passenger ships.
- R&O and FNPRM that established a new EAS to replace the old EBS.
- NPRM regarding the inspection of Great Lakes Agreement Ships.
- Audits conducted by CIB of Designated Entities participating in Commission spectrum auctions.
- CIB participation in approximately 100 EAS workshops and seminars throughout the United States
- CIB Public Affairs Training Workshop.
- Establishment of a CIB and FCC-wide team to look into and propose solutions to telephone interference problems.
- CIB-conducted inquiry and survey of 65 TV stations regarding children's educational television programming.
- Production of a training module for the Small Business Administration (SBA) to alert small and minority business persons of the first and second rounds of the FCC's spectrum auctions.

- Design and formulation of plans for a portable EAS kiosk
- Participation in an Advanced Television Task Force propagation study.

Major Proceedings



Emergency Broadcast

Report and Order and Further Notice of Proposed Rulemaking in the Matter of Amendment of Part 73, Subpart G, of the Commission's Rules Regarding the Emergency Broadcast System, FO Docket Nos. 91-301 and 91-171 -- adopted November 10, 1994, and released December 9, 1994. A CIB rulemaking proceeding that improved and replaced the old Emergency Broadcast System (EBS) with a new Emergency Alert System (EAS), created a new generation of technically improved alerting equipment, incorporated EAS rules into a new Rule Part 11, and streamlined the operational procedures of EAS.

Forfeitures (CI Docket No 95-6)

Notice of Proposed Rulemaking in the Matter of the Commission's Forfeiture Policy Statement and Amendment of Section 1.80 of the Rules to Incorporate the Forfeiture Guidelines, CI Docket No 95-6 -- adopted January 13, 1995, and released February 10, 1995. A CIB rulemaking proceeding that sought comments on the Commission's Forfeiture Policy Statement and proposed to amend Section 1.80 of the Rules to incorporate the monetary forfeiture policy statement guidelines for assessing forfeitures. In July 1994 the U.S. Court of Appeals for the District of Columbia Circuit set aside the Commission's Forfeiture Policy Statement, finding that, as implemented by the Commission, the Policy Statement had the effect of a rule and thus was improperly issued without notice and comment. In the proceeding the Commission proposed monetary forfeiture guidelines that were virtually identical to the guidelines in effect prior to the Court's decision and sought comments on all aspects of the proposal.

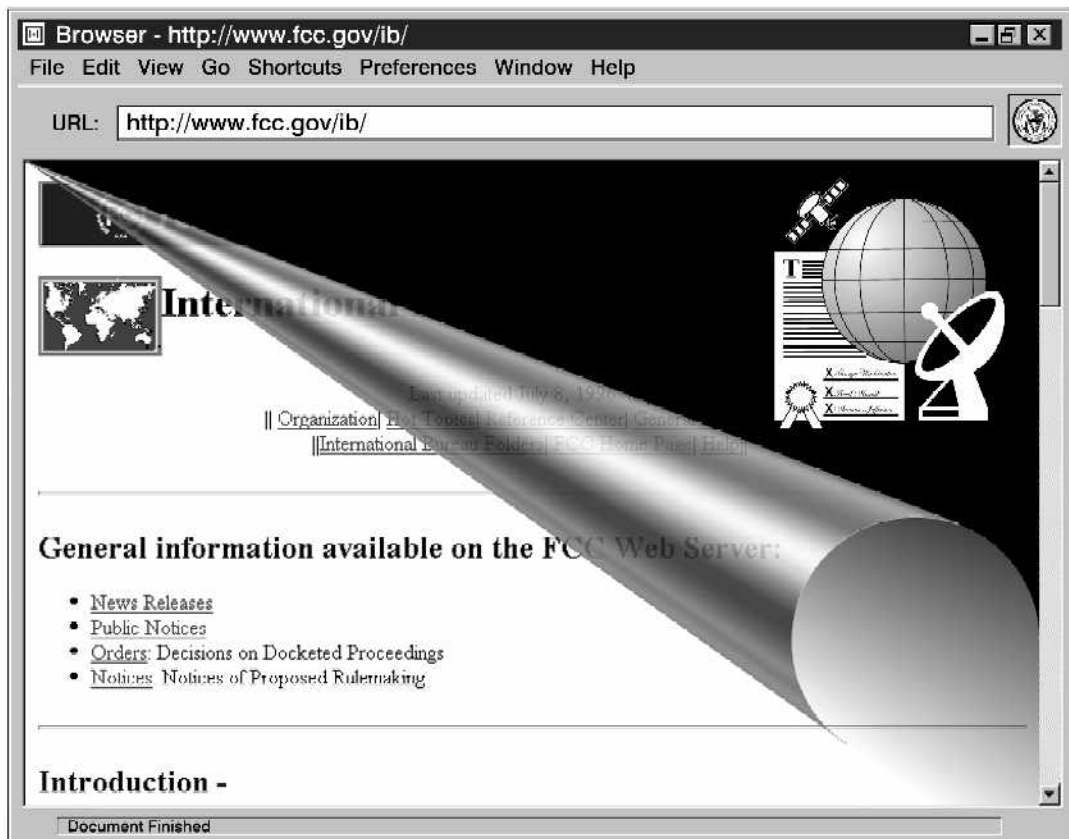
Great Lakes Agreement (CI Docket No. 95-54)

Notice of Proposed Rulemaking in the Matter of Amendment of Part 80 of the Commission's Rules Regarding the Inspection of Great Lakes Agreement Ships, CI Docket No. 95-54 -- adopted April 24, 1995, and released May 16, 1995. A CIB rulemaking proceeding that proposed to allow owners and operators of ships subject to the annual inspection requirements of the Great Lakes Agreement to have inspections performed by a private sector classification society instead of by the Commission, reducing economic burdens on the public and the Commission while ensuring maritime safety.

Notice of Inquiry in the Matter of Amendment of the Commission's Rules Concerning the Inspection of Radio Installations on Large Cargo and Small Passenger Ships, CI Docket No. 95-55 -- adopted April 24, 1995, released May 16, 1995. A CIB proceeding to review the Commission's current rules regarding the inspection of ships for compliance with the Communications Act and the International Convention for the Safety of Life at Sea. The proceeding is a companion item to CI Docket No. 95-54 and seeks information that will allow the Commission to streamline ship inspection procedures for the maritime services, remove unnecessary rules, improve service to the maritime community, and above all else, preserve maritime safety.

Ship Radio Installation
(CI Docket No. 95-55)

http://www.fcc.gov/ib/



INTERNATIONAL BUREAU



Overview

In response to dramatic changes in the telecommunications marketplace and its increasing globalization, the FCC, at the beginning of FY95, established the International Bureau to centralize and consolidate the Commission's international policies and activities and more effectively represent the global telecommunications interests of the U.S. government and industry.

Prior to the establishment of the Bureau, international policy activities and other international functions were distributed across four Bureaus and two Offices within the Commission.

The International Bureau develops, recommends and administers policies, standards, procedures and programs for the authorization and regulation of international telecommunications facilities and services, the licensing of domestic and international satellite systems, and the authorization and regulation of international broadcast stations. The Bureau advises and recommends to the Commission, or acts for the Commission under delegated authority, in the development and administration of international telecommunications policies and programs. The Bureau serves as the Commission's representative in matters involving international organizations. It consists of three divisions: Telecommunications, Satellite and Radiocommunication, and Planning and Negotiations.

The **TELECOMMUNICATIONS DIVISION** deals with the authorization and regulation of international telecommunications facilities and services. It represents the Commission at international conferences and meetings involving non-radio related telecommunications matters. The Division directs and coordinates Commission participation in bilateral telecommunications discussions and provides assistance in telecommunications trade negotiations. The Telecommunications Division consists of two branches: Policy and Facilities Branch and Multilateral and Development Branch.

The **SATELLITE AND RADIOCOMMUNICATION DIVISION** deals with policies, rules, procedures and standards for licensing and regulating satellite space and earth station facilities, both domestic and international. It under

takes Commission responsibilities under the Communications Satellite Act for the oversight of Comsat as the U.S. signatory to INTELSAT and Inmarsat. The Division represents the Commission in international conferences and meetings

involving radio-related telecommunications matters such as satellites, spectrum allocation, standards, broadcasting, aviation, maritime and safety of life at sea in the International Telecommunication Union (ITU) and other international fora. The Division directs and coordinates within the Commission and with other federal agencies Commission preparation for various interagency and international meetings. The Satellite and Radiocommunication Division consists of three branches: Radiocommunication Policy Branch, Satellite Policy Branch and Satellite Engineering Branch.

The **PLANNING AND NEGOTIATIONS DIVISION** directs and coordinates, in consultation with other bureaus and offices as appropriate, Commission negotiations with Mexico, Canada and other nearby countries regarding international agreements. The Division represents the Commission in international conferences and meetings involving radio frequency assignment related matters and ensures that Commission regulations, procedures and frequency allocations comply with international and bilateral agreements. The Planning and Negotiations Division consists of two branches: Negotiations Branch and Notifications Branch.

The International Bureau maintains a public reference center containing all non-docketed public files of Bureau related matters, enabling the public to satisfy all international and satellite reference needs at one central location. The public reference center is located at 2000 M Street, N.W., Room 102, Washington, D.C. 20554. Types of documents available include: Applications and authorizations (International Section 214; international earth station; domestic and international space stations; domestic and international earth stations; direct broadcast satellite; cable landing; international public fixed radio and recognized private operating agency); released Intelsat and Inmarsat documents; international treaties and agreements; international operating agreements; ITU publications; tariff and accounting rate information.

FY95 Highlights

In its first year, the International Bureau raised the standard of government service, consistently working to streamline processes and develop new and effective ways to do its work. To date the Bureau has:

- Held four public roundtable discussions with industry to solicit its views on necessary regulatory changes and, based on these discussions, prepared a package of regulatory and legislative initiatives.

- Established the use of a status conference for all applications which have not been acted upon within six months of filing.
- Reduced the statutory comment public notice period from 45 days after public notice to 30 days for issuance of Section 214 authorizations in routine cases.
- Established new procedures to permit the grant of Special Temporary Authority in authorizing certain satellite earth station applications and for pro forma transfers of 214 licenses -- allowing industry immediately to provide (and consumers immediately to receive) services without unnecessary regulatory processing delays.
- Increased the use of Section 319(d) waiver procedures to permit applicants to proceed with the construction of satellite space stations (at their own risk) pending action on the underlying applications.
- Granted 173 earth station renewal applications, in an unprecedented 10-day period, clearing the way for continued delivery of video programming, data transmission and telecommunications services.
- Held roundtable discussions and started crackdown on international dial-a-porn abuses (indecent or obscene, recorded or live, conversations that are offered over the telephone on a commercial basis by information providers located in foreign countries).
- Submitted information for advanced publication on 101 satellite networks, including 26 non-government domestic networks. Also submitted 140 requests for coordination with foreign systems.
- Submitted 12,226 notifications, including 77 notices for the space radiocommunications services, 4,012 notifications of quarterly schedules of international high-frequency broadcasting stations, 896 AM broadcast stations and 7,241 notifications of terrestrial assignments.

Major Proceedings



Complementing these process reinvention achievements noted above, the Bureau has successfully completed a very ambitious substantive agenda, including the following most significant accomplishments:

WRC-95 The success of the United States proposals at the World Radiocommunication Conference (WRC-95) exceeded all expectations and paved the way for the introduction of innovative global communication satellite networks proposed by U.S. industry by securing key allocation and regulatory measures. Remaining work on several important items related to these efforts will be carried forward to WRC-97. WRC-95 also achieved a major simplification of the International Radio Regulations.

Part 25 Streamlining Proceeding

Part 25 Streamlining Proceeding Since its inception, the International Bureau has pursued policies to ensure that the Commission's goal of fostering growth within the satellite communications industry is achieved. The last review of the Commission's rules in this area (47 C.F.R., Part 25) occurred in the late 1980s, and satellite technology has evolved significantly since that time. In August 1995 the Commission issued a *Notice of Proposed Rulemaking (NPRM)* designed to eliminate any outmoded and cumbersome regulatory requirements and increase the efficiency of space and earth station licensing process to enable carriers to more quickly respond to the evolving needs of a global telecommunications marketplace.

International Section 214 Streamlining Proceeding

On July 13, 1995, the Commission proposed rules and regulations to streamline the international Section 214 application process and tariff requirements. The proposed rules would greatly reduce the regulatory burdens on applicants, authorized carriers, and the Commission and provide them with greater flexibility to meet the evolving needs of a global telecommunications market.

Digital Audio Radio Service (DARS)

In June 1995 the Commission adopted a *Notice of Proposed Rulemaking (NPRM)* to solicit comments on how to develop service rules and policies to govern the licensing and operation of satellite digital audio radio service (DARS) operating in the 2310-2360 MHz frequency bands. The *NPRM* proposed options for selecting DARS licensees including licensing the four pending applicants for all or part of the spectrum or reopening the proceeding to new applicants, the *NPRM* also requested comment on the impact of Satellite DARS on terrestrial broadcasts and possible rules for the design of DARS service.

The Commission adopted a *Report and Order* establishing a market entry standard for foreign carriers seeking to provide basic international telecommunications services under Section 214 of the Communications Act of 1934, as amended (the Act). The *Report and Order* also establishes a standard by which the Commission will review whether it is in the public interest to permit foreign investment in licensees of common carrier radio facilities in excess of the benchmarks contained in Section 310(b)(4) of the Act.

Market Entry of Foreign Affiliated Entities

The Commission adopted an *Order on Reconsideration* confirming that international “call-back” service using uncompleted call signalling violates neither U.S. nor international law. “Call-back” offerings enable customers abroad to access U.S. international service and pay U.S. rates for international calls rather than the generally higher prices charged by foreign carriers. The Commission agreed with the Department of State that call-back is not prohibited or otherwise restricted by International Telecommunication Union (ITU) regulations. The FCC reaffirmed its view, as a matter of international comity, that U.S. call-back operators are not authorized to provide uncompleted call signalling in those countries whose laws explicitly prohibit this offering.

Call-Back

In October 1994 the Commission adopted licensing rules for a new type of mobile satellite service -- the “Big LEO” service -- operating in the 1610-1626.5/2483.5-2500 MHz bands. Systems of this new type could be used to provide integrated communications services to all parts of the world, including areas where telecommunications has been unavailable or prohibitively expensive for most inhabitants. In January 1995 the Commission authorized three applicants to build and launch “Big LEO” satellite systems, which will deploy the world’s first commercial LEO satellites capable of providing voice and data mobile services on a global basis.

Mobile Satellite Service (MSS) Systems Above the GHz (Big LEOs)

In 1995 the Commission issued a *Notice of Proposed Rulemaking* to eliminate the outdated regulatory framework that distinguished domestic satellite systems from international satellite systems, and to allow all U.S.-licensed satellites in the fixed-satellite service (FFS) systems, mobile satellite service (MSS) systems and direct broadcast satellite service (DBS) systems. These proposals would enhance the opportunity for the provision of innovative satellite service offerings and increased competition in satellite communication services without artificial regulatory barriers.

DISCO I

**Direct Broadcast
Satellite
Service (DBS)**

The Commission conducted its first ever Direct Broadcast Satellite auctions in January 1996, less than four months after it affirmed an International Bureau decision to reclaim channels held by DBS permittee Advanced Communications Corporation (ACC). The auctions raised \$735 million for the U.S. Treasury. The Commission will soon issue a *Notice of Proposed Rule Making* (DISCO II) to address questions of U.S. market entry for non-U.S. -licensed satellites and foreign-originated programming. DBS is a service which permits satellite delivery of video programming directly to homes via 18" receive dishes.

**International
Negotiations:
Canada & Mexico**

Mexico - Several meetings were held with representatives of the Mexican Government over the past year. The primary focus of the negotiations efforts was the establishment of new agreements to facilitate coordination of designated services in specific frequency bands. A significant milestone was reached on May 16th at the Bi-National Consultative Commission on Telecommunications Meeting when two new Protocols were signed governing the bilateral use of spectrum by providers of the newly launched Broadband and Narrowband Personal Communications Services (PCS). Canada - Discussions with Canada continued on a variety of issues. The long term project of creating a General Coordination Agreement to update the 1962 Above 30 MHz Agreement and consolidate all of its associated interim arrangements continued to show progress. New versions of 220-222 MHz Land Mobile and Mobile Earth Terminal draft agreements were exchanged.

http://www.fcc.gov/csb/



Cable Services Bureau



The Cable Services Bureau administers and enforces cable television rules and licenses private microwave radio facilities used by cable systems. The Bureau is charged with implementing the 1992 Cable Television and Consumer Protection and Competition Act which directed the Commission to ensure good service and reasonable rates for cable television subscribers nationwide.

Overview

At the close of FY95 the Cable Services Bureau employed 186 people. The Bureau is organized into four Divisions: Consumer Protection and Competition, Policy and Rules, Financial Analysis, and Compliance, and Engineering and Technical Services. The Bureau also has an Office of Government and Public Outreach.

Since the institution of cable rate regulation, the Bureau has been pursuing enforcement of the rate regulations by using a number of methods: responding to numerous telephone calls and letters from cable subscribers regarding rates and service and investigating more than 7,000 rate complaints from subscribers and local officials. The Bureau began to issue orders based on the complaints in the last quarter of calendar year 1994; issued 62 Letters of Inquiry to various cable operators in regard to their cable rate and service offerings; took action resolving 137 must carry petitions; issued six tax certificates; issued orders involving seven areas of dominant influence (ADI) modifications; handled 57 significantly viewed cases; released 141 orders resolving appeals of local rate orders; resolved 137 challenges by cable operators of the certification of local franchising authorities based on assertions that effective competition exists in the communities in question; resolved 15 leased access cases; resolved 78 must-carry complaints and nine retransmission consent disputes; resolved four program access complaints; and resolved 25 petitions for reconsideration.

The Bureau has made great efforts in outreach to and education of its primary customers -- cable subscribers, cable operators, state and local governments, and members of Congress, for which it serves as a single point of contact for cable related issues before the Commission. The Office of Government and Public Outreach was created in April 1995 to sustain and improve the Bureau's customer service. The Bureau is developing a comprehensive outreach program to increase informed participation in rulemaking process by local fran-

chising authorities (LFAs) and other interested parties; to educate LFAs in, and facilitate the implementation of, FCC regulations at the local level; and to improve communication and understanding among the FCC, cable regulators, and the cable industry.

The Cable Services Bureau's outreach program has established a relationship with national, state, and local trade associations who assist with the distribution and dissemination of Bureau-released information. In addition, it coordinates meetings with various groups having either a general or specific interest in cable regulation and provides briefings on various aspects of cable regulation and the cable industry on a regular basis upon request of interested parties.

Resolution of thousands of cable programming services (CPS) rate complaints was one of the Bureau's most important activities this past year.

In FY95 the Bureau responded to 944 written congressional inquiries and provided information and assistance to numerous congressional staff members working on the Telecommunications Act of 1996. The staff participated in various meetings with congressional staff to review and respond to certain aspects of the then proposed legislation.

In FY95 the Bureau's customer service assistants responded to a total 72,655 telephone inquiries relating to cable television service and regulation. This same staff responded to 26,920 informal inquiries and complaints regarding cable service.

The Bureau is very active in educating the public and staff about the Bureau's customer service standards. It operates several hotlines for answering general inquiries from the public, local franchise authorities and cable operators. It prepares and maintains Fact Sheets addressing such issues as Customer Service Standards, Signal Quality Standards, Program Content Rules, Cable Carriage of Broadcast Stations, Equal Employment Opportunity Rules, and the Cable Television Information Bulletin.

Resolution of thousands of cable programming services (CPS) rate complaints was one of the Bureau's most important activities this past year. The Bureau's goal is to ensure that cable operators' CPS rates are not unreasonable. The Bureau issued over 700 rate decisions as a result of a review of over 11,000 rate complaints. Of the number of cable operator petitions for reconsideration (filed with the Bureau) or applications for review (filed with the Commission) of the Bureau's rate decisions, approximately 70% were brought to resolution through the Bureau's ambitious efforts to negotiate rate settlements and social contracts with the country's major cable operators. The Bureau's efforts not only reduced administrative burdens on all parties, but provided subscribers with immediate refunds. In total, the Bureau has resolved rate complaints involving 33.3 million subscribers resulting in \$48.8 million in refunds.

The two major social contract initiatives achieved by the Bureau in 1995 were the Continental Cablevision, Inc., Social Contract and the Time Warner Social Contract. The Continental Cablevision, Inc., Social Contract provided an estimated \$9.5 million in subscriber refunds and established a reduced lifeline basic service tier rate 15% - 20% below otherwise justified rate levels. In addition, Continental Cablevision, Inc., committed to invest \$1.35 billion during the period 1995-2000 for domestic cable system upgrades. In return, Continental Cablevision, Inc., was permitted to establish regional average equipment rates and was permitted to create a migrated product tier (MPT) at the per channel CPS tier rate, with permission to move the MPT to a new product tier (NPT) in 20 months and begin pricing the NPT in accordance with the Commission's Going Forward Rate Rules.

Under the Time Warner Social Contract subscribers were provided with an estimated \$4.7 million (plus interest) in refunds in the form of subscriber bill credits. Time Warner agreed to establish a lifeline basic service tier priced at 10% below permitted rate regulated basic service tier levels, and agreed to allow its subscribers the right to remove, replace, rearrange or maintain any cable wiring located in the interior space of the subscriber's dwelling unit. Time Warner committed to invest \$4 billion in domestic cable system upgrades over the next 5 years and agreed to provide free service connections at one outlet in all existing public schools (K-12) within 200 feet of a Time Warner activated plant and within its service area. (Schools beyond 200 feet are to be provided this connection at cost.)

Additionally, secondary private schools that receive funding under Title I of the Elementary and Secondary Education Act of 1965 and that are within Time Warner's service area are to receive service connections at cost. All schools receiving these connections will also receive a monthly educational program guide having curriculum support ideas to assist educators in effectively using the new services. Time Warner also agreed to provide its on-line service free (when this service becomes available) to these schools upon request, and agreed to provide the first modem free of charge and additional modems at cost.

In return, Time Warner was permitted to increase its CPS rates by no more than \$1 per year for each of the next five years, plus external costs and inflation. The Social Contract also provided Time Warner the right to create a MPT, consisting of four channels in systems that did not have prior a la carte offerings and permitted Time Warner to create two MPTs in systems where low penetration a la carte offerings had been previously offered, however the total channels permitted to be migrated in these areas may not exceed six. Depending on the MPT offering, the MPTs must be priced based on a specified \$.29/channel cap, the current rate or the lowest uniform rate where a contiguous system offered a

The two major social contract initiatives achieved by the Bureau in 1995 were the Continental Cablevision, Inc., Social Contract and the Time Warner Social Contract.

NPT under the Commission's rules. Time Warner may convert its MPTs to NPT after April 1997 and begin pricing the NPT in accordance with the Commission's Going Forward Rate Rules.

FY95 Highlights

- Negotiated cable rate complaints settlements and social contracts that will, when finally implemented, refund nearly \$40 million dollars in overcharges to consumers.
- Responded to over 100,000 phone calls, letters and other inquiries from the public regarding cable television service.
- As required by the 1992 Cable Act, adopted two items easing the burdens of regulation for small cable systems
- Conducted the Second Annual Report to Congress on the status of competition in the market for the delivery of video programming. The Report found that, although more consumers are receiving video programming through alternatives to cable, the cable subscribership continues to dwarf the combined subscribership of its competitors.

Major Proceedings



Headend Upgrades (MM Docket 92-266)

In FY95 the Commission decided that its requirement that qualifying small systems choose between a streamlined cost-of-service procedure for recovering the headend costs of new channels and the per channel adjustment methodology available to all cable operators when they add new channels was insufficient to give qualifying systems an appropriate incentive to add new channels.

Accordingly, in the *Seventh Order on Reconsideration*, the Commission revised its rules to allow independent small systems and small systems owned by small MSOs to recover for each channel added by using both the per channel adjustment methodology and the streamlined cost-of-service procedure for upgrading headend equipment. The Commission also determined that limiting eligibility to use the streamlined cost-of-service procedure for upgrading headend equipment to independent small systems and small systems owned by small MSOs may not have given slightly larger systems an appropriate incentive to add channels. Thus, the *Order* allows larger systems to use the streamlined cost of service approach subject to the same conditions as independent

small systems and small systems owned by small MSOs, provided that (a) the systems are either independently owned or owned by small MSOs and (b) the monthly per subscriber cost of the additional headend equipment necessary to receive an additional channel is one cent or more. The Commission further streamlined the cost-of-service procedure for headend upgrades associated with channel additions on single-tier systems. In the *Order*, the Commission recognized that qualifying systems have the same small customer base over which to spread the cost of new equipment associated with providing additional channels, whether or not they have cable programming service tiers (CPSTs).

In FY95 the Commission adopted the *Ninth Order on Reconsideration*, ending the freeze on small cable television system operators' and low-price system operators' adjustment of their rates for inflation. "Small operators" are defined as those serving 15,000 or fewer subscribers and not affiliated with a larger operator. "Low-price systems" are defined as those systems that charge relatively low prices for regulated services under benchmark rates on March 31, 1994. The *Ninth Order on Reconsideration* allows small operators and low-price systems that have taken advantage of the transition relief to adjust their transition rates to reflect increases in inflation without any further delay. The *Order* provides that such operators may adjust their rates to reflect the net of inflation adjustments permitted to other operators, minus any inflation adjustments they have already received. The *Order* also provides that, in the future, small operators and low-price systems may make inflation adjustments in the same manner as other cable operators.

In the *Tenth Order on Reconsideration* the Commission lessened the burden on particular operators when they request future rate adjustments. In the *Second Reconsideration Order*, the Commission relieved transition system operators of the obligation to track both their transition rates and full reduction rates on rate forms filed with the Commission. Transition systems fall into two categories -- systems with a total subscriber base of 15,000 or fewer customers and which are not affiliated with a larger operator, and systems whose March 31, 1994, rates are above the benchmark rate but have permitted rates at or below the benchmark. The formula for setting the benchmark rate was established in the *Second Reconsideration Order*. Although they were not required to reduce their rates to the benchmark, transition systems were not allowed to adjust their transition rates for inflation. To track differences in transition and full reduction rates, transition systems were required to report their current transition rates and rates that would apply if the full reduc-

Inflation Recovery
(MM Docket 92-266)

Parallel Rate Tracking
(MM Docket 92-266)

tion rate were imposed. In the *Ninth Order on Reconsideration*, however, the Commission authorized transition systems to adjust their transition rates for inflation thereby eliminating the underlying difference between adjustment factors for transition rates and adjustment factors for full reduction rates. Accordingly, the Commission, in the *Tenth Order on Reconsideration*, relieved transition operators of the burden of tracking both rates on rate forms.

Home Shopping
(MM Dockets
92-266
and 93-215)

In the *Twelfth Order on Reconsideration* the Commission eliminated regulatory disincentives for operators to provide home shopping services on their systems. The Commission deleted the requirement that operators offset the mark up for channel additions with sales commissions received from home shopping channels. The Commission's order applies only to per channel mark ups on the cable programming service tier and does not apply to license fees to the extent such fees are imposed. Because the Commission does not require offsets for value received from traditional programmers in the form of advertising availabilities, the Commission concluded that offset requirements for home shopping sales commissions had the effect of favoring one type of channel content over another. The home shopping sales commission offset had the effect of eliminating the mark up incentive to add a home shopping channel simply because cable subscribers responded in significant numbers to offerings on a shopping channel. On the other hand, traditional channels that allowed operators to earn revenue on advertising availabilities did not trigger a similar offset obligation for the operator. Accordingly, the *Twelfth Order on Reconsideration* was adopted to eliminate this disparity. In addition, the elimination of the offset requirement reduced accounting and adjustment burdens associated with the regular calculation of sales commission offsets.

**Annual Rate
Adjustments**
(MM Docket 92-26)

In FY95 the Commission adopted the *Thirteenth Order on Reconsideration* simplifying rules affecting cable operators' rates. The *Order* established a new optional rate adjustment methodology that encourages operators to limit their rate increases to once per year. This methodology limits delays in recovering costs that operators may experience under the current system. The *Order* also eliminated the practice of reviewing the entire cable programming service tier (CPST) rate after the Commission receives a complaint about CPST rates. In addition, the *Order* permits a CPST rate change to go into effect without waiting for the Commission to approve it, unless the Commission rejects the proposed change within 30 days after the filing of the proposal.

The Commission adopted two items in furtherance of its statutory obligation to ease the burdens of regulation for smaller cable systems. In the *Sixth Report and Order and Eleventh Order on Reconsideration*, the Commission expanded the definition of a “small system,” created a new category of cable operators known as “small cable companies,” and established a new method of rate regulation, based upon cost-of-service principles, for the exclusive use of small systems owned by small cable companies, as newly defined.

Small Systems
(MM Dockets 92-266
and 93-215)

In particular, the Commission determined that systems serving 15,000 or fewer subscribers would be deemed small systems and that operators serving 400,000 or fewer subscribers over all of their systems would constitute small cable companies. Small systems owned by small cable companies, as now defined, are eligible to elect the new small system cost-of-service relief, as well as other relief previously made available to certain smaller systems and operators.

The new cost-of-service approach involves a very simple, five-element calculation based upon a system’s costs. The calculation produces a per channel rate for regulated services that will be presumed reasonable if it is no higher than \$1.24 per channel, although the requested rate remains subject to limited review by the local franchising authority or the Commission. If the formula generates a rate exceeding \$1.24 per regulated channel, the operator still may charge that rate if it meets its burden of proving that the rate is reasonable. Adoption of this item resulted in the elimination of the prior categories of small systems, small operators, and small MSOs.

In addition, the Commission determined that transition relief would no longer be available to systems that had not previously elected that form of rate regulation. Separately, as a result of the *Eighth Order on Reconsideration*, small systems owned by small cable companies may enter into alternative rate regulation agreements with certified local franchising authorities. Through these agreements, the parties negotiate directly with each other to determine reasonable rates for basic service and cable programming service tiers. The agreements also may include provisions relating to rate increases and network upgrades.

The agreements do not have to be based on the Commission’s standard rules or forms governing regulated rates, but must take into account the regulatory criteria of the 1992 Cable Act. These agreements ensure that participating systems will not be required to charge rates lower than would be permitted by the Commission’s benchmark rules.

**Survey of Cable
Industry Costs**
(MM Docket 92-266)

The Commission initiated a survey to determine cable industry average costs. The industry cost survey is needed to determine whether and to what extent “low-price” systems should be required to make further rate reductions. In its *Second Order on Reconsideration, Fourth Report and Order and Fifth Notice of Proposed Rulemaking (Second Reconsideration Order)*, the Commission provided special “transition” relief from the impact of reducing regulated rates by the full competitive differentials to low-price systems. Low-price systems are defined as those not subject to effective competition whose March 31, 1994, rates are above the benchmark rate but their permitted rates are at or below the benchmark. The order further indicated that transition relief would terminate upon completion of an industry cost survey. Accordingly, a cost survey was mailed to 660 cable systems requesting information regarding primary system costs and operations, including plant costs, intangibles, revenues, operating expenses and capitalization. The questionnaire also asks for information about employment and plant facility statistics. The Commission expects to analyze and publish the survey results during FY96.

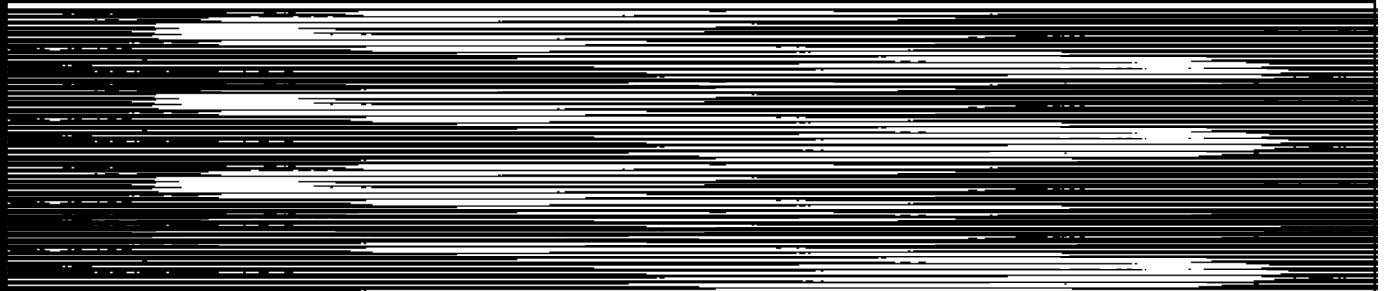
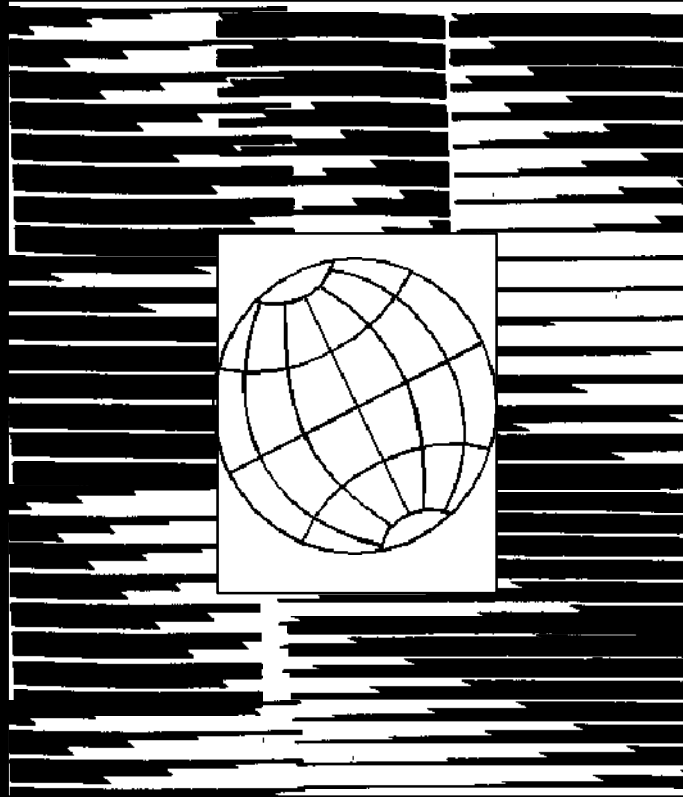
**Annual Report on
Average Rates for
Cable Programming
Service and
Equipment**
(MM Docket 92-266)

The 1992 Cable Act requires the Commission to publish an annual statistical report on the average rates for cable programming service and for converter boxes, remote control units, and other equipment provided by cable systems. This report must compare the rates charged by cable systems that are subject to effective competition with those not subject to effective competition. To obtain information for the required comparisons, the Bureau mailed survey questionnaires to a targeted group of cable communities known to face effective competition and to a randomly selected group of cable communities not subject to effective competition. The survey sought information concerning rates for basic and cable programming services, and equipment used to receive such services. The survey also requested that cable operators provide data for three dates: August 31, 1993, the effective date of the initial rate regulation rules; July 14, 1994, following the effective date of the revised benchmark rules and the end of the refund deferral period; and January 1, 1995, the beginning of the most recent annual period. The Bureau expects to analyze and publish a statistical report based on the survey responses during FY96.

**Competition in the
Video Programming
Delivery Market**
(CS Docket 95-61)

The Commission released its *Second Annual Report* to Congress on the status of competition in the market for the delivery of video programming. This Congressionally-mandated report provides information that summarizes the status of competition in the video marketplace and updates the information provided in the Commission’s first annual report released in 1994. The Commission’s major findings were:

- For the cable industry, subscriber penetration, average system channel capacity, the number of programming services available, revenues, expenditures on programming, and capital investment generally have increased since 1994;
- Although the percentage of subscribers choosing competitive alternatives to incumbent cable operators has increased since the 1994 report, cable subscribership continues to dwarf the combined subscribership of all other multichannel video programming distributors (MVPDs);
- Since 1994, there has been increased horizontal concentration of cable multiple system operators (MSOs) nationwide and increased regional “clustering” of cable system ownership. Local markets for the distribution of multichannel video programming tend to be highly concentrated as measured by subscribership among all MVPDs;
- While the number of cable programming services has increased over the past year, the percentage of services that are vertically integrated with cable operators has declined slightly; and
- Technological advances are occurring that will permit MVPDs to increase the number of channels offered and the types of service offerings. However, it is unclear whether existing cable operators or their existing and potential competitors will benefit most from these technological advances.



Office Of Engineering And Technology

Overview

Developing the radio frequency spectrum into a usable national resource for public and private use is a primary FCC function. The FCC, through its Office of Engineering and Technology (OET), does this by balancing spectrum demands among competitors and promulgating “rules of the road” to maximize spectrum usefulness.

During the past fiscal year OET took the goals of Reinventing Government seriously. It created a new streamlined structure to assess more efficiently current and future technical and engineering spectrum needs. Under the new OET, investigation, analysis and planning for future spectrum uses are more quickly accomplished utilizing the engineering, technical, policy and economic expertise among its interdisciplinary staff members. The staff provides swifter analysis of spectrum options; formulates solutions to spectrum management concerns; designs spectrum charts, maps and models; promotes collaborative policy and technical issues development; and applies more innovative, forward-thinking approaches to new challenges before the Commission.

Important rulemakings such as the allocation of new spectrum for millimeter wave activities and digital audio radio services have evolved from OET technical work. This past year, OET identified spectrum that can be converted from the Government to the private sector, or that can be made available for sharing among several technologies.

OET recommended the use of 25 megahertz at 4.6 GHz for fixed and mobile services that could eventually support a wide variety of innovative applications, such as live ground-to-air distribution of television programming, digital broadcast auxiliary operations, and public safety video communications. OET examined important issues which affect our disabled population such as the problem of compatibility between proposed Personal Communications Services (PCS) and wireless services and telephone and hearing aids.

OET's streamlining the steps for granting experimental licenses and equipment authorizations has resulted in new types of equipment entering the market-

place. Other activities in FY95 included recommending several major frequency allocation actions to advance communications services to the public in the years to come; identifying spectrum that can be converted from the Government to the private sector; undertaking specialized projects; providing technical support to other bureaus, such as the development of PCS propagation maps; redesigning spectrum to allow for expanded uses, such as for emerging technologies; authorizing equipment and issuing experimental licenses for new technologies and services; working with other Government agencies on special communications requirements and agreements; and attending important international meetings.

OET is customer-friendly. It has created outreach and educational programs to inform the public better of important activities of the Office. OET had over 60,000 interactions with the public in FY95.

The OET Technical Information Library responded to numerous requests for information and various technical documents, in addition to filling hundreds of in-house requests for assistance. Part of the educational effort includes the production of telecommunications reports, special studies, informative publications, and fact sheets on a variety of technical and regulatory activities. Four bibliographies, consisting of compendiums of documents relating to communications technology, were produced. "High Tech" files were produced for the subjects of Integrated Services Digital Network (ISDN), DTV, PCS, and fiber optics, with computerized monthly updates available to interested staff.

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The Office produces telecommunications reports, special studies and Fact Sheets on a variety of technical and regulatory activities. Informative publications are prepared to keep the public apprised of recent developments. For example, OET responded to more than 1600 inquiries during the year just concerning the safety of radiofrequency fields, safety standards and environmental effects. OET staff also serve on various industry, Government and international committees and task forces in order to lend expertise in particular areas of telecommunications, engineering and spectrum management concerns.

OET's technical and computer staffs have improved the ability of the public to access important spectrum management information. Outreach activities, especially those of a time-sensitive nature, are also provided electronically. OET has created a database to track OET rulemaking and maintains the Worldwide Web, OET Homepage, and email address. The site, Homepage and email address have drastically increased the public's access to OET by providing an easy route to important information concerning the Office and its activities. For example, the Homepage includes a "hot topics" list, a "frequently asked questions" list and information on OET divisions. Our email address is OET@fcc.gov and our site is www.fcc.gov.

The Public Access Link (PAL) provides computerized information on the status of pending applications, limited technical information on granted authorizations, and other information related to equipment authorization that is of interest to the public. The system remains on-line continuously, providing a twenty-four hour service to the public. Use of the PAL system is approximately 3,700 calls and 8,000 ID accesses monthly.

During FY95 OET staff presented a series of tutorials to the FCC staff and the public concerning technology developments. These included tutorials on “The Global Positioning System,” “Millimeter Waves,” and “Software Radio Basics.”

FY95 Highlights

- Launched an investigation of potential interference from PCS handheld devices to hearing aids.
- In the areas of radio technology, recommended the allocation of 50 megahertz of spectrum in the 2.3 GHz band for satellite digital audio radio broadcasting.
- Following a growing commercial interest in the integration of services, recommended the allocation of 10 megahertz of spectrum at 2.4 GHz for unlicensed personal computer devices to support data transmission.
- Recommended the allocation of 70 megahertz of spectrum in the 2 GHz range for future mobile-satellite systems and additional allocation for amateurs at 219 MHz.
- Granted nearly a thousand experimental licenses to diverse entities. These licenses aided in identifying what new services and technologies were under development and in what parts of the spectrum.
- An emphasis on less burdensome procedures for equipment authorization and refinements to the application process has almost eliminated the “type approval” step in which the proposed equipment had to be submitted to the OET Lab. As a result, more than 7,000 applications for equipment authorization were processed this year including PCS licensed and unlicensed equipment.

- Examined how best to allot additional channels from the allocated television spectrum for Digital Television. Studies are being conducted to minimize the impact on current television during the transition to digital television. After the transition period, some spectrum might be recovered to support future communications services.
- Refined radio propagation prediction methods which will be useful in assessing the impact of PCS on the current spectrum users and on stations in Canada operating close to our borders.
- Worked toward deregulating digital devices by replacing current requirements for personal computers and peripherals. This would allow manufacturer self-declaration of conformity with radio interference standards and increase the speed of computer products to the market.

Major Proceedings

Pioneer's Preference Rules (ET Docket 93-266)

As a result of a series of modifications to the pioneer's preference program made in FY95, the rules now provide that any licenses awarded pursuant to the program in services in which competitive bidding is used are subject to a payment of 85 percent of the average price paid for comparable licenses. The rules also specify a termination date for the pioneer's preference program of September 30, 1998.

Mobile-Satellite Service at 2 GHz (ET Docket 95-18)

On January 30, 1995, the Commission adopted a *Notice of Proposed Rule Making* that proposed to allocate the 1990-2025 MHz (Earth-to-space) and 2165-2200 MHz (space-to-Earth) bands to the mobile-satellite service (MSS). The Commission proposed to allocate the bands for both geostationary (GSO) and low-Earth orbit (LEO) use, but solicited comment on whether limiting the bands to one type of use would be preferable. The Commission stated that the proposed allocation would create opportunities to provide new and competitive services and technologies to the public, particularly in rural areas; stimulate economic development; and create new high technology jobs.

On June 26, 1995, the Commission adopted a *Second Report and Order* which reallocated the 1525-1530 MHz band to the mobile-satellite service on a primary basis for space-to-Earth (downlink) transmissions. This action was aimed at increasing the efficiency of MSS operations by equalizing the amount of spectrum available in the uplink and downlink segments. The action implemented a WARC-92 spectrum allocation and facilitated international coordination for use of this spectrum.

**Mobile-Satellite Service at
1530-1544 & 1626.5-
1645.5 MHz**
(GEN Docket 90-56)

On January 12, 1995, the Commission adopted a *Report and Order* in Docket 90-357 allocating spectrum in the 2310-2360 MHz band for satellite digital audio radio services (DARS). This action was consistent with the 1992 World Administrative Radio Conference, which allocated the band to the United States for the broadcast satellite service. The Commission said that the allocation was the first step toward providing the American public with new multi-channel, multi-format digital radio services with sound quality equivalent to compact disks on a nationwide or regional basis. On June 14 1995, the Commission adopted a *Notice of Proposed Rule Making* in Docket 95-91, proposing service and licensing rules for satellite DARS.

**Digital Audio Radio
Services**
(GEN Docket 90-357, IB
Docket 95-91)

On April 5, 1995, the Commission adopted a *Report and Order*, making 15 new channel pairs available for cordless telephone use. The new channels offer several advantages over other alternative frequency bands. First, the close proximity of the new channels to existing frequencies will enable continued use of existing technology. As a result, the cost of products using the new channels will not increase significantly. Second, cordless telephones using the new channels will be able to make use of the ten originally authorized channels to offer 25-channel capability. Third, the risk of the new channels' causing interference to other services is low. Cordless telephones operating on the new frequencies will deliver improved service at an affordable cost. In addition, consumers may choose among cordless telephones operating in other frequency bands that offer different performance levels at higher costs.

Cordless Telephones
(ET Docket 93-235)

On October 20, 1994, the Commission adopted a *Notice of Proposed Rule Making*, proposing for use by non-Government fixed and mobile services 50 megahertz of transferred Federal Government spectrum at 2390-2400, 2402-2417, and 4660-4685 MHz. On February 7, 1995, in a *First Report and Order and Second Notice of Proposed Rule Making*, the Commission allocated the 2390-2400 MHz band for use by unlicensed PCS devices, provided for continued use of the 2402-2417 MHz band by low-power devices operating in accordance with Part 15 of the Commission's rules, allocated both of these bands for use by the Amateur radio service on a primary basis, and proposed to allocate the 4660-4685 MHz band to a General Wireless Communications Service (GWCS). On July 31, 1995, in a *Second Report and Order*, the Commission adopted the GWCS allocation and service rules.

**Transfer of Government
Spectrum**
(ET Docket 94-32)

**Amateur
Radio Service
(ET Docket 93-40)**

On March 14, 1995, the Commission adopted a *Report and Order* that allocated the 219-220 MHz band to the Amateur radio service on a secondary basis for fixed digital message forwarding systems. This allocation will facilitate the regional and nationwide provision of a packet data network. The additional Amateur allocation was necessary because of congestion in the 222-225 MHz Amateur band.

**Closed Caption
Decoder
Circuitry
(GEN Docket 91-1)**

On July 25, 1995, the Commission adopted an *Order* deleting a requirement that television receivers manufactured after January 1, 1995, incorporate closed-caption decoder circuitry that is compatible with a cable television copy protection system manufactured by the Eidak Corporation. This action relieved electronics manufacturers of the burden of incorporating special circuitry in television receivers for a technology that is not used by cable systems.

**New York Waiver
(FCC 95-115)**

On March 14, 1995, the Commission permitted the temporary assignment of frequencies in the 482-488 MHz band (television Channel 16) to public safety agencies in the New York City metropolitan area. Public safety use of these frequencies will be permitted for a period of at least five years or until the

Commission assigns Channel 16 in New York City for advanced television service (ATV) and the television licensee begins to utilize Channel 16 for ATV operations. The Commission granted the waiver to provide public safety agencies with immediate spectrum relief that is urgently needed in the congested New York City metropolitan area.

**Technical
Activities**

OET's technical and engineering studies in FY95 reflected the movement toward more advanced technologies. OET created a model for propagation predictions and associated criteria for coordination of PCS with existing microwave stations. This model has become the definitive guide to industry in the introduction of PCS into the existing microwave environment.

OET launched an investigation of potential interference from PCS handheld devices to hearing aids. Using state-of-the-art operations research, OET developed computer models capable of evaluating proposed HDTV channel allotment tables. OET completed an empirical study in support of the ATV advisory committee dealing with short-term propagation variability of UHF television signals.

OET directed an FCC/Environmental Agency field measurement study of cellular radio and paging facilities and produced a study on radio frequency fields from amateur radio facilities to determine the potential for these sites to pose a health hazard. The Office also studied the potential for interference from

proposed new cordless telephone frequencies in support of rule making establishing new channels. In promoting efficient use of the spectrum, OET conducted spectrum usage studies in the 38.6-40 GHz band and in the 6 GHz band, as well as conducting surveys of equipment availability. It also performed a technical analysis of the 1990-2110 MHz Auxiliary Broadcast Band to determine the feasibility of sharing with mobile satellite operations and to determine potential for relocating Broadcasting Auxiliary Services.

OET provided analyses of existing spectrum utilization in the 800 MHz private radio bands, assessments of technical developments that could increase the channel capacity of current public safety spectrum, and studies of spectrum that might become available for future public safety use.

This year models that were developed from situations in which transmitters in the new personal communications systems might cause interference to existing microwave systems were refined and incorporated into industry standards.

In support of various Commission proceedings, OET carried out a number of propagation studies to define service and interference potential in the microwave, land mobile, and broadcasting services, including the evaluation of a number of applications and waiver requests involving the effects of terrain and meteorological conditions on propagation.

Also, OET continued participation in an international program which provides median frequency skywave data from around the world. These data are being analyzed and compared with various prediction models as part of the preparation for an ITU Conference on LF/MF broadcasting planned for 1998/1999. A technical paper describing daytime skywave propagation has been prepared for presentation at this conference, and a version of this paper was published in the IEEE, "Transactions on Broadcasting."

During FY95 the staff performed analyses to identify frequency bands for emerging technologies and studied the current use and users of the 6 GHz band to evaluate the band's suitability for new technologies. OET also developed numerous maps and studies in support of rulemaking action in several regulated services such as land mobile, point-to-point microwave, cellular, marine radio services, the digital audio radio service in the 2.3 GHz band and maps of the 931 MHz paging stations along the Mexican and Canadian borders for use in international negotiations.

Propagation Analysis

Telecommunications Analysis

**Engineering
Evaluation**

FY95 activities included an investigation of potential interference from PCS to hearing aids; measurements of interference immunities of television receivers to signals on proposed new cordless telephone frequencies; investigations of alternative radiated emissions measurement technologies; participation in the development of measurement procedures for unlicensed PCS; development of revised measurement procedures for unlicensed spread spectrum radios; assessment of rationality of existing emission limits below 30 MHz; study of the requirement for, and alternatives to, construction of an enclosed test site for the FCC Lab; and oversight of DAR system development and testing. Support was also provided to the advanced television standards development effort in the form of development and evaluation of channel allocation models, as well as technical oversight and expert observation of ATV laboratory and field testing.

**Radiofrequency (RF)
Radiation**

OET is responsible for advising the Commission, the public, and industry on matters relating to potential hazards of environmental radiofrequency radiation, and with respect to implementation of RF radiation standards under Section 1.1307(b) of the Commission's Rules. In that regard, several hundred inquiries concerning this issue were handled by OET staff. Inquiries included telephone calls, letters, and Congressional inquiries. In addition, numerous investigations and evaluations were made by OET staff relating to specific transmitters regulated by the Commission. These evaluations were made for other bureaus as well as in response to requests made directly to OET by outside organizations, members of the public, and other federal, state and local agencies. Transmitters involved included broadcast stations, cellular radio facilities and transmitters, amateur radio stations, land-mobile facilities, and satellite uplink base stations.

**Authorization,
Experimental
Activities****Experimental
Radio Service**

The Experimental Radio Service Program examines new spectrum uses that will accommodate myriad technological services in the future. It permits the public to experiment with new uses of radio frequencies. This past year it assisted industry by granting experimental licenses and has been able to reduce significantly the application processing time.

During FY95, 742 applications for radio research and developmental projects were granted. In addition, 333 requests for special temporary authority were authorized. Federal contracts for developing radio equipment and exploring

new radio techniques made up a considerable portion of the authorizations issued. At the close of the fiscal year, 1,055 experimental stations were in operation, and 139 stations were operating under special temporary authority.

The equipment authorization program includes several specific procedures by which the agency approves radio equipment as a prerequisite to importat

Equipment Authorization

ion, marketing or use. An emphasis on less burdensome procedures for equipment authorization and refinement to the application process has almost eliminated the “type approval” step in which the proposed equipment had to be submitted to the program. As a result, nearly 7,000 applications for equipment authorization were processed in FY95, including the first licensed and unlicensed PCS equipment.

Post-Grant Sampling

OET also tests production units marketed to the public after the initial equipment authorization grant has been issued. The Commission uses the results of these tests to evaluate the certification, verification, and notification programs; to take action in cases of non-compliance with FCC rules; to confirm initial estimates of the interference potential of new devices; to support rule making actions; to verify test data provided by manufacturers in support of equipment authorization applications; and to monitor the results of tests by independent laboratories.

In FY95 a number of miscellaneous devices suspected of non-compliance based on marketing investigations or interference complaints were tested, including RF light bulbs, baby monitors, 49 MHz cordless telephones, 900 MHz cordless telephones (both narrowband and spread spectrum), remote control transmitters, personal computers and peripherals, FAX machines, walkie talkies, an electronic cash register, and an ultrasonic cleaner. To ensure manufacturers’ compliance with Commission procedures and standards, OET continued a program to review descriptions of test facilities, as required by the rules. All test sites were reviewed on a timely basis, and a list of the test facilities that were acceptable was maintained as a public document, and on the Public Access Link (PAL) information system.

OET prepared technical information detailing the consequences for PCS use near the U.S./Canadian border that was influential in gaining Canadian Government concurrence with FCC actions creating PCS.

International Activities

OET staff participated in the negotiations with the United States Trade Representative and the Department of Commerce to develop a Mutual Recognition Agreement (MRA) with the European Union (EU) for Conformity Assessment. OET participated in three separate sets of meetings with the EU in FY 95. The purpose of the MRA is to facilitate trade by harmonizing and possibly streamlining the conformity assessment procedures between the USA and the EU. The equipment under consideration for the MRA is information technology and telephone terminal equipment. Additional negotiations will continue into FY 96. Any changes to the FCC equipment authorization program, as a result of a MRA, would be accomplished through rulemaking.

Committee and Coordination Group Activities

OET staff also serves on various industry, Government and international committees and tasks forces in order to lend expertise in particular areas of telecommunications, engineering and spectrum management concerns.

OET staff participated in the Information Infrastructure Standards Panel, an ANSI organization created to identify areas where standards are needed to facilitate development of a national and global information infrastructure and to identify any existing standards that can be used to fulfill these needs. OET also participated in meeting of the Interagency Committee for Standards Policy, a high level committee to provide consistency and direction in development and use of standards in the Federal Government. OET is also a member of the American National Standards Institute and the Institute of Electrical and Electronic Engineers.

OET staff participated in meetings and made presentations to various industry groups, including the Institute of Electrical and Electronic Engineers (IEEE), the FCC's Advanced Television Advisory Committee, and the Telecommunications Industry Association (TIA).

ITU Radiocommunication (ITU-R) Study Group Activities

OET staff remain active in the work of the ITU. OET was an active participant in the work of Study Group 3 of ITU-R, which studies Radio Wave Propagation matters. An OET staff member authored a chapter on LF/MF propagation to be incorporated into the draft Ionospheric Propagation Handbook and participated in the U.S. National Committee, as a member of the Home Team, deliberating U.S. national positions for the 1996 Plenary Assembly and the World Radio Conference.

OET staff participated in the ITU-R Working Party 8A dealing with issues pertaining to the land mobile service, including the PCS. Additionally, OET staff drafted material for ITU-R Study Group 1 to provide countries information on spectrum planning and management and attended meetings of the U.S. group for ITU-R 10/11S and ITU-R Working Party 8D.

In support of the ITU the ITU-R Working Party 3K, OET conducted an analytical study of skywave propagation during daytime. OET also conducted an evaluation of the GTEM measurement cell, resulting in a liberalization of policies regarding use of the cell for radiated emission compliance measurements. An OET staff member also acts as the U.S. Representative to the ITU-R Task Group 8/1 on future public land mobile telecommunications systems. The high-profile ITU activity is geared towards creating worldwide personal communications services beginning in the year 2000.

The Radio Technical Liaison Committee (RTLCL) is a group of high level spectrum managers from the FCC and the Canadian Department of Communications which meets regularly to discuss matters of mutual concern involving spectrum use and technical standards. OET's Deputy Chief is the Co-Chairman of this committee. Discussions this past year focused on mobile communications systems operating along the border, on the issue of reviewing existing bilateral agreements, and on equipment authorization processes.

Radio Technical Liaison Committee Activities

OET staff participated in meetings of the International Special Committee on Radio Interference (CISPR) of the International Electrotechnical Committee (IEC), serving as experts on U.S. technical standards. CISPR activities include participation in meetings of the U.S. National Committee (USNC) Technical Advisory Group (TAG) for developing positions to CISPR Subcommittee A for instrumentation and measurement methods; the USNC TAG for CISPR Subcommittee B for controlling the interference potential of ISM equipment; the USNC TAG for CISPR Subcommittee E for limiting and measuring the interference characteristics of broadcast receivers and associated equipment; the USNC TAG for CISPR Subcommittee F for limiting and measuring the interference characteristics of home appliances and lighting devices; the USNC TAG for CISPR Subcommittee G for determining the interference limits and test procedures for ITE; and the Advisory Group for the USNC for the CISPR. OET staff also participated in several CISPR ad hoc meetings for limits and measurements of emissions on frequencies above 1 GHz. The results of these meetings will determine the procedures for protecting the new digital radio services (i.e., Personal Communications Service) above 1 GHz.

OET staff represented the FCC on the Standards Board of the Institute of Electrical and Electronics Engineers, the American National Standards Institute, and the National Committee of the International Electrotechnical Commission, all of which form a link between national and international, voluntary and regulatory standards activities. OET staff also represented the FCC on

the American National Standards Committee, C63, on Electromagnetic Compatibility. Many of the voluntary industry standards developed by C63 have been incorporated into the FCC Rules, particularly in the area of measurement methodology.

Office of Plans and Policy

Overview

The Office of Plans and Policy (OPP) serves as the principal economic, technical, and policy adviser to the Commission, analyzing agenda items and developing long term policy. The office also produces working papers on major policy issues.

The continuing focus of OPP's work during FY95 was to encourage economic growth; enhance access to telecommunications service offerings for consumers, producers, and new entrants; support the creation of new services; and promote market-oriented approaches to spectrum management.

FY95 Highlights

- OPP put in place the auction mechanism that led to the largest auction, public or private, in history. The auction of Broadband Personal Communications Services licenses generated over \$7.7 billion for the U.S. Treasury in FY95.
- Vice President Al Gore presented the Hammer award for reinventing government to several OPP staff for their accomplishments in the Personal Communications Services (PCS) auctions. The FCC further awarded Evan Kwerel of OPP a gold medal award for distinguished service for his contributions to the auction design and implementation. For his role in the auctions, Jonathan Cohen was featured as the "Dealmaker of the Month" in the May 1995 issue of American Lawyer Magazine.
- OPP staff presented papers and speeches at numerous industry and academic conferences, both domestic and international, and published articles in Journals and professional publications.
- OPP spearheaded the recruitment and hiring of 39 economists throughout the Commission, recognizing the importance of expanded economic analysis in telecommunications policymaking.
- During FY95 OPP participated in the Commission's interdisciplinary task forces implementing Personal Communications Services; Equipment Compatibility; and Spectrum Auctions.

Major Proceedings



PCS and Spectrum Auctions

Personal Communications Services (PCS) are a broad family of mobile and portable communications services that are widely predicted to usher in an era of mobile telecommunications technology that will permit access to an array of voice, data, and video communications services regardless of where a subscriber may be located. Equipment being developed for PCS includes small, lightweight wireless telephone handsets; computers that can communicate over the airwaves wherever they are located; portable facsimile machines and other graphic devices. OPP staff worked to craft policy in the PCS arena to ensure that there is a robust and competitive market for PCS services; foster the diversity of PCS service offerings; permit broad participation in the provision of PCS, including participation by existing cellular providers; and to consider special opportunities for participation by small businesses, rural telephone companies and businesses owned by minorities and women. OPP, which first proposed auctions in 1986, was responsible for managing the process implementing spectrum auctions and had principal authorship of several documents that set forth PCS service rules, general spectrum auction rules and specific rules for each service to be auctioned.

Broadband PCS Service and Auction Rules (PP Docket No. 93-253)

As a part of the PCS Task Force, OPP began planning for the auction of broadband licenses to provide Personal Communications Services in the 2 GHz band (broadband PCS). This set the stage for the largest and most important auction of public assets to date. The first auction of 30 MHz licenses in each of 99 Major Trading Areas began on December 5, 1995, and ended on March 13, 1995. The auction generated a total of \$7.7 billion in high bids.

MDS Service and Auction Rules (MM Docket No. 94-131 and PP Docket No. 93-253)

In an effort to facilitate the development and rapid deployment of wireless cable services, the Commission adopted rules to auction 493 licenses for Multipoint Distribution Service (MDS). OPP was involved in the planning and design of the service and auction rules. The MDS auction began on November 19, 1995.

Spectrum Management

OPP has long championed the Commission's effort to continually evaluate spectrum use in an effort to allocate it in an efficient manner. To accomplish this goal, OPP has been involved in a number of spectrum allocation proceedings to promote efficiency of allocation and flexibility of use. OPP staff worked closely with the Office of Engineering and Technology, the International Bureau, and the Wireless Telecommunications Bureau to craft spectrum management policies that will make best use of this valuable public resource.

The Commission has recognized the evolution of digital technology and advances made in the development of a standard for digital broadcasting of video, including high definition television (HDTV). In July the Commission released a Notice of Proposed Rule making seeking comment on issues related to the transition of television to the next generation, a digital standard. OPP has played a major role in providing economic and policy analysis to shape the debate around the move to digital television

**Advanced
Television**
(MM Docket No. 87-268)

Office of Legislative and Intergovernmental Affairs



Overview

In FY95 the FCC's Office of Legislative Affairs was reorganized and renamed the Office of Legislative and Intergovernmental Affairs. Among its functions it informs the Congress of the Commission's regulatory decisions, prepares Commission witnesses for Congressional hearings, facilitates responses to Congressional inquiries, and prepares Commission responses to legislative proposals. In addition, the Office acts on FCC policies and acts as liaison to other Federal, state and local government agencies.

Enacted Laws

During FY95 the Congress enacted four laws affecting, or of interest to, the Commission. These included legislation extending and amending the Satellite Home Viewer Act, recognizing the achievements of radio amateurs, clarifying a telecommunications carrier's duty to cooperate in the interception of communications for law enforcement purposes, and implementing the General Agreement on Tariffs and Trade as it relates to the FCC's "pioneer preference" program. A more detailed listing follows:

1. **PL 103-369 (S.2406):** "Satellite Home Viewer Act of 1994." Extended the statutory copyright license for home satellite viewers until December 31, 1999. Established signal intensity measurement procedures to determine whether a subscriber is an "unserved household." Amended the definition of "cable system" to include wireless video retransmissions, and redefined a "local service area of a primary transmitter" to include a primary transmitter's local television market. This bill was signed into law on October 18, 1994.
2. **PL 103-408 (S.J.Res. 90):** A joint House-Senate resolution to recognize the achievements of radio amateurs, and to establish support for such amateurs as national policy. Recognized contributions of amateur radio operators and encouraged FCC to adopt policies to facilitate new technologies in amateur radio communications. This joint resolution was signed into law on October 22, 1994.
3. **PL 103-414 (H.R. 4922):** "Communications Assistance for Law Enforcement Act." Clarified a telecommunications carrier's duty to cooperate in the interception of communications for law enforcement purposes. Expanded the privacy and

security protections of cellular and other radio-based communications. Required the Attorney General to make payments to telecommunications carriers to comply with the bill's requirements. Required the FCC to determine whether or not compliance by specific carriers is "reasonably achievable." This bill was signed into law on October 25, 1994.

4. PL 103-465 (H.R. 5110): An amendment to a bill to approve and implement the trade agreements concluded in the Uruguay round of multilateral trade negotiations, otherwise known as the General Agreement on Tariffs and Trade (GATT). Required the FCC to recover for the public a portion of the value of the public spectrum that has been awarded by the Commission to licenses granted under the FCC's "pioneer preference" program. Required the three pioneers to date to pay not less than 85 percent, on a per population basis, of the highest auction bids for licenses in the 20 largest markets in which no applicant has obtained preferential treatment. This bill was signed into law on December 8, 1994.

In May 1995 the Commission submitted to the Congress a legislative package consisting of 37 proposals. Nearly all of these proposals were deregulatory or pro-competitive in nature in that their enactment would eliminate certain Commission functions, privatize other responsibilities, reduce regulatory burdens on industry, increase telecommunications competition, save agency resources, or otherwise streamline agency processes.

Among the FCC's 37 legislative proposals were amendments granting the FCC more flexibility in the administration of its application and regulatory fee programs, delicensing aviation, maritime and personal radio services, privatizing the inspection of ship radio stations, and expediting the processing of applications for Instructional Television Fixed Service.

(Twenty-one of the FCC's 37 1995 legislative proposals were eventually included in the Telecommunications Act of 1996, PL 104-104, to be reported on in more detail in the FCC Annual Report for FY96.)

1. Coordinated the preparation of testimony, briefing material, and responses to follow-up questions for a number of Congressional hearings on such matters as electromagnetic interference to medical devices, the FCC's "pioneer preference" program, and implementation of the General Agreement on Tariffs and Trade, the FCC tax certificate policy and program, Inspector General recommendations for ways to obtain budgetary savings and spending reductions, alien ownership, cable rate deregulation, FY96 appropriations, regulatory sunset legislation, FCC reauthorization, consolidation of the FCC headquarters locations, and cellular resellers.

Legislative Program

Other Legislative Activities

2. Monitored and reported on hearings, bill mark-ups, and floor action of interest to the Commission on such matters as FY96 appropriations, telecommunications reform legislation, TV violence, spectrum allocation and assignment policies, competitive bidding authority, the FCC tax certificate policy and program, regulatory reform legislation, alien ownership, FCC reauthorization, abolition of the Department of Commerce, and the budget reconciliation process and related legislation.
3. Coordinated and participated in informational briefings of Members of Congress and Congressional staff on a wide variety of mass media and telecommunications issues.
4. Prepared both formal and informal comments for both the Congress and the Office of Management and Budget on pending communications legislation.
5. Coordinated extensive Congressional liaison activities. Processed 5,862 written Congressional inquiries, and approximately 12,000 telephone inquiries on a variety of matters, especially implementation of the Cable Act of 1992, spectrum auctions authority, other policy matters, and the status of applications for frequencies, construction or modification of facilities, and special temporary authority.

Litigation

The Commission participated in approximately 310 federal appeals and Supreme Court proceedings during FY95. At the end of the fiscal year, 120 appellate and Supreme Court cases were pending. In addition, during the fiscal year, the Commission participated in approximately 84 federal district court cases. At the end of the fiscal year, 47 district court cases were pending.

Decisions of Special Interest

Action for Children’s Television v. FCC, No. 93-1092, 58 F.3d 654 (D.C. Cir. 1995), cert. denied, _ U.S. _ (1996).

The Court upheld the constitutionality of Section 16(a) of the Public Telecommunications Act of 1992 (47 U.S.C. §303a), which seeks to shield minors from indecent radio and television programs by restricting hours within which stations may air such programs. By a 7-4 majority, the full Court held that the government had a compelling interest in protecting children from broadcast indecency and that “channelling” broadcasts of indecent material to the hours of 10 pm to 6 am would not unduly burden First Amendment rights of broadcasters or of adult viewers and listeners.

American Scholastic TV Programming Foundation v. FCC, No. 93-1652, 46 F.3d 1173 (D.C. Cir. 1995).

Section 533(b) of the Cable Communications Policy Act of 1984 forbids common carriers from “provid[ing] video programming” to subscribers within the common carrier’s service area. The D.C. Circuit upheld the FCC’s ruling that the video programming prohibition of Section 533(b) applies only to video programming provided over cable television systems and not to video programming supplied by “wireless cable” systems, which use radio signals rather than physical wires to transport their signals. The court accordingly rejected a challenge to the FCC’s award of a license to provide educational television via wireless cable to a company affiliated with a local telephone company in Roanoke, Virginia. The court also rejected as improperly raised a challenge to the FCC’s ruling that wireless cable systems are not cable systems within the meaning of the Cable Act because they do not utilize a “closed path” to transport their signals, as required by the Act.

Committee for Effective Cellular Rules v. FCC, No. 93-1220, 53 F.3d 1309 (D.C. Cir. 1995).

The Court affirmed an order amending the FCC's cellular rules to provide new standards and procedures governing applications for unserved areas. The order, *inter alia*, modified the definition of a Cellular Geographic Service Area (CGSA) in a way that effectively increased the protected reliable service area of most incumbent licensees, thereby diminishing the areas available to applicants for unserved areas. The Court held that the FCC did not act arbitrarily and capriciously when it amended its regulations through notice and comment rulemaking; nor did it exceed its statutory authority when it implemented a global change to the technical requirements for cellular licenses, even though the change resulted in the modification of virtually all existing cellular licenses and significantly reduced the unserved areas that potential applicants previously anticipated would be available to them for licensing.

MCI Telecommunications Corp. v. FCC, No. 93-1166, 59 F.3d 1407 (D.C. Cir. 1995), petition for writ of certiorari pending sub nom., BellSouth Telecommunications, Inc., et al. v. FCC, et al., No. 95-1230.

In this case, the Commission adjudicated hundreds of individual complaints filed by customers of the local exchange carriers (LECs) seeking damages because the rates they had paid for interstate access service had produced earnings in excess of the maximum rate of return the Commission had prescribed. The Commission found that virtually all the customers showed that the LECs were liable for damages because the LECs had violated the rate of return prescriptions and Section 201 of the Act. The Commission allowed offsets to the damages awards to the extent that the customer had purchased service in other interstate access categories from the LECs during the same periods at the rates that had produced underearnings. The Court affirmed the damages awards, but found that the offsets were arbitrary and capricious.

Southwestern Bell Corp. v. FCC, No. 93-1562, 43 F.3d 1515 (D.C. Cir. 1995).

The Court of Appeals reversed the Commission's rulemaking decision to allow non-dominant carriers to file tariffs identifying a range of rates within which customers would pay for service rather than fixed, precise rates. The Court held that Section 203 requires carriers to identify the precise rates they will charge in their tariffs and that the Commission had no authority to change this fundamental aspect of rate regulation. The Commission had adopted the range of rates rules after its more liberal policy of allowing non-dominant carriers to offer service without tariffs had been set aside in the Supreme Court.

SBC Communications Inc. v. FCC, No. 94-1637, 56 F.3d 1484 (D.C. Cir. 1995).

The Court of Appeals affirmed the Commission's approval of AT&T's acquisition of McCaw, the largest cellular company in the country. The Court held that the Commission had properly considered the public interest ramifications of the merger, including its potential effects on competition, and had adequately explained its conclusions. The Court also held that the conditions the FCC had placed on the merger were reasonable and adequate to address appropriate policy concerns.

Time Warner Entertainment Co., L.P. v. FCC, No. 93-1723, 56 F.3d 151 (D.C. Cir. 1995), petitions for writ of certiorari pending sub nom., Time Warner Entertainment Company, L.P. v. FCC & USA, No. 95-774 and National Cable Television Association, Inc. v. FCC & USA, No. 95-775.

The D.C. Circuit denied in principal part consolidated challenges by the cable industry and local franchising authorities to the FCC's first five major rulemaking orders implementing the cable rate regulation provisions of the Cable Television Consumer Protection and Competition Act of 1992. The orders on review, among other things, (1) established cable ratemaking standards that resulted in substantial rate reductions by most cable operators that are not subject to effective competition, (2) established certification standards and administrative review procedures for local franchising authorities charged under the 1992 Cable Act with regulating the "basic" cable service rates of most cable operators, and (3) established procedures for adjudicating at the FCC consumer complaints regarding the rates charges for "upper tier" cable programming services. The court rejected claims by the cable industry petitioners that the rate regulation rules violated their first amendment rights as speakers. The court also rejected, in most respects, opposing statutory and administrative law challenges to the rules from both the cable petitioners (on one side) and local franchising authorities (on the other).

Other Decisions

In addition to the preceding decisions of special interest, the following cases were decided by published decisions during FY95:

Achernar Broadcasting Co. v. FCC No. 91-1516, decided 8/18/95, 62 F.3d 1441 (D.C. Cir.).

Action for Children's Television v. FCC No. 93-5178, decided 7/18/95, 59 F.3d 1249 (D.C. Cir.), cert. denied, __ U.S. __ (1996).

Adams Telcom, Inc. v. FCC No. 93-1103, decided 10/28/94, 38 F.3d 576 (D.C. Cir.).

Alliance for Community Media v. FCC No. 93-1169, decided 6/6/95, 56 F.3d 105 (D.C. Cir.), petitions for writ of certiorari pending sub nom Denver Area Educational Telecommunications Consortium, Inc., et al. v. FCC, et al No. 95-124 and Alliance for Community Media, et al. v. FCC, et al No. 95-227.

American Message Centers v. FCC No. 93-1549, decided 3/28/95, 50 F.3d 35 (D.C. Cir.).

Atlantic Tele-Network, Inc. v. FCC No. 93-1616, decided 7/25/95, 59 F.3d 1384 (D.C. Cir.).

CHM Broadcasting Ltd. Partnership v. FCC No. 92-1263, decided 10/17/94, 24 F.3d 1453 (D.C. Cir.).

Corporate Telecom Services, Inc. v. FCC No. 94-1275, decided 6/2/95, 55 F.3d 672 (D.C. Cir.).

Destination Ventures, Ltd. v. FCC No. 94-35295, decided 2/1/95, 46 F.3d 54 (Ninth Cir.).

Florida Public Telecommunications Assn, Inc. v. FCC No. 91-1486, decided 5/23/95, 54 F.3d 857 (D.C. Cir.).

GTE California, Inc. v. FCC No. 93-70924, decided 10/31/94, 39 F.3d 940 (Ninth Cir.).

JAJ Cellular v. FCC No. 94-1021, decided 5/19/95, 54 F.3d 834 (D.C. Cir.).

Jersey Shore Broadcasting Corp. v. FCC No. 93-1253, decided 11/1/94, 37 F.3d 1531 (D.C. Cir.).

MCI Telecommunications Corp. v. FCC No. 93-1464, decided 6/27/95, 57 F.3d 1136 (D.C. Cir.).

Metropolitan Council of NAACP Branches v. FCC No. 93-1471, decided 1/27/95, 46 F.3d 1154 (D.C. Cir.).

Zell Miller v. FCC, No. 92-8777, decided 9/29/95, 66 F.3d 1140 (Eleventh Cir.), petitions for writ of certiorari pending sub nom National Association of Broadcasters, et al. v. Zell Miller, et al, No. 95-1197 and FCC and USA v. Zell Miller, No. 95-1200.

Kathryn Moser and National Association of Telecomputer Operators v. FCC, et al., No. 93-35686, decided 2/6/95, 46 F.3d 970 (Ninth Cir.).

People of the State of California v. FCC No. 92-70083, decided 10/18/94, 39 F.3d 919 (Ninth Cir.), cert. denied, 115 S.Ct. 1427 (1995).

Press Broadcasting Co., Inc. v. FCC No. 94-1439, decided 7/21/95, 59 F.3d 1365 (D.C. Cir.).

Swan Creek Communications, Inc. v. FCC No. 93-1230, decided 11/22/94, 39 F.3d 1217 (D.C. Cir.).

Judgments

Also, during FY95, 12 appellate cases were decided by unpublished decisions.

Status of Litigation				
Location	Cases Pending Sept. 30, 1994	Cases Filed During FY95	Cases Disposed of During FY95	Cases Pending Sept. 30, 1995
Supreme Court	1	11	5	7
C.A.D.C.	104	158	166	96
Other	13	23	19	17
Total	118	192	190	120

