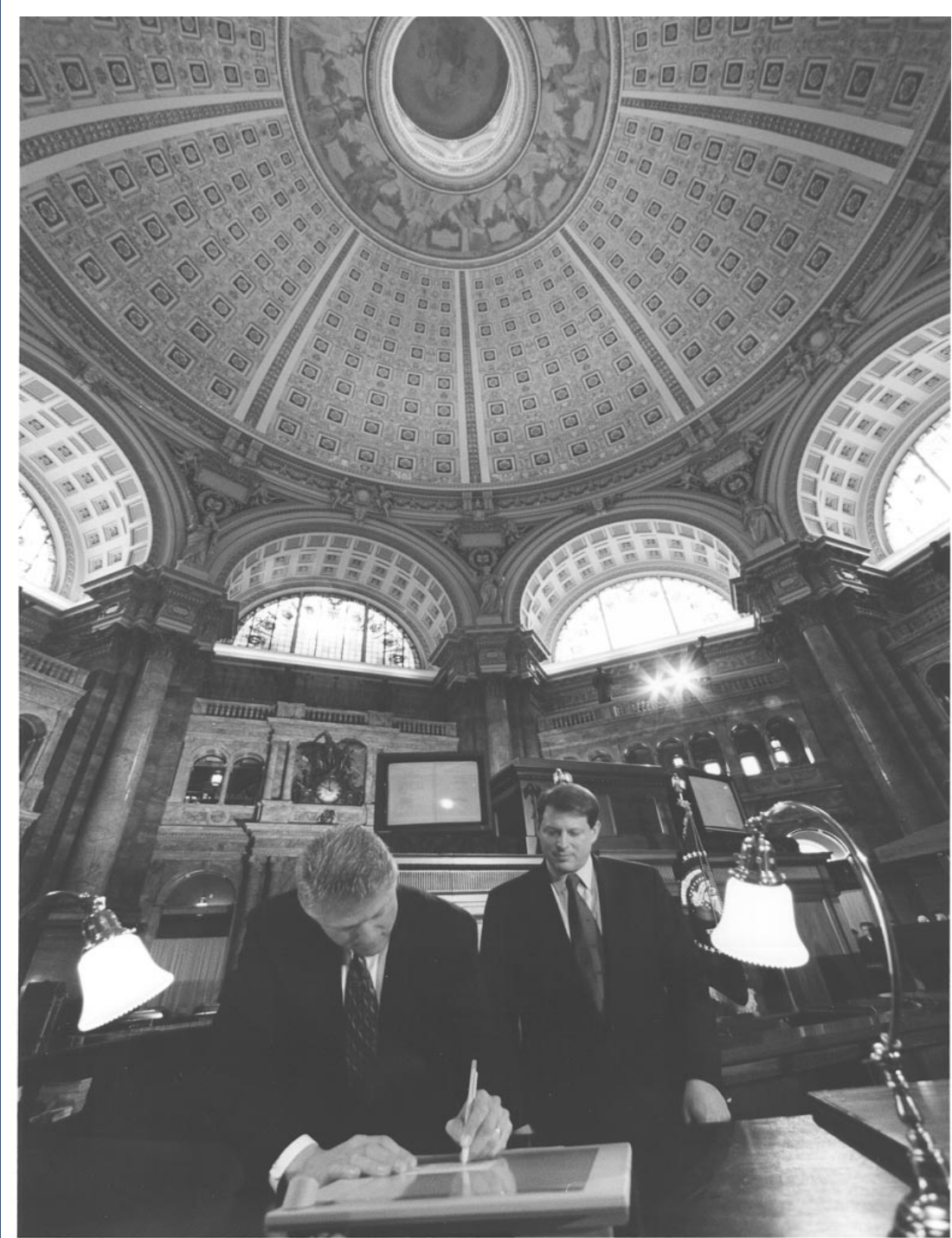


Federal Communications Commission

62nd Annual Report • FY1996



Cover and facing page photograph

President Clinton signs the Telecommunications Act of 1996
in the Library of Congress with Vice President Gore looking on.

TELECOMMUNICATIONS BILL SIGNING - FEBRUARY 8, 1996



Commissioners

*Members of the Federal Communications Commission
during fiscal year 1996*

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

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

Susan Ness
(Term expires June 30, 1999)

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

Andrew C. Barrett
(Resigned March 30, 1996)



Letter of Transmittal
Federal Communications Commission
Washington, DC 20554

To the Congress of the United States

We submit for your consideration the 62nd Annual Report of the Federal Communications Commission for fiscal year 1996. 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, international communications, wireless telecommunications, spectrum management, and frequency allocations.

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

Respectfully,

Reed E. Hundt
Chairman

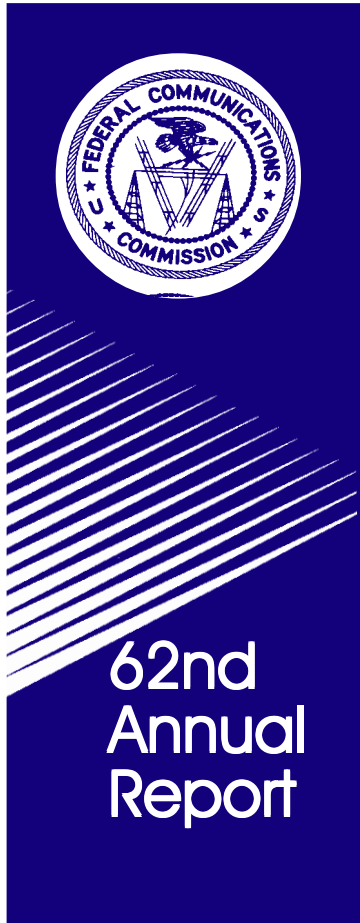


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Commissioners

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 Present

Commissioner	Party Affiliation	State	Term of Service
Eugene O. Sikes <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	Republican	Ohio	Oct. 4, 1954 to June 30, 1957

Commissioners From 1934 to Present

Commissioner	Party Affiliation	State	Term of Service
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
Charles H. King	Republican	Michigan	July 19, 1960 to Mar. 2, 1961
Newton N. Minow <i>Chairman</i>	Democrat	Illinois	Mar. 2, 1961 to June 1, 1963 <i>Mar. 2, 1961 to June 1, 1963</i>
E. William Henry <i>Chairman</i>	Democrat	Tennessee	Oct. 2, 1962 to May 1, 1966 <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 <i>Chairman</i>	Republican	Arizona	Oct. 31, 1969 to Mar. 8, 1974 <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 <i>Chairman</i>	Republican	Illinois	Jan. 5, 1972 to Oct. 13, 1977 <i>Mar. 8, 1974 to Oct. 13, 1977</i>
Benjamin L. Hooks	Democrat	Tennessee	July 5, 1972 to July 25, 1977
James H. Quello <i>Chairman</i>	Democrat	Michigan	Apr. 30, 1974 <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 <i>Chairman</i>	Democrat	Massachusetts	Oct. 17, 1977 to Apr. 10, 1981 <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 <i>Chairman</i>	Republican	Canada	May 18, 1981 to Apr. 17, 1987 <i>May 18, 1981 to Apr. 17, 1987</i>
Mimi Wexforth 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 <i>Chairman</i>	Republican	California	Dec. 2, 1983 to Apr. 17, 1987 <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 <i>Chairman</i>	Republican	Missouri	Aug. 8, 1989 to Jan. 19, 1993 <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 to March 30, 1996
Ervin S. Duggan	Democrat	Georgia	Feb. 28, 1990 to Jan. 30, 1994
Reed E. Hundt <i>Chairman</i>	Democrat	Maryland	Nov. 29, 1993 <i>Nov. 29, 1993</i>
Susan Ness	Democrat	New Jersey	May 19, 1994
Rachelle B. Chong	Republican	California	May 23, 1994

Job One: The Telecommunications Act of 1996

The most important event affecting the FCC this fiscal year was the signing of the Telecommunications Act of 1996 on February 8, 1996. The Telecommunications Act reflects a bipartisan consensus that introducing competition and then deregulating America's largest monopolized markets offers numerous potential benefits for residential consumers, business users, communications companies, and the economy as a whole. The new era of competition in telecommunications promised by the 1996 Act can be one of new investment in advanced telecommunications and information technologies and services, job growth, lower prices, improved services and increased choices for consumers.

The Telecommunications Act charts a path of competition in all communications markets. The FCC's primary responsibility is to implement rules that will facilitate the transition to competition. The Act also affirms the core principle of the Communications Act of 1934 -- that the FCC has an obligation to exercise its authority in furtherance of "the public interest, convenience and necessity."

Implementation of the 1996 Act in a procompetitive and timely fashion is the FCC's principal task. It is also highly resource intensive. The new law requires the Commission to conduct over 80 rulemakings. The Commission has met or beaten

all deadlines thus far. FY96 included only the first eight months of FCC implementation of the new Act, but during this time the Commission has completed many significant steps.

The Commission has implemented the 1996 Act's cable reform provisions and moved forward to expand opportunities for the operation of open video systems; adopted and submitted to Congress a report on closed captioning and video description of video programming; adopted rules to implement the local competition and interconnection provisions of the Act; modified the broadcast ownership rules; eliminated broadcast comparative license renewal procedures and hearings; reduced the filing frequency of certain accounting service quality reports; extended the time period for cable operators to file their annual equipment forms; terminated its inquiry into the imposition of equal access requirements on commercial mobile services (CMRS) providers; and convened the final meeting of the Telecommunications and Health Care Advisory Committee.

In addition to implementing the statutory provisions of the Act, the Commission reviewed a large number of communications deals unleashed by the Act. Since enactment of the new law, the country has seen merger announcements by prominent telephone, cable and broadcast companies, and others requiring FCC review. The Commission also has been inundated with inquiries and requests for information about the Telecommunications Act and its implementation from consumers, the media and industry. As of September 30, 1996, there have been approximately 50,000 visits to the FCC's Internet information pages on the Telecommunications Act. In addition, the Commission received close to 70,000 visits each day to its Internet homepage.

Although Congress and the FCC are committed to competition and reliance on marketplace forces rather than government regulation to serve the pub-

lic interest, both realize that the market does not serve all of the nation's needs in communication. Even with increased competition, there will be public needs for communications that the market will not serve. Congress has charged the FCC since its inception with seeing that the public interest is served in telecommunications. Communications is not just a business. Access to affordable telecommunications is a prerequisite of participation in the the country's economy and democracy. The mass media transmit, and help establish, the country's shared values. Further, the public safety demands that the public and government agencies be guaranteed access to communications.

The FCC carries out the public interest in telecommunications as dictated by federal law and interpreted by FCC rules. The FCC's public interest responsibilities include, for example:

- Setting aside radio spectrum for public safety agencies and establishing and overseeing the Emergency Alert System;
- Ensuring that radio and television broadcasting is based on a network of local outlets that meet local needs;
- Cooperating with the states to ensure that affordable phone service is provided to rural, elderly, and low-income populations; and
- Optimizing use of the public airwaves, free of interference.

The Commission is involved in ensuring that broadcasters fulfill their obligation to air educational and informational programming under the Children's Television Act of 1990.

The Commission has also taken steps toward implementing the universal services directives of the Telecommunications Act -- to promote access to ad-

vanced telecommunications services to schools, libraries and rural health care providers. The policy goal is to create a universal service system that ensures full, equitable and affordable services to all Americans.

As the information superhighway is built, it will become even more important for every citizen to have access to telecommunications. No American will be more isolated from society in the future than someone without access to the job and consumer information and the educational opportunities that will be transported on the information superhighway. The Commission is determined to continue working to fulfill the Act's promise of open and competitive markets and to ensure the benefits of communications for all Americans.

Market competition is the best means to speed the development and introduction of advanced telecommunications. Competition encourages innovation by telecommunications providers and provides telecommunications users with a wide range of choices and lower prices for services and technologies. However, many of the country's telecommunications markets are not currently characterized by competition. Rather, they are dominated by one or only a few service providers and that is why those markets have been subject to local, state and federal regulations.

The Commission recognizes that it will not achieve competitive markets just by declaring them open and standing aside. The FCC is taking steps to promote competition by facilitating the introduction of new services and adopting procompetitive rules. In FY96, for example, the FCC has:

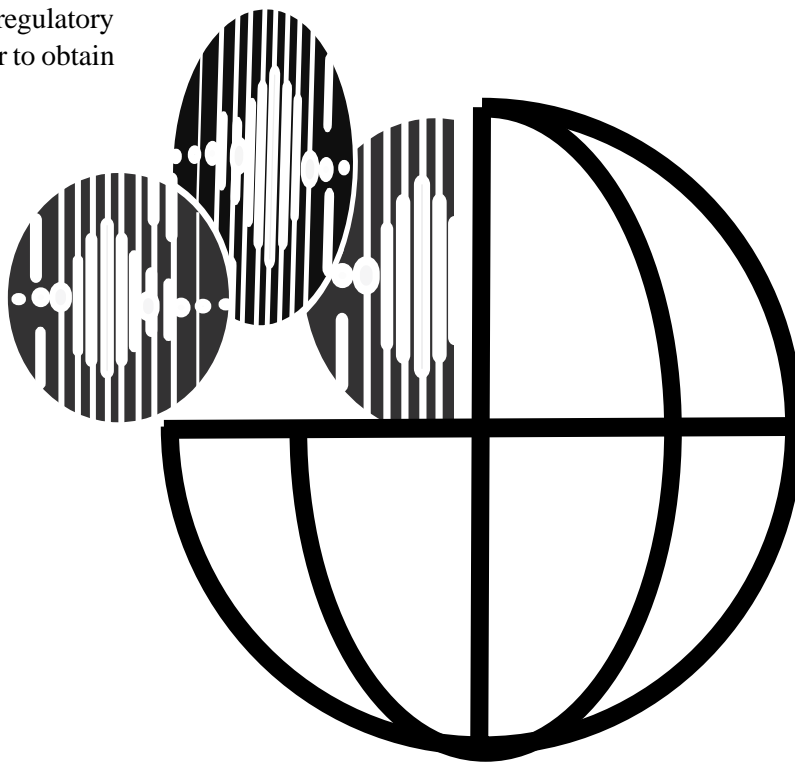
- Exercised its forbearance authority to eliminate the tariff filing requirements for Bell Operating Companies (BOCs) that provide domestic, out-of-region, long distance services through an affiliate that complies with certain safeguards;
- Initiated a proceeding to implement separate affiliate and nondiscrimination safeguards to help prevent BOCs from improperly using their market power in the local telephone market to gain an unfair advantage over their rivals in the in-region interLATA service markets and certain other businesses;
- Initiated a proceeding to implement accounting safeguards intended to protect ratepayers, consumers and competitors against potential cost misallocation and discrimination;
- Adopted national rules to enable the states and Commission to begin implementing the local competition provision of the Telecommunications Act of 1996 that imposes specific obligations on telecommunications carriers assigned to promote competition in local exchange markets across the country;
- Initiated a proceeding to identify and eliminate market entry barriers industry-wide so that small businesses can compete fully in the telecommunications market;
- Successfully used simultaneous multiple round auctions to award licenses for narrowband and broadband Personal Communications Services, 900 MHz specialized mobile radio service (SMR), and multipoint distribution service (MDS);

The legislation leaves it up to the FCC to write more than 80 rules-- many within six months. The agency will decide issues as vital as how new rivals for local phone service will pay local phone companies to use their networks, and as mundane as how much the rivals will pay to use telephone poles.

The Wall Street Journal February 1, 1996

- Released a *Notice of Proposed Rulemaking* addressing the 1996 Act's requirements for accounting safeguards, seeking comments on the way incumbent local exchange carriers, including the Bell Operating Companies, must account for transactions with affiliates involving, and allocate costs incurred in the provision of, both regulated telecommunications services and non-regulated services, including telemessaging, interLATA telecommunications, information, manufacturing, electronic publishing, alarm monitoring and payphone service

The Commission is hard at work. As the industry evolves to match the changing landscape of competition, the FCC, too, has undertaken, and will continue to undertake, a number of unprecedented steps to improve its operation. Like the telecommunications industry, the FCC continues to streamline, to modernize, and to reorganize. The Commission remains committed to reducing regulatory burdens and continuing to make it easier to obtain authorization for services.



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 establishing policies to govern 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 vote on issues 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 is committed to the use of emerging technologies to serve its customers -- the American public and regulated industries -- more efficiently.

In FY96 the Commission established an internal FCC Intranet system to disseminate information within the Commission. It also expanded its use of the Internet, which has become an increasingly popular way for the public to access information. Extensive information is available through the FCC’s “homepage” (<http://www.fcc.gov>). The Commission uses a call-in fax-on-demand system to allow quick access to forms, press releases and other information (202-418-2830).

Bureaus and Offices

In FY96 the Commission had six operating Bureaus and 10 Offices which provide support services.

Office of the Managing Director (OMD)

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 Public Affairs (OPA)

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 and operating many of the FCC’s public reference rooms and library. 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 homepage.

Office of the Inspector General (OIG)

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. Incidents of waste, fraud, abuse or mismanagement within the FCC may be reported to the Office of Inspector General by calling (202) 418-0473 or the toll free hotline-1-888-TO-FCCIG (1-888-863-2244).

Office of Administrative Law Judges

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

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)

This Office 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 Communications Business Opportunities (OCBO)

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.

The Contract with America Advancement Act gave the FCC the opportunity to examine small business concerns through the Small Business Regulatory Enforcement Fairness Act. In each FCC rulemaking, the Commission considers the effect of its actions on small business.

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. (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. (A more extensive profile of the Office is included later in this report.)

The Operating Bureaus

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 FY96 work of each Bureau is discussed in the following chapters of this report.

FCC Personnel Chart

Full Time Permanent Employees	Washington, D.C.	Field
Commissioners Offices	36	0
Office of Plans and Policy	13	0
Office of Managing Director	199	4
Mass Media Bureau	286	0
Common Carrier Bureau	330	3
Compliance & Information Bureau	91	168
Cable Services Bureau	141	0
International Bureau	130	0
Wireless Telecommunications Bureau	191	118
Office of Engineering and Technology	91	0
Office of Public Affairs	61	0
Office of Communications Business Opportunities	9	0
Office of Workplace Diversity	4	0
Office of General Counsel	93	0
Office of Legislative and Intergovernmental Affairs	10	0
Office of Inspector General	7	0
Administrative Law Judges	13	0
Total	1705	293

FCC Appropriations History

FY1970-FY1980		FY1981-FY1990		FY1991-FY1996	
Fiscal Year	Amount (Million \$)	Fiscal Year	Amount (Million \$)	Fiscal Year	Amount (Million \$)
1970	24,561,000.00	1981	80,363,000.00	1991	116,794,000.00(1)
1971	26,844,000.00	1982	79,900,000.00	1992	126,309,000.00
1972	31,969,000.00	1983	82,917,000.00	1993	140,000,000.00(2)
1973	34,173,000.00	1984	88,283,000.00	1994	160,300,000.00
1974	40,155,000.00	1985	95,441,000.00	1995	185,232,000.00(3)
1975	46,900,000.00	1986	90,341,000.00	1996	185,709,000.00
1976	51,163,000.00	1987	97,099,000.00		
1977	56,911,000.00	1988	99,613,000.00		
1978	64,550,000.00	1989	99,613,000.00		
1979	70,466,000.00	1990	107,550,000.00		
1980	76,047,000.00				

(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

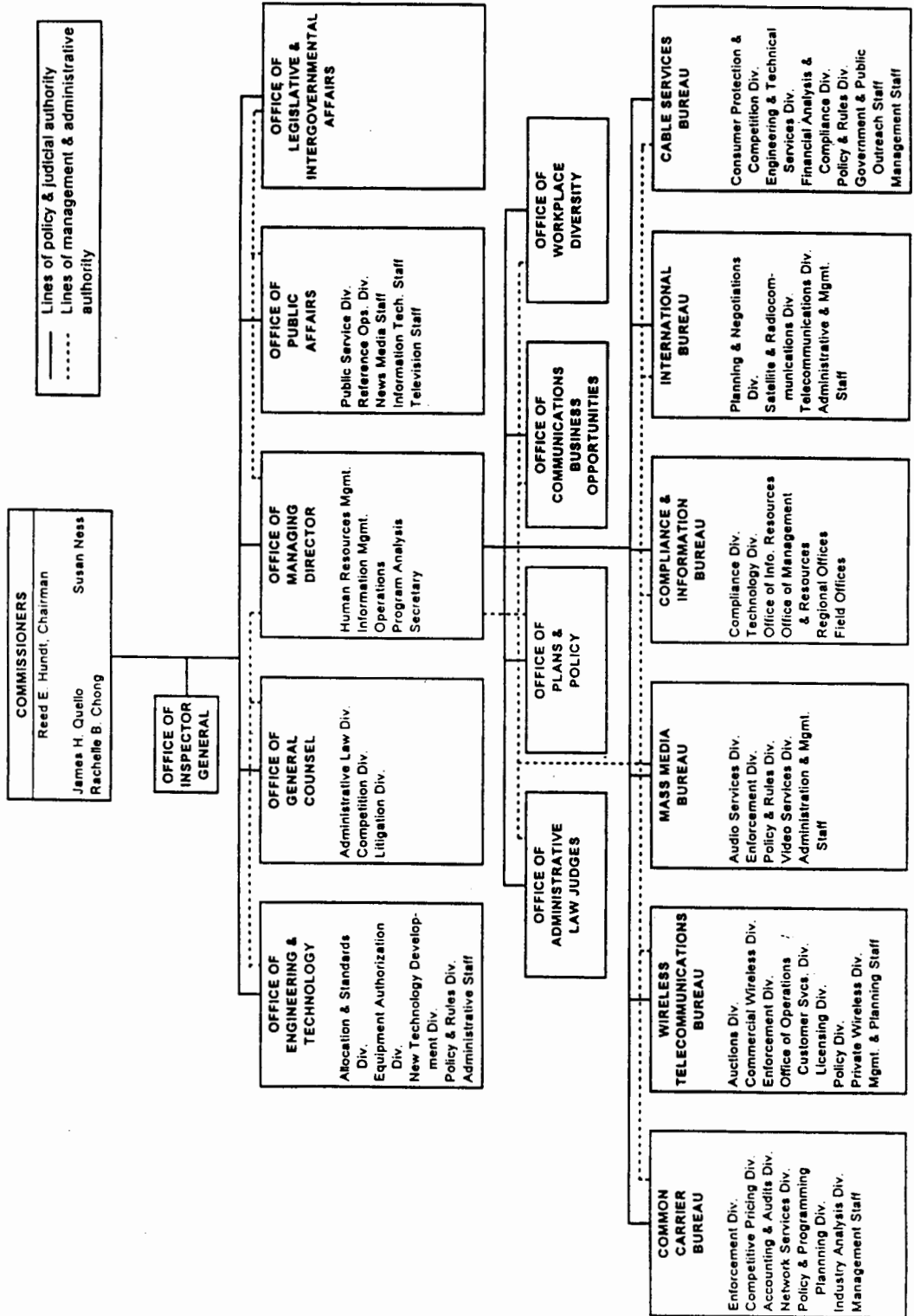
(3) Reduced by \$305,000 for administrative and contract costs savings to \$184,927,000.

FCC Fee Collection History

Regulatory Fees Collected from FY1994-FY1996		Processing Fees Collected from FY1987-FY1996	
Fiscal Year	Amount (Million \$)	Fiscal Year	Amount (Million \$)
1994	58,917,000.00 (1)	1987	10,330,000.00
1995	119,339,000.00 (1)	1988	41,206,000.00
1996	126,500,000.00 (1)	1989	56,858,000.00
		1990	27,559,000.00
		1991	46,361,000.00
		1992	50,618,000.00
		1993	39,102,000.00
		1994	42,780,000.00
		1995	50,609,000.00
		1996	42,832,000.00

(1) Represents the total collections through September 30 of each fiscal year credited on Treasury Warrant.

FEDERAL COMMUNICATIONS COMMISSION



FCC Approves Free TV Plans for Candidates

Associated Press

Telecom law rings in changes

Companies launch ad campaigns to fight fierce new competitor

FCC has hands full

Burning the Midnight Oil

By EVAN RAMSTAD
Associated Press writer

NEW YORK — Getting through dinner without a call from a phone or cable company could get tougher now that President Clinton has

on New Phone Rules

By Mike Mills
Washington Post Staff Writer

There's roughly \$100 billion on the table at the Federal Communications Commission these days, so the staff and the lobbyists there are working a bit harder than usual.

"I used to eat lunch," said Jim Casserly, top aide to commissioner Susan Ness. "I loved lunch. These days I'm lucky if I have a chocolate bar at 5 p.m. and get lunch at midnight." One day recently he did manage to get out at 6:30 p.m. for his daughter's birthday—but only after cramming in meetings with 10 lobbyists.

Casserly isn't complaining, though. He's one of dozens of staffers burning the midnight oil at the commission as it wrestles with what many agency watchers say may be the most important issue it ever decides: How to open up the \$100 billion-a-year local telephone monopolies to competition.

"If the rest of the country had an opportunity to see how some of the people over there work, it would certainly challenge the average American's view of Washington bureaucrats," said Thomas J.

THE BROADCASTERS

The Networks See Potential For Growth

Key Stumbling Block Is Avoided, for Now

By BILL CARTER

Broadcasters walked away from yesterday's passage of the new telecommunications bill well satisfied with its deregulation of several parts of their industry and looking forward

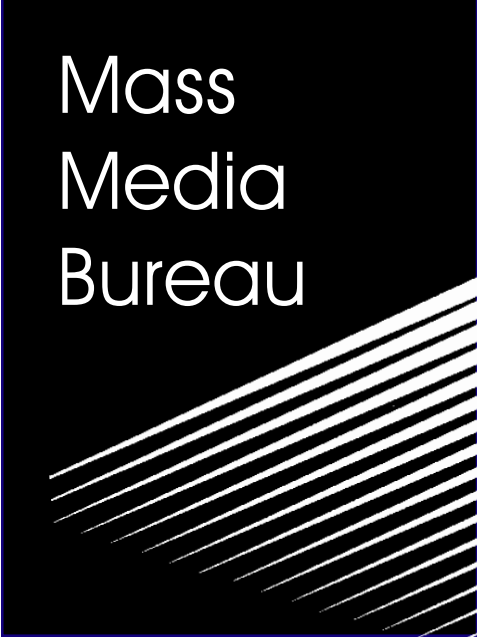
It's Now Law: 3 Hours of Children's TV

By LAWRIE MIFFLIN

After two years of arguing and a summer of on-again, off-again compromises, the Federal Communications Commission unanimously passed a regulation yesterday that requires television stations to show three hours of children's educational programming each week.

The rule emerged from the latest compromise agreement, which was

Law lifts restrictions, triggers raft of deals

The logo for the Mass Media Bureau is a black square. Inside the square, the words "Mass", "Media", and "Bureau" are stacked vertically in a white, sans-serif font. The bottom right corner of the square features a series of white diagonal lines that create a sense of motion or a stylized graphic element.

Mass Media Bureau

Overview

The Mass Media Bureau advises the Commission on policy pertaining to 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.

In response to passage of the 1996 Telecom Act the Commission took several actions in the Mass Media arena to streamline its processes, speed-up service to the public and promote competition in the industry. Among the most notable changes, it eliminated the 12 station limit on the number of television stations one person or company could own, eliminated the 20 (25 if minority-owned) station limit for national radio ownership, increased the number of radio stations in a single market that could be commonly owned, substituted a two-step renewal procedure to replace time consuming and costly comparative license renewal hearings, instituted a policy whereby a broadcast licensee could presume that its renewal application would be granted if it met specified statutory standards, and began a proceeding to permit a one-step method for issuing radio and television licenses.

The enactment of the 1996 Telecom Act accelerated the pace of consolidations, mergers and acquisitions in the television broadcast industry, with million dollar sales of broadcast properties being displaced by multi-billion dollar transactions, such as the \$19 billion transfer of control of the Capital Cities/ABC Inc. television network and other broadcast and newspaper properties to The Walt Disney Company and the \$ 5.4 billion transfer of the broadcast network and media holdings of CBS, Inc. to the Westinghouse Electric Corporation. In those and other multi-media transactions involving the Commission's national, local and cross-ownership restrictions, appropriate solutions were crafted to ensure the public interest benefits of the transactions without compromising the fundamental policies of diversity and competition served by the ownership limitations.

One thing is certain: it will bring changes as sweeping as any since the 1934 Communications Act, which established most of the ground rules by which the industry now plays. The new bill junks virtually all the federal regulations that have traditionally defined which companies can enter which communications businesses, setting up a free-market free-for-all.

Time - Feb. 12, 1996

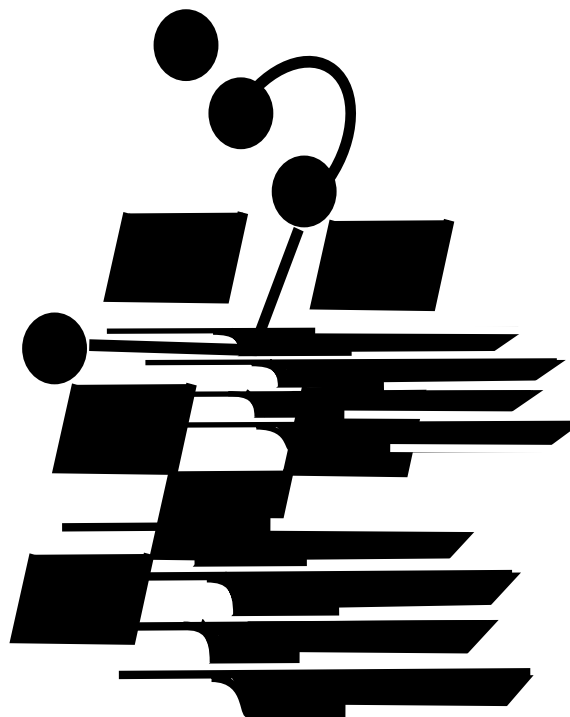
The Bureau has four Divisions.

The **Audio Services Division** (ASD) is responsible for reviewing and taking action on all applications filed by the nation's 12,000 FM and AM stations and 2,500 FM translator and booster stations. In March 1996 ASD launched its homepage on the Internet, providing broadcasters with direct access to application status reports, engineering databases and staff letter decisions of general interest. The Division's customer service team and renewal information line, which provide broadcasters and the public with a ready source of information on the status of applications, filing procedures and radio rules, continue to garner high praise from the industry and the public generally.

The **Enforcement Division** responds to complaints, conducts investigations concerning broadcast stations, handles matters concerning political broadcasting, enforces the broadcast and cable television equal employment opportunity laws and rules, and participates in formal adjudicative proceedings involving broadcast stations. During FY96 the Enforcement Division fully implemented improvements effected in FY95 to streamline its organization and improve speed of service. As a direct result, it was able to expedite enforcement clearances for grant of the increased number of stations changing hands because of the 1996 Telecom Act's liberalization of the multiple ownership rules.

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 economic studies to formulate and evaluate Commission policies in terms of their economic effects on the mass media or on other industries or society, as appropriate, and evaluates economic and other studies submitted to the Commission in connection with various proceedings.

The **Video Services Division** (VSD) is responsible for reviewing and taking action on all applications filed by the nation's 1,550 commercial and non-commercial educational television and the nearly 6,850 TV translator and low power television broadcast stations. VSD is also responsible for the disposition of applications and other requests regarding the development and licensing of facilities in the Multipoint and/or Multichannel Distribution Service (MDS) and the Instructional Television Fixed Service (ITFS).





- ❑ Disposed of a record 3,309 radio assignment and transfer applications, including 1,019 non-routine applications, while substantially maintaining speed of disposal rates with fewer staff members.
- ❑ Drafted a *Notice of Proposed Rulemaking* to permit certain changes in broadcast facilities without a construction permit. This rulemaking seeks to take advantage of new licensing flexibility provided by the Telecom Act by eliminating the two-step licensing requirement in some contexts.
- ❑ Drafted the *Order* (MM Docket No. 96-58) implementing the Telecom Act provision which requires the automatic expiration of the license of a broadcast station that has been silent for 12 consecutive months.
- ❑ Implemented a computerized license renewal system which substantially automates the processing of the 12,000 radio renewal applications to be reviewed in the current cycle.
- ❑ Conducted 59 lotteries involving 262 mutually exclusive LPTV/TV translator applications, of which nearly 6% were filed by entities that were more than 50% minority owned. In eight of 14 lotteries (57%), a minority applicant was the winner.
- ❑ Awarded, under the MDS licensing scheme, authorizations for each of the 493 Basic Trading Areas and BTA-like areas and, within six months, listed about 80% of the BTAs as ready to grant upon appropriate payments by the auction winners and processed nearly 560 applications filed for individual MDS stations within these BTAs.
- ❑ Responded to 14,446 telephone and 14,076 written complaints and inquiries made in connection with the Bureau's complaints and political programming enforcement program and issued 31 *Notices of Apparent Liability* totalling \$419,000 and 25 *Forfeiture Orders* disposing of responses to *NALs*.
- ❑ Helped prepare for the Commission's June 25, 1996, *en banc* hearing on provision of free broadcast time for major political candidates and in preparing the ruling that networks' proposals in this regard were exempt from equal opportunities requirements under the news exemption.
- ❑ Expeditiously handled reasonable access and equal opportunities complaints filed by presidential candidate Ross Perot against the major TV networks.
- ❑ Established comprehensive rules for the review and evaluation of television licensee efforts to comply with the statutory requirements for the provision of educational programming for children.
- ❑ Implemented numerous provisions of the Telecommunications Act of 1996, including ownership and dual network rules, renewal procedures, and license terms, and began rulemaking proceedings on all other Mass Media-related provisions of the Act.

A black rectangular box with the text "Major Proceedings" in white. The bottom right corner of the box features a series of white diagonal lines that extend outwards, creating a sense of motion or a stylized graphic element.

Major Proceedings

One-Step Licensing (MM Docket No. 96-58)

The Telecom Act amended Section 319 of the Communications Act to permit the Commission to adopt rules to except from the statutory construction period requirement “minor changes in the facilities of authorized broadcast stations.” In response, the Commission adopted a *Notice of Proposed Rulemaking* in March 1996. The rulemaking proposes to eliminate the current two-step procedure where the changed facilities would not have an adverse impact on other broadcast facilities. Stations also would be permitted to implement certain changes without prior authority and file a license application afterwards. The Commission also has solicited suggestions on other types of minor modifications that could be moved to a one-step licensing process.

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

In August 1996 the Commission adopted new rules to strengthen its enforcement of 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’s new rules include several measures to improve public access to information about the availability of programming specifically designed to educate and inform children

(“core” programming). The Commission’s new public information initiatives require commercial television broadcast stations to identify core programming at the time it is aired and in information provided to publishers of television program guides. Commercial stations will be subject to standardized reporting requirements, and will place completed children’s television programming reports in their public files quarterly. For an experimental period of three years, these reports will be filed annually with the Commission.

The Commission’s definition of “core” programming is intended to provide better guidance to broadcasters about what programs fulfill their statutory obligation to air programming that is specifically designed to educate and inform children. Core programming, under the new definition, is regularly scheduled, weekly programming of at least 30 minutes, aired between 7:00 a.m. and 10:00 p.m., that has serving the educational and informational needs of children as a significant purpose. The program must also be identified as core programming when it is aired and in information provided to program guide publishers. In addition, the educational and informational objective and target child audience of the program must be specified in writing in the children’s programming report placed quarterly in the broadcaster’s public file.

The Commission’s processing guideline is intended to provide certainty to broadcasters about how to comply with the CTA and to facilitate the fair and efficient processing of the CTA portions of broadcasters’ renewal applications. Under this guideline,

broadcasters that air at least three hours per week of core programming, or its equivalent, will receive staff-level approval of their license renewal applications. Licensees who do not meet the guideline will have their applications referred to the Commission. Licensees in this latter category can demonstrate compliance with the CTA by relying in part, for example, on sponsorship of core programs on other stations in the market and special nonbroadcast efforts that enhance the value of children's educational and informational programming. The Commission's new definition of core programming and its processing guideline are effective in September 1997.

Digital Television Service (DTV) (MM Docket No. 87-268).

In May 1996 the Commission adopted a *Fifth Further Notice of Proposed Rulemaking* in the Digital Television proceeding, inviting comment on its proposal to require digital television licensees to use the ATSC DTV Standard as recommended by the Advisory Committee on Advanced Television Service. The Commission also proposed to adopt one or more methods of ensuring that at some future time the ATSC DTV Standard does not inhibit innovation and competition. Finally, the Commission sought comment on (1) options other than requiring the use of the entire ATSC DTV Standard, (2) interference protection standards, and (3) other issues relating to the Standard. On August 14, 1996, the Commission released a *Sixth Further Notice of Proposed Rulemaking* concerning the allotment of channels for digital broadcast television use. This *Further Notice* proposes policies for developing the initial DTV allotments, procedures for assigning DTV frequencies, and plans for spectrum recovery. It also proposes technical criteria for the allotment of additional DTV frequencies and provides a draft DTV Table of Allotments. MMB worked closely with the Office of Engineering and Technology to advise the Commission on this matter.

Newspaper/Broadcast Cross-ownership (MM Docket No. 96-197).

In September 1996 the Commission released a *Notice of Inquiry* seeking comment on the possible revision of its standards for waiver of the newspaper/broadcast cross-ownership rule (§ 73.3555(d)) with respect to newspaper/radio combinations. The *Notice* solicits comment, in conjunction with other major changes in broadcast ownership rules provided by the Telecommunications Act of 1996, on whether the Commission should adopt objective criteria for evaluating such waiver requests and, if so, what those criteria should be.

License Terms for Broadcast Stations (MM Docket No. 96-90).

In April 1996 the Commission released a *Notice of Proposed Rulemaking* to implement Section 203 of the Telecom Act. Section 203 eliminates the statutory distinction between the maximum allowable license terms for television and radio stations, and it provides that such licenses may be for terms "not to exceed 8 years." The Commission has proposed to amend its rules to provide that the Commission will ordinarily grant broadcast licenses for the 8-year terms allowed by the Telecom Act, while still reserving the authority to grant individual licenses for less than the statutory maximum if the public interest, convenience and necessity would be served by such action.

National TV Ownership and Dual Network Rule

In March 1996 the Commission released an *Order* implementing sections 202(c)(1) and 202(e) of the Telecommunications Act of 1996 ("the Telecom Act"). Section 202(c)(1) directed the Commission to eliminate the cap on the number of stations in

which an entity could have an attributable interest on a national level, to raise the permissible national audience reach for commonly owned stations from 25% to 35%, and to revise the dual network rule. Previously, the Commission's rules prohibited entities from having an attributable ownership or other cognizable interest in more than 12 broadcast television stations (an additional two stations were permissible if they were minority-controlled). The rule also prohibited an entity from having an attributable ownership or other cognizable interest in a station if it would result in that entity's having such an interest in television stations with an aggregate national audience reach exceeding 25 percent (an additional 5 percent reach was permitted if it was derived from minority-controlled stations). The *Order* revised these rules pursuant to the 1996 Act and noted that other aspects of the national television multiple ownership rule (i.e., treatment of UHF stations and satellite stations) remain the subject of another pending TV Ownership proceeding.

Radio Ownership Rules-National and Local

In March 1996 the Commission released an *Order* implementing sections 202(a) and 202(b)(1) of the Telecommunications Act of 1996. These provisions direct the Commission to eliminate the national multiple radio ownership rule and modify the local radio ownership ("radio contour overlap") rule. With the *Order*, the Commission conformed its rules to these provisions of the Telecom Act.

Previously the Commission's rules limited commercial radio ownership on a nationwide basis to 20 AM stations and 20 FM stations, except that minority owners were permitted to own up to 25 AM and 25 FM stations. Non-minority owners, in addition to being permitted to own up to 20 AM and 20 FM stations, were permitted to hold an attributable interest in 5 additional stations per service,

provided that those additional five stations were small business controlled or minority controlled. Section 202(a) of the Telecom Act directed the Commission to eliminate its rules limiting the number of AM or FM broadcast stations that may be commonly owned nationally and the Order implemented this provision.

With regard to local ownership, the Commission's rules previously permitted ownership of up to three commercial radio stations, no more than two of which may have been in the same service, in radio markets with 14 or fewer stations, provided that the owned stations, if other than a single AM and FM station combination, represented less than 50 percent of the stations in the market; in markets with 15 or more commercial radio stations, ownership of up to two AM and two FM commercial radio stations was generally permitted if the combined audience share of the commonly owned stations did not exceed 25 percent in the market.

License Renewal Procedures for Broadcasters

In April 1996 the Commission released an *Order* implementing sections 204(a) and 204(c) of the Telecommunications Act of 1996, which adopts new section 309(k) of the Communications Act applicable to broadcast renewal applications filed after May 1, 1995, eliminating comparative renewal hearings, establishing instead a new two-step renewal procedure, and directing the Commission to grant a broadcaster's renewal application if it meets statutory standards.

Digital Transmission Within Television Video (MM Docket No. 95-42)

In June 1996 the Commission opened the doors to the provision of significant digital data information by way of television signals. It adopted a *Report and Order* which permits the transmission of digi-

tal data within television video. The transmission of data within the vertical blanking interval (VBI), which consists of 21 lines of video not normally seen by the viewer, has been permitted for many years. (For example, closed captioning information, a form of digital data, is transmitted on line 21 of the VBI.) Technological advances have led to the development of systems which can transmit much higher data rates by using minute portions of the visible portion of the video bandwidth used by television stations, without perceptibly degrading the television picture. Thus, the R&O approved the use of a number of such systems and implemented a process whereby such future systems could be implemented with a minimum of delay.

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

In December 1995 the Commission released a *Notice of Inquiry* initiating an examination of how to provide people with hearing and visual disabilities greater access to television programming by the use of closed captioning and video description. The *Notice* is intended to make television accessible to the 23 million Americans with hearing disabilities and 8 million Americans with visual disabilities. The Telecom Act directs the Commission to conduct proceedings concerning both closed captioning and video description. Therefore, on February 27, 1996, the Commission announced that it would use the comments filed in this proceeding for these inquiries. The Commission reviewed the comments and reply comments, and it submitted a report to Congress on July 29, 1996, on a variety of issues, including the current availability, cost and quality of closed captioning and video description.

Expedition of New ITFS Service

In March 1996 the Commission implemented Section 403(c) of the Telecom Act, which authorizes the Commission to delegate to the staff the author-

ity to process and grant from among mutually exclusive applications for Instructional Television Fixed Service (ITFS) facilities. In the implementing *Order*, the Commission exercised this option and delegated such authority to the staff. In so doing, the Commission concluded that it would speed the processing of ITFS applications, complementing recent rule changes designed to increase ITFS processing efficiency. Moreover, the Commission noted that it has conducted a substantial number of hearings for ITFS facilities over the past several years and has developed a large body of case law addressing a variety of issues.

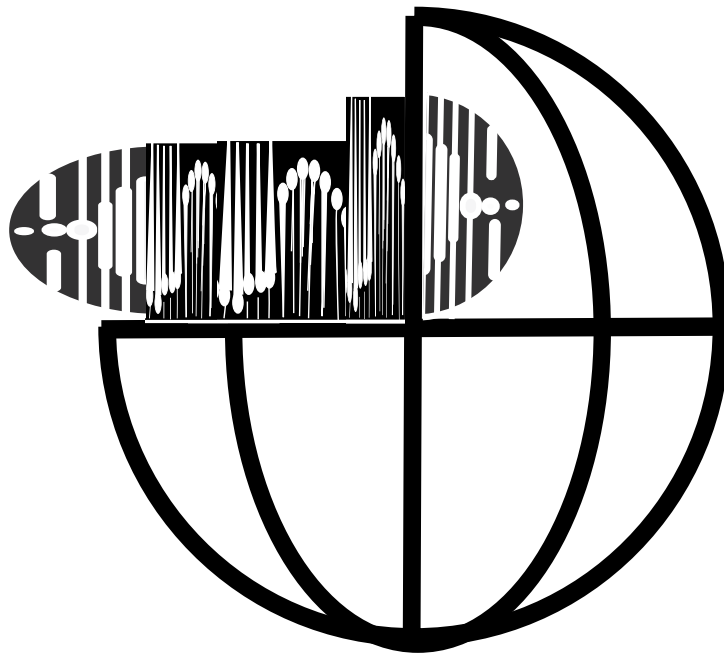
Streamlining Broadcast EEO Rules (MM Docket No. 96-16)

On February 16, 1996, the Commission issued an *Order and Notice of Proposed Rulemaking* to propose improvements and clarifications to the broadcast equal employment opportunity rules and to propose guidelines for imposing forfeitures for violations of those requirements. The *Notice* seeks comment on how to improve the rules and afford relief to licensees of small stations and other distinctly situated broadcasters without undermining the effectiveness of the program.

News Exemptions to Equal Opportunities

During Spring 1996 the Commission received requests from broadcast networks seeking rulings that their proposed formats for presentation of the major candidates competing in the 1996 Presidential general election would be exempt from equal opportunities requirements as *bona fide* news programming. The Commission issued a *Public Notice* asking interested parties to comment on the requests and other issues relating to the Commission's interpretations of the news exemption and held an *en banc* hearing on June 25, 1996, to explore further the issues raised by the various

network proposals. On August 21, 1996, the Commission granted specific network requests ruling that each of the proposed formats was exempt “on-the-spot coverage of a *bona fide* news event.” The Commission’s action cleared the way for the broadcast of the views of the candidates in formats designed to elicit more detailed information on critical issues than is typical in political spot advertising or in sound bite news stories. In doing so, the Commission made it possible for Presidential candidates to speak directly to the American electorate during prime time hours.



MASS MEDIA STATISTICS

Current Broadcast Authorizations

Outstanding broadcast authorizations for major services at the close of Fiscal Year 1996 totaled 24,939, a decrease of 1,402 from Fiscal Year 1995.

Class	Sept. 30, 1995	Sept. 30, 1996	Increase or (decrease)
Standard (AM)	5,059	5,013	(46)
Frequency Modulation (FM)	5,935	6,017	82
Educational FM	2,064	2,136	72
UHF Commercial TV	744	749	5
VHF Commercial TV	571	574	3
UHF Educational TV	252	256	4
VHF Educational TV	127	127	--
LPTV/TV Translators (UHF-VHF)	8,558	6,872	(1,686)
FM Translator and Booster	<u>3,031</u>	<u>3,195</u>	<u>164</u>
Totals	26,341	24,939	(1,402)

There were 14,872 AM, FM and TV broadcast stations authorized at the close of FY 1996. A total of 13,663 had operating authorizations, and 1,209 were under construction.

Class	Licensed Stations Sept. 30, 1995	Outstanding Construction Permits for New Stations Sept. 30, 1995	Licensed Stations Sept. 30, 1996	Outstanding Construction Permits for New Stations Sept. 30, 1996
Standard (AM)	4,908	151	4,872	141
Frequency Modulation (FM)	5,274	661	5,390	627
Educational FM	1,805	259	1,850	286
UHF Commercial	620	124	627	122
VHF Commercial TV	559	12	560	14
UHF Educational TV	240	12	241	15
VHF Educational TV	<u>123</u>	<u>4</u>	<u>123</u>	<u>4</u>
Totals	13,529	1,223	13,663	1,209

MASS MEDIA STATISTICS

Nonhearing Applications Statistics

Class	On hand		Granted	Dismissed Denied Returned	Designated for hearing	On hand Oct. 1, 1996
	Oct. 1, 1995	New				
Standard Broadcast (AM), Frequency Modulation (FM) Commerical and Educational, and FM Translators and Boosters						
AM/FM New stations and major changes	1004	804	302	142	0	1364
FM Translators and Boosters						
New stations and major changes	526	703	467	164	0	598
Assignments and transfers	443	3465	3177	132	0	599
Renewals	1,023	5,221	4,227	0	0	2017
Licenses	645	1,264	1,103	80	0	726
Modifications and Extensions	736	1406	1,421	124	0	597
Television (TV) (Commercial and Educational)						
New stations and major changes	118	488	19	10	0	577
Assignments and transfers	51	525	490	2	0	84
Renewals	83	147	111	0	0	119
Licenses and other	217	458	207	3	0	465
LPTV/TV Translators and Boosters						
New stations and major changes	1,021	1,059	292	135	01	1,653
Assignments and transfers	43	343	308	12	0	66
Renewals	69	436	250	0	0	255
Licenses and other	144	1,506	1,333	79	0	238
Instructional TV Fixed						
New stations and major changes	626	965	183	13	0	1,395
Assignments and transfers	1	4	4	0	0	1
Renewals	9	123	74	0	0	58
Licenses and other	450	1,225	1,094	7	0	574

Congress rewires the country

After all is said and done, people are supposed to save money — and possibly get one bill for cable, phone and cellular service.

Compiled from Times wires

WASHINGTON — If you use a telephone, watch television, listen to the radio or use a computer to explore the Internet, Congress did something Thursday that will affect your life.

The Senate and the House overwhelmingly voted to fundamentally rework laws written in the 1930s, when radio was the high-tech issue. The new legislation will deregulate the \$700-billion telecommunications industry — one-sixth of the nation's economy — in a way considered radical only a few years ago.

Local phone companies will be able to offer long-distance service — and vice versa. Cable companies can become phone companies — and vice versa. Cable rates will no longer be regulated by the Federal Communications Commission.

Bill's Passage Represents Will Of Both Parties

By BRYAN GRILEY
of ALBANY, N.Y.

New Deregulation Game Leaves the FCC With Tough Calls

RACHELLE CHONG, commissioner at the Federal Communications Commission, jokes that FCC staffers need new equipment as they write rules for the Telecommunications Act of 1996.

To face the lobbyists, Chong suggests: Always carry the Act; carry rations in case you're stuck in a long briefing; carry a notepad in case you're trapped in the bathroom with a lobbyist; and "always carry a defensive weapon in case an overly persistent lobbyist poses a threat to getting your work done."

Overburdened staffers are now wearing buttons: "We're wired and we're tired."

Landmark Telecom Bill Becomes Law

Measure Provokes Threats By Firms of Invading Each Other's Business

By GAUTAM NAIK
of THE WALL STREET JOURNAL

President Clinton signed the telecommunications bill into law in a flurry of announcements.

Technology Helped Spark Call for Overhaul

By AMY HARMON
of THE WALL STREET JOURNAL

The bill was decades in the making, but it is a surprisingly complicated piece of legislation.

After more than a decade of enforced government restraint, the Telecommunications Reform Act of 1996 is supposed to bring real competition to telephone service. In the middle of this scheme for mega-deregulation stands the Federal Communications Commission.

The agency will have to follow a tight timetable in issuing about 80 rules to implement the act and letting companies know if they can go ahead with their plans.

"The challenge is like that faced by Lewis and Clark," said FCC Chairman Reed E. Hundt.

COMMON CARRIER BUREAU



Overview

The FCC's Common Carrier Bureau has responsibility for FCC policies concerning telephone companies that provide interstate telecommunications services to the public through the use of wire-based transmission facilities. These companies, called common carriers, provide voice, data, and other transmission services. The Common Carrier Bureau works closely with the other operating Bureaus, especially the International Bureau, the Wireless Telecommunications Bureau, and the Cable Services Bureau, to coordinate related matters.

Under the Communications Act of 1934, as amended by the Telecommunications Act of 1996, the FCC is charged with ensuring that common carriers pro-

vide services at just, reasonable, and affordable prices and in a nondiscriminatory manner. The Common Carrier Bureau implements FCC regulations and programs designed to meet these objectives. The Common Carrier Bureau also recommends and implements proposals designed to encourage the introduction and advancement of competition in telecommunications markets.

As the industry has evolved from an integrated monopoly to an intensely competitive industry, the FCC and the Common Carrier Bureau have striven to adapt the Communications Act to a rapidly changing industry.

The FCC has jurisdiction over interstate communications services such as telephone calls between states. These services include the connections to local customers that local exchange carriers (LECs) provide to long distance telephone companies. The FCC works closely with state regulators on the many issues that affect both jurisdictions. On such issues as universal service, the FCC and the states work together through the formation of a Federal-State Joint Board, whose members are drawn from the FCC and from state regulatory bodies.

Competition is a cornerstone of the FCC's regulatory policy in all areas. In the common carrier area, the FCC seeks to encourage competition in various telephone markets and to ensure that its regulations do not impede the development of competition. Where competition does not yet exist, or where it fails to protect consumers, the Bureau enforces Commission rules and policies that are designed to ensure that the Communications Act mandate of just, reasonable and non-discriminatory rates for interstate services is fulfilled.

The Common Carrier Bureau has six divisions:

The **Accounting and Audits Division** develops and administers the Commission Uniform System of Ac-

counts for communications common carriers, including related Commission requirements for reporting and preservation of records, the jurisdictional separations rules and the universal service responsibilities of the Commission; monitors carrier compliance with Commission requirements through the review and approval of carrier accounting reports; and conducts a program of comprehensive and selective field audits and investigations of carriers' financial and operating practices, procedures and records.

For residential consumers, deregulation will produce more choices for local and long-distance service over the next several years..... Big companies will begin offering packages including a full range of phone and TV services.

Los Angeles Times- Feb. 2, 1996

The **Competitive Pricing Division** is responsible for administering the tariffing provisions of Sections 201 - 205 of the Communications Act of 1934, as amended, including the review of all domestic and international common carrier tariffs, and conducting tariff investigations. The Division is also responsible for implementing various sections of the 1996 Act, including the development of federal regulations relating to pricing of the various forms of interconnection, the administration of regulatory reform provisions relating to the review of local telephone company tariffs on a streamlined basis, and the development and implementation of forbearance as it relates to the tariffing and pricing of common carrier telecommunications services.

The **Enforcement Division** handles complaints, rulemakings and other matters related to the Communications Act of 1934 and implementation of the

1996 Act. All carriers, even those that the Commission has chosen not to regulate directly because of increased competition in the marketplace, are subject to certain consumer protection requirements. All users of telecommunications services retain the right to bring their formal or informal complaints directly to the Commission.

The **Industry Analysis Division** gathers and pub-

Nowhere has the call for telecommunications competition sounded louder than on Wall Street. As Congress finally passed its landmark communications bill.... telephone companies and their investment bankers began suiting up for a flurry of deals that they said would flow from the wholesale deregulation of the industry.

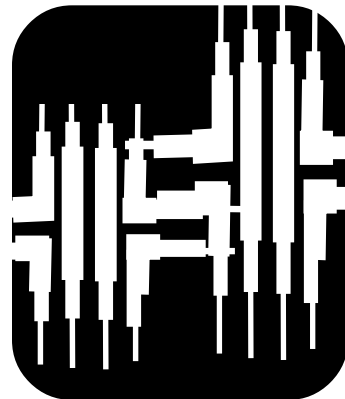
The New York Times-Feb 1, 1996

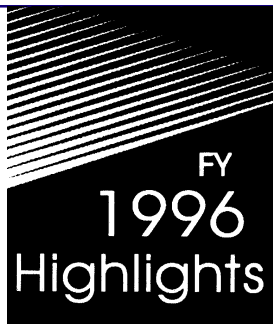
lishes data about the telecommunications industry. It also administers the Commission's programs for assisting low-income telephone subscribers. Pursuant to its data-gathering activities, the Division undertakes to advise the Commission and the public about trends in the telecommunications industry. The Division prepares statistical reports that are published by the Commission and the Federal-State Joint Board, and answers inquiries from the public about telephone industry-related data and trends. The Division also provides statistical analyses and other support to other divisions within the Common Carrier Bureau and to the Commission, and conducts rulemakings and other public proceedings related to the Communications Act of 1934 and implementation of the 1996 Act.

The **Network Services Division** is responsible for recommending and implementing rules and policies regarding: numbering (for example, toll free numbers, North American Numbering Plan Administration, abbreviated dialing arrangements such as N11 codes, and area code relief plans); toll fraud; consumer services (for example, Caller ID and the Tele-

phone Consumer Protection Act); and programs required by the Americans with Disabilities Act (including Telecommunications Relay Service for the hearing-impaired and hearing aid compatibility) and by the Communications Assistance to Law Enforcement Act. The Division is also involved in implementing certain provisions of the 1996 Act. In addition, the Division administers the registration of customer premises equipment that may be connected to the public switched network.

The **Policy and Program Planning Division** is involved in most rulemaking proceedings that concern major issues of telecommunications policy, other than access pricing. The Division has primary responsibility for implementing the interconnection requirements of the 1996 Act and Bell Operating Company entry into the interexchange market. The Division recommends rules and regulatory programs that are designed to promote competition in the provision of telecommunications services and promote unbundling of network services and features useful to consumers, other carriers, and information service providers as well as ensuring that consumers benefit from competition in the interexchange market. The Division develops rules and policies in such areas as interconnection, number portability, and the interexchange market.





* Established a Federal-State Joint Board, comprised of four state commissioners, three federal commissioners, and one state public utility counsel, to develop a recommended decision for the Commission to consider addressing the universal service provisions of the 1996 Act.

* Adopted rules to promote competition and regulatory parity among Payphone Service Providers by ensuring that they receive fair compensation for all calls that originated on their payphones.

* Issued *Notices of Apparent Liability*, *Consent Decrees*, and *Forfeitures* against a variety of interexchange carriers for unauthorized conversion (slamming) of long distance services.

* Conducted periodic meetings with Local Exchange Carriers (LECs), Interexchange Carriers (IXCs) and other industry groups to address issues related to implementation of the 1996 Act.

* Administered the implementation of a new toll-free code (888) to supplement the existing (800) toll-free code.

* Re-engineered the informal complaint procedure for serving unauthorized conversion (slamming) complaints on carriers and other telecommunications service providers. The improved procedure provides information to consumers on their rights and also the speed at which carriers on notice are to address the problems raised by the consumer.

* Adopted a *Notice of Proposed Rulemaking* to establish non-accounting separate affiliate and nondiscrimination safeguards for Bell Operating Company provision of telemessaging services, electronic publishing services, and alarm monitoring services.

* Adopted a *Notice of Proposed Rulemaking* to establish the non-accounting separate affiliate and nondiscrimination safeguards applicable to BOC provision of interLATA telecommunications services, interLATA information services, and manufacturing.

* Negotiated and released *Consent Decrees* resulting from audits of seven of the largest local exchange carriers.

A black rectangular graphic with the words "Major Proceedings" in white serif font. The bottom right corner of the rectangle features a series of white diagonal lines that extend towards the bottom right of the page.

Major Proceedings

Accounting Safeguards (CC Docket No. 96-150)

On July 18, 1996, the Commission released a *Notice of Proposed Rulemaking* addressing the 1996 Act's requirements for accounting safeguards. The *Notice* sought comments on the way incumbent local exchange carriers, including the Bell Operating Companies, must account for transactions with affiliates involving, and allocate costs incurred in the provision of, both regulated telecommunications services and non-regulated services, including telemessaging, interLATA telecommunications, information, manufacturing, electronic publishing, alarm monitoring and payphone services, to ensure compliance with the Act.

AT&T'S Motion for Reclassification as a Non-Dominant Carrier

On October 23, 1995, the Commission released an *Order* (FCC No. 95-427) granting AT&T's motion to be reclassified as a non-dominant carrier. As part of its analysis, the Commission defined the relevant product and geographic market for AT&T, under the *Competitive Carrier* paradigm, as the "interstate, domestic, interexchange" market. The Commission also determined that the appropriate standard to evaluate AT&T's reclassification request was whether AT&T lacked market power in the overall relevant product market, even if AT&T has the ability to control the prices of one or more services. The Commission concluded, in light of the fact that busi-

ness, 800, and residential services constitute the vast majority of the interstate, domestic, interexchange services market, that the market-structure characteristics and the indicia of market conduct and performance all indicate that AT&T lacks market power in the interstate, domestic, interexchange telecommunications market.

Bell Operating Company (BOC) Entry Into Out-of-Region InterLATA Services (CC Docket No. 96-21)

On July 1, 1996, the Commission released a *Report and Order* which decided, on an interim basis, to remove dominant carrier regulation for those BOCs providing out-of-region interLATA services that provide such services through separate affiliates satisfying the *Competitive Carrier Fifth Report and Order* separation requirements. Under the *Report and Order*, BOC interexchange affiliates are treated as non-regulated affiliates under the Commission's joint cost and affiliate transactions rules for the purposes of BOC accounting.

This interim measure will enable BOCs to begin competing in the interexchange market on a non-dominant basis and will remain in effect at least until completion of the FCC's proceeding in CC Docket No. 96-61 regarding the regulatory treatment of LEC provision of interexchange services originating outside the LEC's local exchange area.

Customer Proprietary Network Information (CPNI) (CC Docket No. 96-115)

On May 17, 1996, the Commission released a *Notice of Proposed Rulemaking* initiating a proceeding to interpret and clarify telecommunications carriers' CPNI obligations under section 222 of the 1996 Act. The Commission sought comment on whether its previously established CPNI requirements should remain in effect or be modified. With respect to AT&T, the Commission tentatively concluded that the pre-existing requirements should be removed in light of the recent decision classifying AT&T as a non-dominant carrier. On August 7, 1996, the Commission released a *Report and Order* on the alarm monitoring issues raised in the CPNI *NPRM*.

Geographic Rate Averaging and Rate Integration (CC Docket No. 96-91)

On August 7, 1996, the Commission released an *Order* to implement the geographic rate averaging and rate integration requirements of section 254(g) of the Communications Act of 1934, as amended by the 1996 Act. The geographic rate averaging provision of section 254(g) requires that "the rates charged by providers of interexchange telecommunications services to subscribers in rural and high cost areas shall be no higher than the rates charged by each such provider to its subscribers in urban areas." The rate integration provision of section 254(g) requires that "a provider of interstate interexchange telecommunications services shall provide such service to its subscribers in each State at rates no higher than the rates charged to its subscribers in any other State." Because the Communications Act defines "State" to include U.S. territories and possessions, the integration provision applies to places such as Guam and the Commonwealth of the Northern Mariana Islands. The *Order* states that carriers may

deviate from the geographic rate averaging and rate integration requirements to offer temporary promotions, which may last no longer than 90 days. The Commission's rules concerning the geographic rate averaging and rate integration provisions, which can be found at 47 C.F.R. section 64.1801, took effect September 16, 1996. A number of carriers have filed petitions asking the Commission to reconsider certain aspects of the *Order*.

Hearing Aid Compatibility (CC Docket No. 87-124)

On November 28, 1995, the Commission adopted and released a *Notice of Proposed Rulemaking* in CC Docket No. 87-124. The *Notice* presented as proposed rules the recommendations of the Commission's Hearing Aid Compatibility Negotiated Rulemaking Committee, which concluded its work on June 15, 1995, and which issued its Final Report on August 3, 1995.

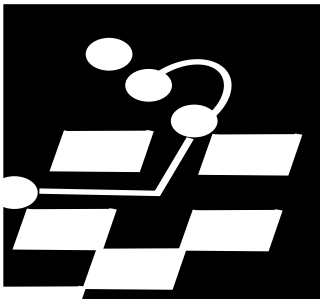
This Negotiated Rulemaking Committee was formed to develop hearing aid compatibility rules applicable to workplaces, hotels and motels, and confined settings, to replace original rules that were suspended in April of 1993.

On July 3, 1996, the Commission released a *Report and Order* adopting final rules that, in general, require eventually all wireline telephones in workplaces, in confined settings (e.g. hospitals and nursing homes), and in hotels and motels to be hearing aid compatible according to certain timelines. In addition, telephones that are newly acquired or are replacement telephones eventually also will have volume control features. Workplaces with fewer than 15 employees are exempt, except for telephones provided directly for employees with hearing disabilities. No testing or retrofitting of existing workplace telephones is required. In 1997 the Commission will follow up on these rules with educational materials

for consumers and manufacturers, to enhance awareness of hearing aid compatibility requirements.

Implementation of the Local Competition Provisions of the 1996 Act (CC Docket No. 96-98)

On April 19, 1996, the Commission released a *Notice of Proposed Rulemaking* seeking comment on implementing the local competition provisions of the 1996 Act. On August 8, 1996, the Commission released a *First Report and Order* implementing section 251 of the 1996 Act which requires local exchange carriers to open their networks to competition. The 1996 Act requires incumbent local exchange carriers to provide interconnection with other telecommunications carriers and to offer unbundled network elements at rates, terms, and conditions that are just, reasonable, and nondiscriminatory. The Commission prescribed certain minimum points of interconnection necessary to permit competing carriers to choose the most efficient points at which to interconnect with the incumbent LEC's network. The Commission also adopted a minimum list of unbundled network elements that incumbent LECs must make available to new entrants, upon request. Additionally, the Commission adopted regulations concerning pricing standards for interconnection and access to unbundled network elements, resale services at wholesale rates, and transport and termination.



Implementation of the Non-Accounting Safeguards of Sections 271 and 272 and Regulatory Treatment of LEC Provision of Interexchange Services Originating in the LEC'S Local Exchange Area (CC Docket No. 96-149)

On July 18, 1996, the Commission released a *Notice of Proposed Rulemaking* to establish, pursuant to section 272 of the Communications Act, as amended by the 1996 Act, the non-accounting separate affiliate and nondiscrimination safeguards application to BOC provision of interLATA telecommunications services, interLATA information services, and manufacturing. The *Notice* also sought comment on the regulatory treatment of LEC provision of interexchange services originating in the LEC's local exchange area.

Interstate, Interexchange Marketplace (CC Docket No. 96-61)

On March 25, 1996, the Commission released a *Notice of Proposed Rulemaking* which proposed that non-dominant interexchange carriers should no longer file tariffs. Absent this tariffing requirement, long distance companies would be free to change prices or offer new services without first filing with the Commission. In the *Notice*, the Commission tentatively concluded that it would not permit carriers to file tariffs and that the removal of the tariff filing requirement would promote competition and enable non-dominant carriers to respond quickly to changes in the market.

The Commission also initiated a review of its regulations of interstate, domestic, interexchange telecommunications services, to determine whether and how its policies and rules should be changed, consistent with the goals of the 1996 Act. The Commission also proposed rules, among others, to implement the geographic rate averaging and rate integration requirements of the 1996 Act, and proposed to eliminate its prohibition against the bundling of customer premises

equipment (CPE) with the provision of interexchange services by non-dominant carriers.

Interstate Pay-Per-Call and Other Information Services (CC Docket No. 96-146)

On July 11, 1996, the Commission released an *Order and Notice of Proposed Rulemaking* to amend the Commission's rules consistent with the 1996 Act. The 1996 Act amended Section 228 of the Communications Act to create new restrictions on the use of toll-free numbers to charge callers for information services. The 1996 Act also repealed the statutory exemption to pay-per-call status that the Telephone Disclosure and Dispute Resolution Act (TDDRA) conferred on any service provided pursuant to tariff. The new rules prohibit charging callers to toll free numbers for provision of information services unless the caller has agreed in writing to be charged, or paid for the service through direct remittance, pre-paid account, or debit, credit, or calling card. The Commission amended its pay-per-call rules to reflect the provisions of the 1996 Act virtually verbatim. In addition, the Commission proposed additional rule changes intended to protect against evasion of the new statutory requirements and ensure that consumers are protected from abuses involving information services which either are provided through toll-free numbers or are ostensibly free but billed to consumers at inflated tariffed rates.

Long-Term Number Portability Cost Recovery (CC Docket No. 95-116)

On July 2, 1996, the Commission released a combined *First Report and Order* and *Further Notice of Proposed Rulemaking* on local number portability. The *Order* addressed implementation of section 251(b)(2) of the Communications Act of 1934, as amended by the 1996 Act, which requires local phone companies to allow consumers to keep their phone

numbers when they switch local carriers. The *Further Notice* sought comment on the requirement of section 251(e)(2) of the amended Act that "[t]he cost of establishing ... number portability shall be borne by all telecommunications carriers on a competitively neutral basis as determined by the Commission." The *Further Notice* set out tentative conclusions regarding types of costs involved in long-term portability, the method of allocation of those costs among all telecommunications carriers on a competitively neutral basis, and the recovery of those costs from other carriers and consumers.

● *The bill is anchored in a commonsense notion: if we increase competition in the exploding area of communications we can encourage both consumers and creative new approaches to these businesses.* ●

Newsweek - Feb. 12, 1996

Pay Phone Proceeding (CC Docket No. 96-128)

On June 4, 1996, the Commission adopted a *Notice of Proposed Rulemaking* and on September 20, 1996, the Commission adopted a *Report and Order* to implement Section 276 of the Communications Act of 1934, as amended by the 1996 Act.

In its *Report and Order*, the Commission adopted new rules and policies governing the payphone industry that: (1) establish a plan to ensure fair compensation for "each and every completed intrastate and interstate call using [a] payphone[;]" (2) discontinue intrastate and interstate carrier access charge payphone service elements and payments and intrastate and interstate payphone subsidies from basic exchange services; (3) prescribe nonstructural safeguards for Bell Operating Company ("BOC") payphones; (4) permit the BOCs to negotiate with

payphone location providers on the interLATA carrier presubscribed to their payphones; (5) permit all payphone service providers to negotiate with location providers on the intraLATA carrier presubscribed to their payphones; and (6) adopt guidelines for use by the states in establishing public interest payphones to be located “where there would otherwise not be a payphone.”

Regulatory Reform (CC Docket No. 96-193)

On September 12, 1996, the Commission released an *Order and Notice of Proposed Rulemaking* to reform the filing requirements and carrier classifications pursuant to the requirements of the 1996 Act. As required by the 1996 Act, FCC rules were modified to require only annual ARMIS reports and annual cost allocation manual revisions, eliminating the more frequent filings previously required. Because the 1996 Act did not specify how the FCC should measure inflation in adjusting references to carrier revenues, it adopted interim rules to adjust those references for inflation using a generally available inflation index. In addition, a *Rulemaking* was initiated to consider additional modifications to FCC rules, including whether the 60-day advance notice requirement for certain cost allocation manual revisions should be modified or eliminated, as well as which inflation measure should be incorporated into FCC rules pertaining to carrier classification and reporting requirements.

Revision of Filing Requirements (CC Docket No. 96-23)

On February 27, 1996, the Commission released a *Notice of Proposed Rulemaking* in CC Docket No. 96-23 that proposed to eliminate or significantly reduce reporting requirements imposed on communications common carriers by the Commission’s rules and policies.

Telemessaging, Electronic Publishing, and Alarm Monitoring Services (CC Docket No. 96-152)

On July 18, 1996, the Commission released a *Notice of Proposed Rulemaking* to implement non-accounting separate affiliate and nondiscrimination safeguards for LEC, including BOC, provision of telemessaging services (section 260 of the 1996 Act), BOC provision of electronic publishing services (section 274 of the 1996 Act), and LEC, including BOC, provision of alarm monitoring services (section 275 of the 1996 Act).

Tariff Streamlining Provisions For Local Exchange Carriers (CC Docket No. 96-187)

On August 30, 1996, the Commission adopted a *Notice of Proposed Rulemaking* proposing to implement the specific streamlining requirements of section 402(b)(1)(A) of the 1996 Act. Section 402 of the 1996 Act amends section 204(a)(3) of the Communications Act of 1934 to provide that local exchange carriers (LECs) may file with the Commission a new or revised charge, classification, regulation, or practice on a streamlined basis. As amended, section 204(a)(3) states that “any such charge, classification, regulation, or practice shall be effective 7 days (in the case of a reduction in rates) or 15 days (in the case of an increase in rates) after the date in which it is filed with the Commission” Section 204(a)(3) also provides that LEC tariffs filed on a streamlined basis shall be “deemed lawful.” The NPRM sought comments on, among other things, what impact the LEC tariff streamlining provisions have on the existing statutory scheme for tariffing of interstate common carrier services, what is the effect of LEC tariffs being “deemed lawful,” and what LEC tariffs will be eligible for filing on a streamlined basis. The Commission also sought comment on what additional measures could be taken to achieve more fully a streamlined administration of

LEC tariffs. Among these additional steps, the Commission proposed to establish a program of electronic filing of tariffs that will permit carriers to file, and the public to access, tariffs by means of dial-up “on-line” access.

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

On July 2, 1996, the Commission released a *First Report and Order* implementing the number portability provisions of the 1996 Act. Concurrently with the *First Report and Order*, the Commission released a *Further Notice of Proposed Rulemaking* seeking comment on cost recovery for long-term number portability.

**Toll Free - 888 Proceeding
(CC Docket No. 95-155)**

On January 24, 1996, the Commission delegated authority to the Common Carrier Bureau to resolve issues pertaining to toll free service that were essential to the scheduled March 1, 1996, deployment of 888 numbers. On January 25, 1996, the Bureau adopted a *Report and Order* resolving several 888 implementation issues. The Bureau’s actions ensured that toll free numbers were available to the public at all times and that the procedures for acquiring toll free numbers were orderly and efficient. Among other actions, the Bureau stated that Responsible Organizations should poll their 800 subscribers to determine which numbers subscribers might want replicated in 888, and that Database Service Management, Inc. should place the numbers in “unavailable” status pending the Commission’s resolution of the issue of whether 800 subscribers with “vanity” numbers should be afforded any protection with regard



to those numbers. The Bureau concluded that there would be early reservation procedures for all 888 numbers not in “unavailable” status, and that a “first come, first served” reservation policy would be simpler, more efficient, and less expensive to administer than other reservation schemes. The Bureau concluded that the continuation of a modified 800 conservation plan and the adoption of an 888 conservation plan would serve the public interest.

**Universal Service Notice of Proposed Rulemaking
(CC Docket No. 96-45)**

On March 8, 1996, the Commission released a *Notice of Proposed Rulemaking* establishing a Federal-State Joint Board to develop a recommended decision for the Commission to consider addressing the universal service provisions of the 1996 Act. Included among the issues were: services to be included within the definition of universal service; an appropriate funding mechanism; and methods of supporting and enhancing the deployment of telecommunications services to hospitals, schools and libraries.

**Video Cost Allocations
(CC Docket No. 96-112)**

On May 10, 1996, the Commission released a *Notice of Proposed Rulemaking* addressing the way incumbent local exchange carriers would allocate network plant costs used to provide both regulated telecommunications services and non-regulated services, including non-regulated video programming services, consistent with the 1996 Act. In particular, the proceeding sought to address the allocation of loop plant for which costs are traffic insensitive.

Prime Time

**The FCC Is Besieged
As It Rewrites Rules
In Telecommunications**

**Executives, Lobbyists Cram
The Agency's Schedule
And Offer Lots of Advice
Porridge With Mr. Murdoch**

In the coming months, the regulatory agency must write more than 80 rules mandated by the new law, determining how deregulation will happen and who will pay. The regional Bell operating companies, or Baby Bells, can now enter the \$70 billion long-distance business, but the FCC has a say in when, where and at what price. Long-distance carriers can offer local service, but the FCC will determine how. Cable rates are unshackled, but the FCC will say whether they are deregulated sooner or later.

With the stakes so high, companies are leaving nothing to chance. In the two months since the bill was enacted, chief executives and their legions of lobbyists have besieged the little agency. An agency that had fallen out of the spotlight during recent years of deregulation has gone prime time.

Signs of the change can be seen on the sidewalk outside the agency's Washington headquarters, where on a cold February night, three young men and a woman huddle together, playing cards. They have been hired to secure seats for lobbyists at an FCC briefing the next morning.

After 90 minutes with the cellular lobbyists, Mr. Hundt looks exhausted. Still, at 7 p.m., he bounds out to greet a new group of guests. "Hey, you're here for Round Two," he says to Thomas Tauke (pronounced talky), a former Republican congressman from Iowa who heads Nynex's Washington office. Nynex has arranged the second of two three-hour seminars for FCC staffers on how the new law ought to work. The staffers straggle in for an evening of Chinese-takeout food and debate about "interconnection" and other telephonic esoterica. Mr. Hundt's workday finally comes to an end at 9 p.m.

Two days later, more than 120 lawyers and lobbyists jam an FCC hearing room to tell Mr. Kennard, the agency's top lawyer, how the new law should be interpreted. In two overflow rooms, more lobbyists scribble notes while watching on TV. Addressing the somber-looking group, FCC staff Rudy Baca jokes: "So, who are the Cr and who are the Bloods?" No one laughs. "Sorry," Mr. Baca says as he walks out. "Different issue."

The same day, Suzanne Toller, an FCC attorney, meets with three cable lobbyists when something wh... making it and spr... room. "Oh... how

By BRYAN GRULEY
Staff Reporter of THE WALL STREET JOURNAL
Beneath crystal chandeliers in the ballroom of the Century Plaza Hotel in Los Angeles, Sharon Stone, Bonnie Raitt, warming up and with Martin Short in black-tie attire. Sharon Lawrence, television's Reed E. Reed, E. Comm... "W... in charge of... tion, telecommu... ing to change the wo... he says.

COVER STORY

**Measure breaks
barriers, opens
competition**

**For Telephone Companies,
Excitement Over New Markets**

By MARK LANDLER

Nowhere has the call for telecommunications competition sounded louder than on Wall Street.

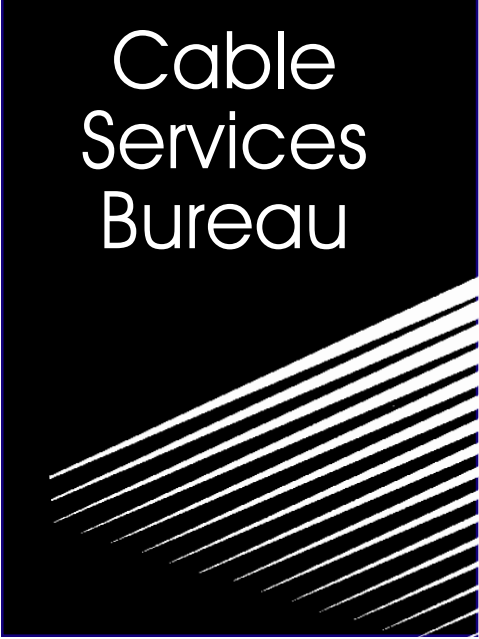
**On Wall Street,
deregulation equals
a flurry of deals.**

FCC Chairman Reed Hundt said his agency would complete about 80 different rulemakings within 15 months to implement the new telecommunications law. Among them are rules intended to govern the regional Bell companies' entry into the \$70 billion long-distance business, ensure universal phone service, limit media concentration and introduce the "v-chip" that allows parents to block out violent TV programs.

At the... Hundt, a former antitrust... in teleco...

Passage Reflects Bipartisan Push

in their favor and protect them from competitors.

The logo for the Cable Services Bureau is a black rectangle. The text "Cable Services Bureau" is written in white, sans-serif font, stacked in three lines. The bottom right corner of the rectangle features a series of white diagonal lines that create a sense of motion or a stylized signal.

Cable Services Bureau

Overview

The 1996 Telecommunications Act revised many provisions of the 1992 Cable Act and significantly altered the workload for the Bureau. The 1996 Act continues the Bureau's -- and the Commission's -- process of moving towards competition and away from regulation. The 1996 Act changed the rules of this lane of the information highway for the industry and for consumers.

For example, the 1996 Act changed with way cable television subscribers can complain about rates. Prior to the signing of the 1996 Act by the President on February 8, 1996, cable subscribers who had a complaint about rates on the cable programming service tier could file a complaint directly with the Commis-

sion. Now, under the 1996 Telecommunications Act, a subscriber must first file with the local franchising authority in the area in which the cable system is located.

A *Public Notice* to cable operators announcing this important change in procedure was released by the Bureau on February 27, 1996. Complaints filed with the Bureau by local franchising authorities must be considered and acted upon by the Bureau within 90 days of receipt.

The 1996 Act also repealed the cable-telephone cross ownership restriction and set out a timeline for deregulation of rate regulation for cable programming services by 1999.

The Commission met all of its statutory deadlines for action in this first year of implementation and responded to tens of thousands of consumer requests for information.

The Cable Services Bureau was created in 1993 following the passage of the 1992 Cable Act and has worked since that time on issues related to the cable television industry and other multi-channel video programming providers.

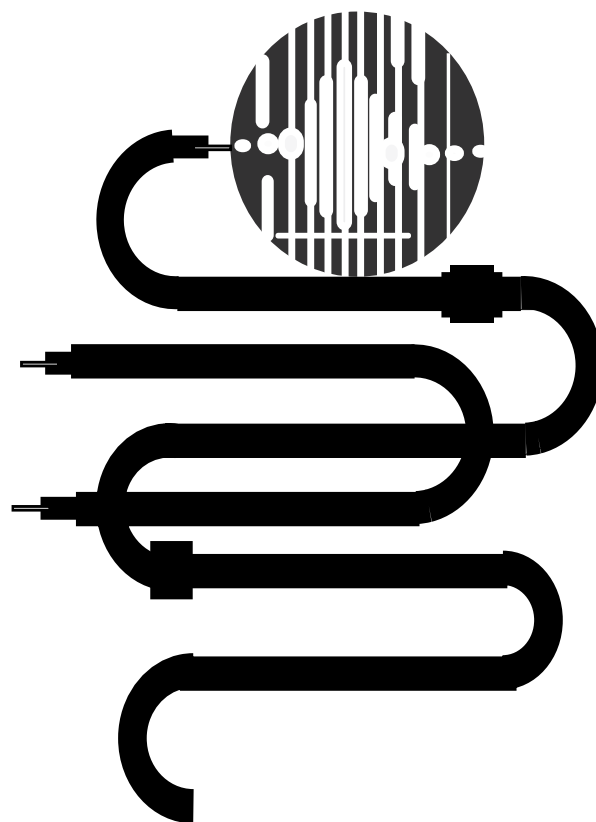
Key policy areas include:

- promoting the availability to the public of cable television service;
- promoting competition in the cable marketplace;
- ensuring growth and development in the cable industry; and
- ensuring reasonable rates for consumers in areas that do not have competition to the cable system.

The Bureau provides a single point-of-contact for consumers, community officials and the industry for cable related issues pending before the Commission. Other duties include policy and rulemaking in cable television and enforcement of the 1992 Cable Act.

The Cable Services Bureau has four divisions: Policy and Rules; Financial Analysis and Competition; Consumer Protection and Competition; and Engineering and Technical Services.

The Bureau also handles public inquiries and inquiries from other governmental offices through the Office of Government and Public Outreach.





- ❑ With the repeal of the telephone-cable cross-ownership restriction in the 1996 Telecommunications Act, the Commission had the task of creating the rules by which common carriers could provide video services to consumers. The Bureau responded within a tight six-month statutory deadline by drafting and then having approved by the full Commission the open video system (OVS) rules.
- ❑ Closely related to the OVS proceeding was the Video Dialtone transition order which provided methods of transition to other regulatory schemes for common carriers already providing video service.
- ❑ In FY96 the Bureau's customer service assistants responded to 24,333 telephone inquiries and 10,136 informal written inquiries and complaints concerning cable service. Additionally, the Bureau received more than 15,000 "hits" on the CSB Internet homepage (which was created in July 1996) and approximately 200 e-mail messages per month from persons requesting information.
- ❑ The Bureau also responded to more than 900 written congressional inquiries in FY96. In addition, in the first quarter of the fiscal year, Bureau staff participated in several meetings and discussions with congressional staff to review and analyze provisions of pending legislation to modernize communications laws.
- ❑ Since the enactment of the 1996 Act, the Bureau has received and responded to hundreds of requests from congressional staff concerning the implementation of various provisions of the 1996 Act related to cable television and the marketplace for video programming.



Major Proceedings

Open Video Systems (CS Docket 96-46)

The Commission adopted rules implementing the provisions of the 1996 Act governing open video systems and it established a streamlined regulatory structure that will enable open video system operators, and independent programmers on open video systems, to enter and compete in the multi-channel video programming marketplace. The 1996 Act established various options for entities, and in particular telephone companies, to provide video programming to subscribers, one of which is through an “open video system.” If an entity complies with certain non-discrimination and other requirements established by the Commission, its open video system will not be subject to regulation under Title II and will be entitled to reduced regulation under Title VI. Among the issues addressed by the Commission’s rules are: qualifications to operate an open video system; the certification process; the allocation of channel capacity; rates, terms and conditions of carriage; and the application of certain Title VI obligations such as public, educational and governmental access, must-carry and retransmission consent, and program access. The Commission met its statutory deadline under the 1996 Act by releasing a *Notice of Proposed Rulemaking/Order*, a *Second Report and Order*, and a *Third Report and Order/Reconsideration Order* within six months of the 1996 Act’s passage.

Video Dialtone Transition (CS Docket 96-46)

The Commission adopted a *First Order on Reconsideration* that provided a transition mechanism for common carriers that were authorized to provide video programming to subscribers under the Commission’s “video dialtone” framework. Among other things, the 1996 Act repealed the telephone-cable cross-ownership restriction and repealed the Commission’s video dialtone rules and policies. Instead, the 1996 Act provided four options in new Section 651 of the Communications Act for common carriers entering the video programming delivery marketplace -- as a radio-based system, as a common carrier transmission service, as a traditional cable operator, or as an open video system operator. In the *First Order on Reconsideration*, the Commission found that the public interest would be served by requiring currently authorized video dialtone operators to select one of the four video programming delivery options set forth in Section 651, and provided a reasonable transition period for these entities to evaluate their options and to implement their choice.

Now for the free-for all. The new telecom bill promises to spur competition and innovation.

Newsweek - Feb. 12, 1996

Cable Home Wiring (MM Docket 92-260)

The Commission adopted a *First Order on Reconsideration and Further Notice of Proposed Rulemaking*, which modified certain aspects of the Commission's cable home wiring rules to: (1) specify a clear, simple procedure that cable operators must follow when a subscriber voluntarily terminates cable service, if the operator wishes to remove the home wiring; and (2) shorten from 30 days to seven business days the time period after termination of service within which the cable operator has the right to remove any home wiring it owns. These revisions were adopted to further the purposes of Section 624(i) of the Communications Act, that seeks to promote consumer choice and competition by protecting subscribers from the unnecessary disruption and expense of having their home wiring removed upon termination of service, and to allow subscribers to use the home wiring for an alternative multichannel video programming delivery service following the voluntary termination of their cable service.

Cost of Service

The Commission adopted final rules applicable to cable operators seeking to establish or to justify regulated rates in accordance with cost of service principles. The *Order* refined interim cost of service rules previously adopted by the Commission and adopted new, better tailored rules for those cable operators who use the cost of service methodology, as opposed to the benchmark approach, to determine rates.

Pole Attachments

The Commission amended its rules to implement the pole attachment provisions of the 1996 Act. Under these rules, a utility generally must allow

telecommunications providers and cable operators to attach their facilities to the utility's poles, ducts, conduits, and rights-of-way. Access to these facilities is crucial to the further development of competition among telecommunications and multichannel video providers. The *Order* recognizes state preemption of federal rules when states choose to regulate access. If a state does not establish a separate regulatory approach to pole access cases, the Commission will nevertheless defer to state regulations affecting the disposition of a pole access dispute when such regulations do not conflict with specific federal rules. To facilitate modification to poles or other facilities encompassed in the *Order*, the rules establish a procedure for telecommunications carriers to recover the cost of modifications from other entities that participate in the modification. The Commission's approach will lighten modification cost burdens because entities that join in a modification, either to enhance current attachments or to enable new attachments, must share the proportionate cost of the modification.

Competition in the Video Programming Delivery Market (CS Docket 96-133)

The Commission adopted its third annual *Report* "on the status of competition in the market for the delivery of video programming." The *Report* reviews provisions of the 1996 Act that affect competition in markets for the delivery of video programming. It reports on information about cable industry performance and the status of competitive entry by other multichannel video programming distributors (MVPDs) and other technologies. The *Report* also provides information about structural issues affecting competition, such as horizontal concentration, vertical integration and technological advances. It further examines potential obstacles to the emergence of competition and reports on competitive responses by industry players that are beginning to face competition from other MVPDs.

Report on Closed Captioning and Video Description Video Programming (MM Docket 95-176)

In the 1996 Act, Congress directed the Commission to ensure that closed captioning is available to all persons with a hearing disability and to assess the appropriate method for phasing video description into the marketplace to benefit those persons with visual disabilities. The Commission submitted its *Report* on July 29, 1996. The information provided in the *Report* was based on comments and data filed in response to a *Notice of Inquiry* and publicly available information. The Commission found that between 50 and 60 million U.S. homes can receive closed captioning; through the efforts of Congress, government agencies and a variety of private parties, captioned video programming has grown over the past 25 years and is now a common feature of many video programming types; the cost of closed captioning varies greatly and generally reflects the method of adding the captions, the quality of the captions and the entity providing the captions. Estimates of the cost of captioning range from \$800 to \$2500 per hour of prerecorded programming and from \$150 to \$1200 per hour of live programming. The *Report* also found that the Department of Education provided about \$7.9 million for closed captioning last year, which represents roughly 40% of the total amount spent on captioning.

Cable Rate Complaints

The Bureau continued to resolve cable programming services (CPS) rate complaints this past year. In addition, the Commission amended its rules and procedures for the disposition of rate complaints filed pursuant to the 1996 Act. The Cable Television Consumer Protection and Competition Act of 1992 (1992 Cable Act) required the Commission to review rates upon the filing of a valid complaint by a subscriber. The 1996 Act and FCC rules implementing the new legislation, require that rate com-

plaints be filed with the Commission by a local franchising authority (LFA) that has received subscriber complaints. During FY96 the Bureau received 121 complaints filed by local franchise authorities. In 91% of these cases, the operator's rates were found to be reasonable. In the remaining 9% of cases, the Bureau ordered a rate reduction and refund. The Bureau also continues to process complaints filed prior to the passage of the 1996 Act.

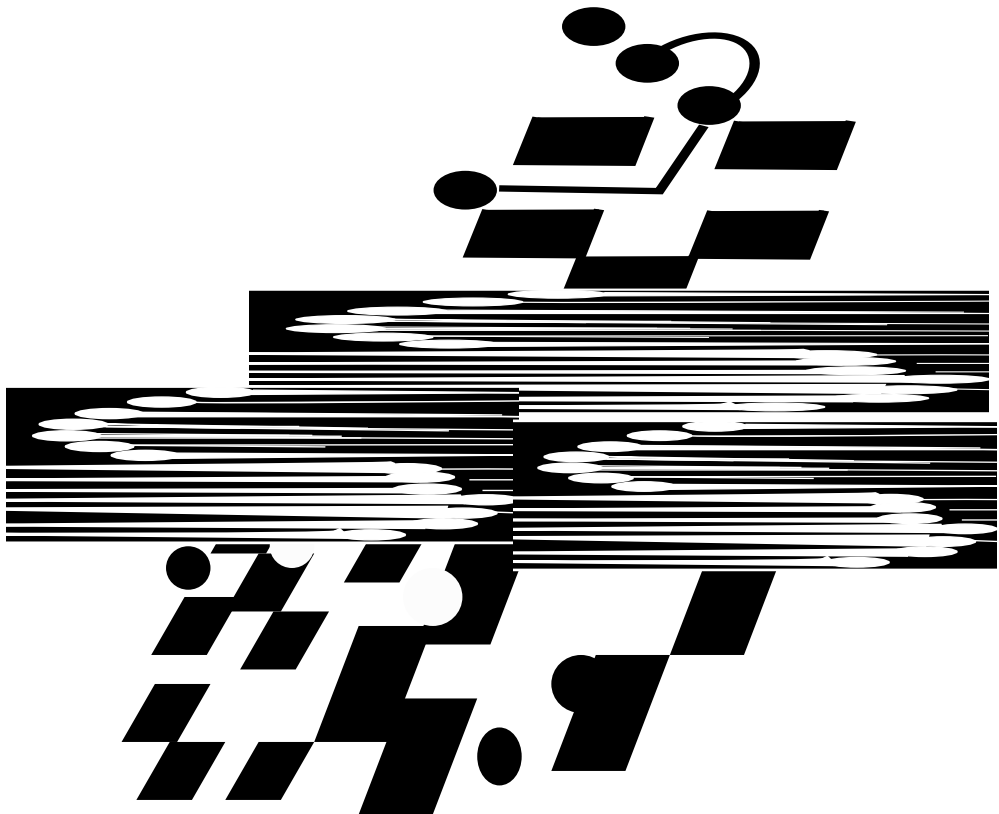
In this past fiscal year, the Bureau issued 262 rate decisions as a result of review of over 1,098 rate complaints. The Bureau also resolved additional complaints through negotiated settlement of rate complaints with major cable operators. The Bureau's efforts in this regard continued to reduce administrative burdens on all parties and also provided subscribers with immediate refunds in many instances. The Commission, through the use of social contracts and rate resolutions, has resolved or proposed to resolve rate complaints leading to 24.36 million subscriber refunds. To date, subscriber refunds ordered or proposed to be paid as a result of social contracts and resolutions total approximately \$46.64 million.

The Commission also finalized six rate resolutions, and currently has three additional resolutions pending. These resolutions provide for a non-adjudicatory solution to rate complaints, providing certainty to operators and speedy refunds to consumers.

Highlights of the Resolutions include:

- TeleCommunications, Inc. which covered 10.15 million subscribers, provided for approximately \$9.8 million in refunds, and resolved 1,635 rate complaints.
- Comcast which covered 1.75 million subscribers, provided for \$6.6 million in refunds, and resolved 524 rate complaints.
- CableVision Industries which covered 430,000 subscribers, provided for \$630,000 in refunds and resolved 185 rate complaints.

- Cox Cable which covered 1.91 million subscribers, provided for \$7 million in refunds and resolved 510 rate complaints.
- Garden State which covered 380,000 subscribers, provided for \$1.6 million in refunds and resolved 150 rate complaints.
- The Commission has proposed additional Resolutions with Adelphia, Century and with Viacom, which combined will cover an additional 2.5 million subscribers, provide \$5 million in refunds and will resolve 514 rate complaints.



FCC Approves Free TV Plans for Candidates

Associated Press

Telecom law rings in changes

Companies launch ad campaigns to fight fierce new competition

FCC has hands full

Burning the Midnight Oil

By EVAN RAMSTAD
Associated Press writer

NEW YORK — Getting through dinner without a call from a phone or cable company could get tougher now that President Clinton has

on New Phone Rules

By Mike Mills
Washington Post Staff Writer

There's roughly \$100 billion on the table at the Federal Communications Commission these days, so the staff and the lobbyists there are working a bit harder than usual.

"I used to eat lunch," said Jim Casserly, top aide to commissioner Susan Ness. "I loved lunch. These days I'm lucky if I have a chocolate bar at 5 p.m. and get lunch at midnight." One day recently he did manage to get out at 6:30 p.m. for his daughter's birthday—but only after cramming in meetings with 10 lobbyists.

Casserly isn't complaining, though. He's one of dozens of staffers burning the midnight oil at the commission as it wrestles with what many agency watchers say may be the most important issue it ever decides: How to open up the \$100 billion-a-year local telephone monopolies to competition.

"If the rest of the country had an opportunity to see how some of the people over there work, it would certainly challenge the average American's view of Washington bureaucrats," said Thomas J.

THE BROADCASTERS

The Networks See Potential For Growth

Key Stumbling Block Is Avoided, for Now

By BILL CARTER

Broadcasters walked away from yesterday's passage of the new telecommunications bill well satisfied with its deregulation of several parts of their industry and looking forward

It's Now Law: 3 Hours of Children's TV

By LAWRIE MIFFLIN

After two years of arguing and a summer of on-again, off-again compromises, the Federal Communications Commission unanimously passed a regulation yesterday that requires television stations to show three hours of children's educational programming each week.

The rule emerged from the latest compromise agreement, which was

Law lifts restrictions, triggers raft of deals

The logo for the Compliance and Information Bureau is a black rectangle with the text "Compliance and Information Bureau" in white, sans-serif font. The text is stacked vertically. The bottom right corner of the rectangle features a series of white diagonal lines that create a sense of depth and movement.

Compliance and Information Bureau

Overview

The Compliance and Information Bureau (CIB) is one of the FCC's primary points of contact with the public. CIB, through its headquarters staff and various field offices, informs the public about FCC regulations, policies, practices, and procedures; informs the Commissioners and other Bureaus about telecommunications problems and the needs of users; ensures compliance with FCC rules; and uses its technical expertise to solve problems in the communications environment.

The Bureau carries out its programs to serve the public and the Commission through 16 district offices, nine resident agent offices, and 14 remotely

controlled monitoring and radio direction-finding sites located throughout the United States. Field office activities are directed by three regional offices. The Bureau's radio direction-finding network is controlled from its Columbia, MD, Operations Center. CIB also maintains a Communications and Crisis Management Center at its Washington, DC, headquarters.

The Bureau's field offices are the vital link with the public, licensees, and other users of the radio spectrum. Program and policy development for the Bureau is the responsibility of the Bureau's Divisions and other Offices located at the FCC's headquarters in Washington, DC. In furtherance of the regulatory reform goals of the Telecommunications Act of 1996, CIB undertook rulemaking proceedings to reduce economic burdens on ship owners and the Commission by privatizing ship inspections previously performed by the Commission on large cargo and small passenger ships and Great Lakes vessels.

CIB has three main divisions:

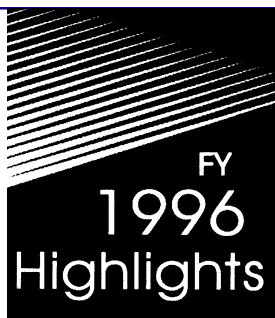
The **Compliance Division** administers the compliance program designed to support competition among communications service providers and promote the public interest by fostering compliance with U. S. communications laws and the Commission's Rules. The Compliance Division staff is composed of the Investigations Group and the Legal Services Group. The compliance program involves field office and Division staff activities such as inspecting radio stations for compliance, investigating the unlicensed or unauthorized operation of radio stations, resolving radio frequency interference problems not suitable for private sector resolution, inspecting and certifying ship radio stations, providing assistance to public safety and law enforcement agencies experiencing radio communications problems, informing and educating licensees and permittees of important or new regula-

tions, and informing and educating the public as to measures individuals can take to combat fraud and other illegal practices in the provision of communications services. CIB pursues administrative sanctions, as well as civil and criminal court actions, against persons and entities.

The **Office of Information Resources (OIR)** develops and produces programs for dissemination of information in support of the overall mission of the Commission. OIR performed a major information and support role in the Bureau's reorganization, assisting in the establishment of the Commission's National Call Center in Gettysburg, PA, which provides a central location for consumers to call toll-free. OIR oversees the Emergency Alert System, a technically and operationally superior system which replaced the old Emergency Broadcast System.

The **Technology Division** supports the Bureau's compliance and public information functions through the Equipment and Standards Group (ESG) in Washington, DC, the Equipment Development Group (EDG) in Powder Springs, GA, and the Advanced Technology Group (ATG) in Columbia, MD. ESG establishes and reviews technical measurement procedures to determine compliance with FCC regulations and to provide regulatory feedback. It also develops the technical specifications for equipment used by FCC field offices, provides equipment and facilities used by those offices and analyzes and interprets data collected by the field offices to improve CIB's operational effectiveness.

EDG designs and constructs specialized equipment for field use that cannot be purchased "off the shelf" or economically contracted for in small quantities. It also has a patent program to protect the Commission's investment in unique devices that have been developed and patented by EDG. ATG analyzes communications technology advances, applies new technologies to CIB's activities and provides information and identifies training needs.



- ❑ Completed a comprehensive reorganization designed to increase efficiency and productivity which resulted in the automation of 14 monitoring stations, the closing of three regional offices, and the reduction in size of nine field offices to resident agent locations.
- ❑ Established a state-of-the-art toll-free National Call Center (NCC) in Gettysburg, PA, that will handle incoming calls to the Commission from throughout the nation.
- ❑ EDG, Technology Division, developed a new Interferometric Radio Direction Finder (Type I) to increase the efficiency of CIB high-frequency radio direction-finding operations. The Technology Division installed the new remotely controlled Type I equipment at formerly staffed monitoring stations.
- ❑ OIR, with the help of CIB's regional, district, and resident agent field staff, held approximately 100 workshops to help broadcast stations meet the installation deadline of new EAS equipment and assisted the Federal Emergency Management Administration (FEMA) with the development of a national EAS plan.
- ❑ Drafted the Commission's new rules to privatize annual ship radio installation inspections required by the Great Lakes Agreement, after the Commission received requested authority to take this step.
- ❑ Prepared a *Notice of Proposed Rulemaking* that the Commission adopted proposing to amend the Commission's Rules to streamline or privatize the inspection of radio installations on large cargo and small passenger ships. Again, this came after the Commission received requested authority to take this step.
- ❑ The Bureau's regional, district, and resident agent offices, with the assistance of the Compliance Division, established an Alternative Broadcast Inspection Program for broadcast stations.
- ❑ CIB's Columbia, MD, Operations Center and Bureau field staff provided radio direction-finding assistance to the U. S. Coast Guard and other agencies concerning the location of emergency radio signals for search and rescue operations.
- ❑ The Compliance Division, with the assistance of CIB regional, district, and resident agent staff, completed a field survey to determine compliance with the Telephone Operators Consumer Services Improvement Act.

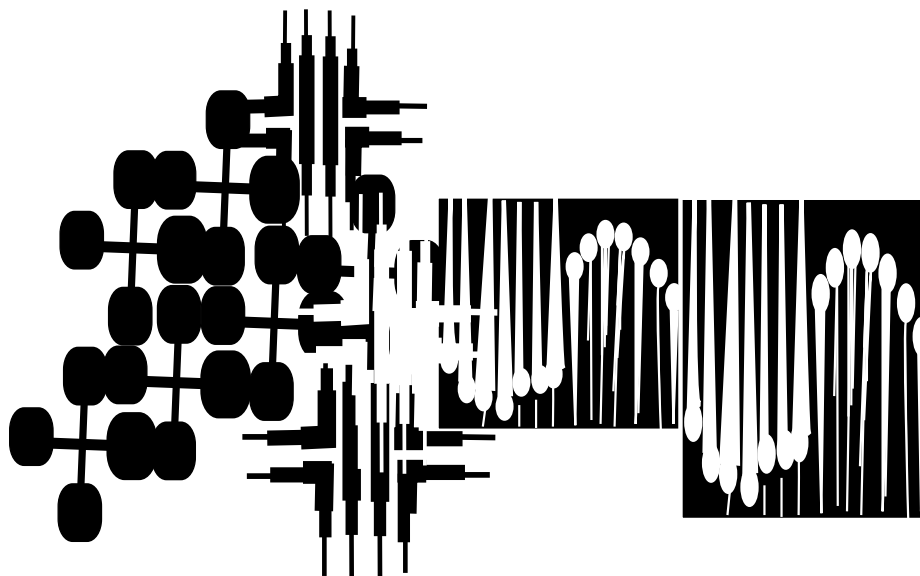
Major Proceedings

Ship Inspections (CI Docket No. 95-54)

Adopted a *Report and Order* April 25, 1996, requiring owners and operators of ships subject to the annual inspection requirements of the Great Lakes Agreement to have inspections performed by a holder of an FCC General Radiotelephone Operator License, a GMDSS Radio Maintainer's License, a Second Class Radio Telegraph Operator's Certificate, or a First Class Radio Telegraph Operator's Certificate instead of by Commission staff. The changes reduce economic burdens on the public and the Commission while ensuring maritime safety.

Ship Inspections (CI Docket No. 95-55)

Adopted a *Notice of Proposed Rulemaking* April 25, 1996, to review Commission 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.



Telecom overhaul OK'd

Telecom bill opens phone, cable markets through Congress

By David J. Lynch
USA TODAY

By Doug Abrahms
THE WASHINGTON TIMES

Legislation that will revolutionize the way people use their telephones, TV and home computers is expected to be signed by President Clinton's staff after speeding through Congress Thursday.

The rewrite of old communications laws will affect one-seventh of the phone and cable industry. It allows for competition in each of the nation's 48 states.

"This bill will outline procedures for writing rules and carrying out the legislation, which President Clinton is expected to sign next week."

The House call a meeting with communications firms. The Senate signed. The agency is generally expected to write more than 80 rules that will govern the phone and cable industry.

Mr. Hundt also hopes to bring the parties, which are likely to be dozens of the rules, to compromise in many cases, the agency may take months or less to write many rules.

Rival companies and industry groups are expected to take extreme positions and competitive advantages. Competitors are expected to take advantage of FCC rules.

FCC Acts to Smooth Way For Communications Bill

WASHINGTON — Federal regulators are taking the offensive to try to avoid messy fights over putting the new communications bill into practice. The Federal Communications Commission is meeting with top staff members; the staff will outline procedures for writing rules and carrying out the legislation, which President Clinton is expected to sign next week.

Both houses of Congress overwhelmingly passed a sweeping communications bill yesterday. The starter's pistol for the transformation landscape. President Clinton breaks the cable industry.

V-chip could make TV family-friendly

The telecommunications bill requires "V-chip" technology that would allow parents to block objectionable, but putting it to work could take some time. A11

communications and finance subcommittee, a driving force behind legislation. Recent events in the industry. MCI Communications Corp. license and the building and Ameritech's Michigan and systems in Michigan and the start of a state of Congress say other things, of the Inted by o

"The competition in the long-distance business is nothing compared to what this bill will do."

ty Bernard,
Pacific Bell
communications

"It's the industry's equivalent of the Berlin Wall being broken down."

— Robert Mayer, senior manager at the Deloitte and Touche

International Bureau



Overview

The mission of the International Bureau is to promote innovative, efficient, reasonably priced, widely available, reliable, timely and high quality domestic and global communications services.

The Bureau develops, recommends and administers policies, standards, procedures and programs for the authorization and regulation of international telecommunications facilities and services and the licensing of domestic and international satellite systems. 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 has three Divisions.

The Planning and Negotiations Division directs and coordinates, in consultation with other Bureaus and Offices as appropriate, Commission negotiations with Mexico, Canada and other 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 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 undertakes 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 Satellite and Radiocommunication Division consists of three Branches: Radiocommunication Policy Branch, Satellite Policy Branch and Satellite Engineering Branch.

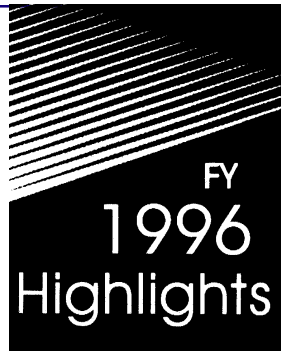
The **Telecommunications Division** deals with the authorization and regulation of international telecommunications facilities and services. It represents the Commission at international conferences

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 U. S. Congress passed a landmark bill re-writing U.S. telecommunications law and removing the regulatory barriers between the telephone, cable and broadcast industries. The bill rewrites the ground rules for almost every part of the communications industry, and affects equipment central to American life: the telephone, the television and the computer.* ●

Financial Times - Feb. 2, 1996

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, DC, 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; and tariff and accounting rate information.



□ In support of the Telecommunications Act of 1996, the Bureau took the lead in implementing Section 207, which directed the Commission to preempt non-federal restrictions that impair reception by antennas used in certain direct-to-home video services including Direct Broadcast Satellite services. Additionally, the Bureau granted affiliates of NYNEX Corp., Ameritech Corp., and Bell Atlantic Corp. authority for the first time to provide international services as non-dominant resale carriers from “out-of-region” U.S. points. The Bureau also granted affiliates of GTE Corp. authority to provide on a non-dominant carrier basis international services originating from “out-of-region” and “in-region” U.S. points.

□ The Bureau has been instrumental in facilitating negotiations to open the satellite services market between the U.S. and Mexico. On April 26, 1996, the United States and Mexico signed a bilateral agreement concerning the transmission and reception of signals from satellites for the provision of satellite services to users in the United States of America and the United Mexican States. The Agreement provided for the inclusion of Protocols in the Annex to the Agreement, in order to address specific categories of satellite services.

Additionally, significant milestones were reached with the Mexican Government on: (1) signing of a Letter of Understanding concerning interim implementation of a proposed protocol on paging (929-930 MHz and 931-932 MHz); (2) modifications to annexes of an existing protocol on public air-to-ground radio services; and (3) finalization of two draft protocols regarding fixed

point-to-point (932.5-935 MHz and 941.4-944 MHz) services and aeronautical radionavigation services.

Discussions with Canada continued on a variety of broadcast and non-broadcast 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.

□ The International Bureau has enhanced U.S. participation in multilateral organizations covering telecommunications policy and technical issues. These organizations include the International Telecommunication Union (ITU), Organization for Economic Cooperation and Development (OECD), Asia Pacific Economic Cooperation, and the Conference on Inter-American Telecommunications (CITEL). The U.S. government and the private sector have been effective in encouraging these international organizations to undertake initiatives to further telecommunications reform worldwide.

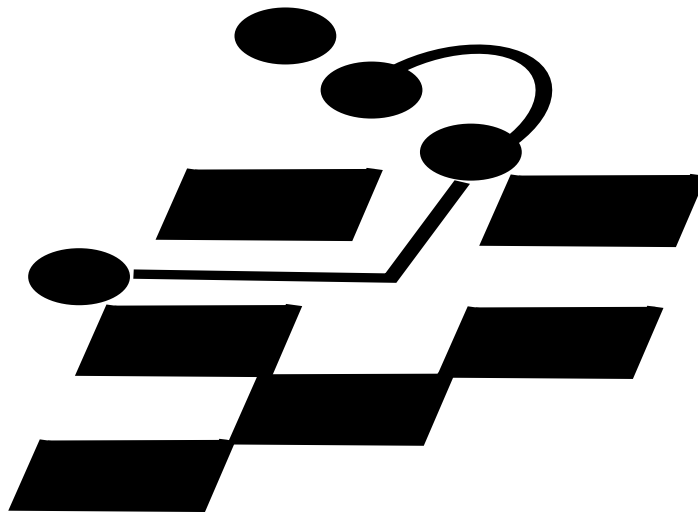
□ As part of the U.S. preparation for the biennial World Radiocommunication Conference (WRC), the Bureau developed and monitored a multi-faceted conference preparation process for review of final U.S. proposals on world-wide spectrum allocation. As a result of this critical yearly public-private collaboration, the U.S. will be able to advocate its views successfully on behalf of U.S. industry in the fall of 1997.

□ The International Bureau has provided significant policy and technical advice to Executive Branch agencies during the Group on Basic Telecommunications' (GBT) negotiations at the World Trade Organization (WTO). An agreement to allow market access for suppliers of basic telecommunications services appeared within reach until the final week of the negotiations in April 1996. However, it became clear that the negotiation had not reached a critical mass of market access commitments from key countries. The WTO continued to seek a global telecommunications agreement and a new deadline for the GBT negotiations was set for February 15, 1997.

□ The United States was successful in having the May 1996 Information Society and Development (ISAD) Conference recognize the importance of pursuing an

open and competitive telecommunications market to advance the Global Information Infrastructure. Over 40 Ministers from developed and developing countries participated in the ISAD conference in South Africa.

□ At the Senior Telecommunications Officials (STO) Meeting in September 1996, representatives of 29 countries of the Americas committed to specific actions that will foster more rapid liberalization of telecommunications markets in the Americas. The FCC will work with other U.S. government agencies, the U.S. private sector and regulatory agencies in the Americas to ensure adequate and timely implementation of the STO Plan of Action.





Major Proceedings

28 GHz Band Plan (CC Docket No. 92-297)

In July 1996, the Commission adopted a band segmentation plan which permits geostationary and non-geostationary Fixed Satellite Service (FSS) systems, feeder links for non-geostationary Mobile Satellite Service (NGSO MSS or Big LEO) systems and Local Multipoint Distribution Service (LMDS) systems to operate in the 27.5-30.0 GHz band (28 GHz band). This decision will allow the launch of two new broadband industries well-suited to compete in the domestic and global marketplace. In particular, the band segmentation plan will promote competition by permitting all proposed services to develop and offer innovative consumer services such as video program distribution, two-way interactive video, teleconferencing, telecommuting, and high-speed data services.

Amendment of the Commission's Regulatory Policies to Allow Non-U.S.-Licensed Space Stations to Provide Domestic and International Satellite Service in the U.S. (IB Docket No. 96-111)

On May 14, 1996, the Commission proposed uniform framework for permitting non-U.S. satellites to serve the U.S. market. In its *Notice of Proposed Rulemaking*, the Commission proposed to open the U.S. market by applying a new effective competitive opportunities (ECO-sat) test to earth stations seeking to carry foreign originating transmissions or to communicate with non-U.S. satellite systems.

To prevent distortion of competition in the U.S. market, this ECO-sat test is designed to permit competition in the U.S. market to the extent sufficient competitive opportunities exist for U.S. satellites abroad.

Auctions Within the Direct Broadcast Satellite Service (IB Docket No. 95-168)

In late 1995 the Commission adopted rules by which to conduct public auctions for two DBS authorizations: one for 28 channels at orbital location 110° W.L., and one for 24 channels at 148° W.L. On January 24 and 25, 1996, the Commission conducted these DBS auctions, with winning bids tallying over \$700 million for deposit to the U.S. Treasury. MCI Telecommunications Corporation (MCI) submitted the winning bid for 28 channels at 110° W.L. and Echostar DBS Corporation submitted the winning bid for 24 channels at 148° W.L. The Commission is continuing to moving forward with the authorization and licensing of these new systems.

Big LEOS

In 1996 the FCC moved forward to license the "Big LEO" low-earth-orbit satellite systems. Licenses had been issued by the Commission in 1995 to three Big LEO applicants (Motorola, L/Q, and TRW) to enable transmission from satellites to end-users' mobile terminals. These companies then applied for

supplemental feeder-link licenses. The Bureau's review of these applications culminated in a set of Big LEO orders released in the autumn of 1996. At that time, the International Bureau granted Motorola's application for a space-to-earth feeder-link license and its application for a gateway earth-station license. The Bureau also issued licenses to L/Q and TRW for space-to-earth feeder links and granted Motorola's application for a blanket license authorizing construction and operation of up to 200,000 hand-held transceivers.

DISCO I (IB Docket No. 95-41)

In January 1996 the Commission eliminated regulatory distinctions between U.S.-licensed domestic and international satellites. Formerly, U.S.-licensed satellites had been subject to two different regulatory processes, the Transborder and Separate Systems policies, both of which limited the scope of service that could be provided to consumers. The policy adopted in DISCO I allows U.S. satellite operators to adapt to the demands of an increasingly globalized economy and makes a wider range of service options available to users. It also reduces the administrative burdens on satellite operators and Commission staff.

Establishing Rules and Policies for the Use of Spectrum for Mobile Satellite Service in the Upper and Lower L-Band (IB Docket No. 96-132)

In order to ensure effective competition in the mobile satellite service market, in a *Notice of Proposed Rulemaking* released on June 18, 1996, the Commission proposed to assign spectrum in the lower portion of the L-band to American Mobile Satellite Corporation (AMSC). AMSC already provided limited voice and data mobile satellite service over one-in-orbit satellite, but lacked sufficient spectrum in

the "upper" L-band to operate a viable system. Given the lack of available spectrum in the "upper" L-band and the historic difficulty of international coordination, the Commission proposed to assign to AMSC the first 28 megahertz of spectrum coordinated internationally in both the "upper" and "lower" portions of the L-band, thereby hoping to accelerate AMSC's planned deployment of international service.

International Non-dominance Proceedings (FCC 96-209)

In 1996 a number of important steps were taken to facilitate the efficient and rapid provision of international services, while protecting ratepayers and competition in the U.S. international services market. In particular, the Commission released AT&T from dominant carrier regulation in the provision of international services. The Commission also accepted a number of voluntary commitments made by AT&T, including pricing commitments to protect against increases in residential international rates. As part of its implementation of the Telecommunications Act of 1996, the Bureau granted affiliates of NYNEX Corp., Ameritech Corp., and Bell Atlantic Corp. authority for the first time to provide international services as non-dominant resale carriers from "out-of-region" U.S. points. The Bureau also granted affiliates of GTE Corp. authority to provide on a non-dominant carrier basis international services originating from "out-of-region" and "in-region" U.S. points. In addition, the Bureau relieved an affiliate of GTE Corp. from dominant carrier regulation in the provision of Hawaiian international service.

● *Telcom vote signals competitive free-for-all* ●

The Wall Street Journal - Feb. 1, 1996

International Section 214 Streamlining Proceeding (IB Docket No. 95-118)

On February 29, 1996, the Commission adopted a *Report and Order* that streamlined the international Section 214 authorization process and tariff requirements. The new rules eliminated the old route-by-route country authorization process and allowed carriers, in most instances, to obtain one facilities-based and resale authorization to provide service to virtually all points in the world. The new rules also provided carriers great flexibility in meeting the evolving needs of the global market and eliminated unnecessary and burdensome regulation, saving time and money for industry and government.

Market Entry of Foreign Affiliated Entities (IB Docket No. 95-22)

Pursuant to the Commission's new rules establishing a market entry standard for foreign carriers, the Bureau licensed many foreign carriers, from countries such as Australia, Canada, Chile, France, Germany, Japan, the Philippines, and the United Kingdom, either to make significant investments in U.S. carriers, or provide a variety of international telecommunications services.

Policy Statement on International Accounting Rate Reform (FCC 96-37)

On January 31, 1996, the Commission announced a significant change in its approach to the settlement of accounts between U.S. and foreign carriers for the provision of international service. The new approach increased regulatory support for new services that increase competitive pressure in the international market and tailored accounting rate policies to reflect different market conditions. In addition, this approach encouraged emerging competi-

tion in foreign markets and technological innovation. The Commission also announced that it planned to restructure the benchmarks by which it measures progress in reducing accounting rates toward cost.

Preemption of Local Zoning Regulation of Satellite Earth Stations (IB Docket No. 95-59)

The Commission acted in 1996 to revise its 1986 rule preempting certain local regulations of satellite earth station antennas to ensure that all Americans are able to have as many choices as possible for delivery of video programming and to facilitate access to all satellite services. This action was taken, in part, in response to evidence that some local jurisdictions were inhibiting the growth of satellite services by enforcing overly restrictive and unreasonable zoning laws. In addition, the Telecommunications Act of 1996, Section 207, directed the Commission to preempt non-federal restrictions that impair reception by antennas used in certain direct-to-home video services including Direct Broadcast Satellite services.

Streamlining the Commission's Rules and Regulations for Satellite Application and Licensing Procedures (IB Docket No. 95-117)

The Bureau hosted roundtable meetings with industry representatives and the public to solicit suggestions on ways to improve satellite licensing procedures. Based on the recommendations made during those discussions, the Commission adopted many streamlining initiatives. The Commission expects these steps will eliminate: the filing of 19,000 pieces of paper annually, 222 years of regulatory delay for the industry; \$3.8 million in filing and processing costs to the industry and the Commission by the year 2001, and an average of 24 months in processing and launch of space stations.

Wireless: Standards could improve wireless competition abroad

By Jeffrey Silva

WASHINGTON—In an address with major policymaking implications, the Commission's former chairman, Ernest A. Berman, urged caution in reforming the market for wireless services, saying that a conference

F.C.C. Continues Airwave Auction

By Bloomberg Business News

WASHINGTON, Aug. 25 — The Federal Communications Commission begins its biennial airwaves auction yet again with almost 1,500 available wireless communication slots.

THE ATLANTA JOURNAL in an editorial: "The telecommunications bill stands to change the lives of Americans in ways unmatched by any other legislation. Yet, ironically, the debate on the issue was conducted almost entirely by the industries affected; ordinary people hardly seemed to know or care. But the important thing was to rip off the chains that have kept the industry from starting the pot boiling."

THE SAN DIEGO UNION-TRIBUNE in an editorial: "The telecommunications bill, one of the most important bills for America's economy in years, is an example of what government can do when it puts partisan politics aside and legislates in the national interest. . . . What happened is that government leaders understood the need for this bill and would not let it be derailed by extremists and special interests."

Phone, cable bill will never look same

Telecommunication law starts revolution

By JEFFREY MEITRODT
Staff writer

It's 6 o'clock in the evening, and the lights are set down to watch the new AT&T rings. It's AT&T. Only tonight, long-distance service will give you three free minutes.

Communications Law Overhaul Is OK'd by Congress

Ushering In a New Age in Communications

Clinton Signs 'Revolutionary' Bill Into Law At a Ceremony Packed With Symbolism

By Mike Mills
Washington Post Staff Writer

Ernestine the telephone operator was there, by live video link. So was a classfull of students from the District's Calvin Coolidge High School, peering out from electronic monitors. The scene was the floor of Congress.

The logo for the Wireless Telecommunications Bureau is a black rectangle. The top portion is solid black with the words "Wireless Telecommunications Bureau" in white, sans-serif font. The bottom portion of the rectangle features a series of white diagonal lines that create a sense of depth and movement, resembling a stylized signal or a perspective view of a surface.

Wireless
Telecommunications
Bureau

Overview

The Wireless Telecommunications Bureau (WTB) oversees the use of radio spectrum to fulfill the communications needs of businesses, local and state governments, public safety service providers, aircraft and ship operators, and individuals. In addition to licensing commercial providers of wireless services, WTB monitors the more than two and half million licensees that use private wireless radio for personal convenience, to promote safety of life and property, to increase commercial productivity, and to advance the science of telecommunications.

The principal functions of WTB include evaluating new technologies (with the Office of Engineering and Technology), assessing utilization levels of the spectrum and the competitiveness of markets, identifying and allocating spectrum appropriate for licensing, developing through rulemaking the operating rules for radio-based services, assigning licenses through competitive bidding (auctions) and other methods, developing methodologies for conducting complex auctions of radio spectrum, maintaining an antenna structure registration program, licensing commercial radio operators, and enforcing the Commission's rules.

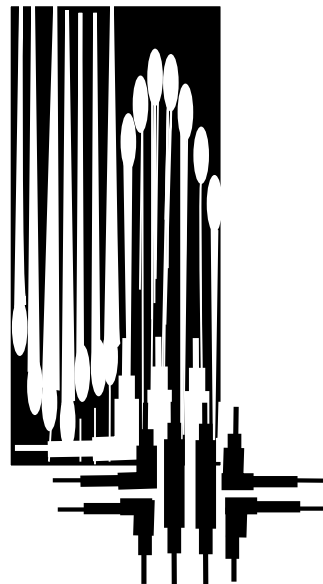
WTB coordinates closely with the Office of Engineering and Technology on spectrum allocations and rules governing equipment used in the provision of wireless services, and with the International Bureau on international spectrum allocations for wireless services and coordination between terrestrial and space-based services. WTB also works with representatives of the Public Safety community to foster a partnership to address public safety communications issues and implement the National Public Safety Plan.

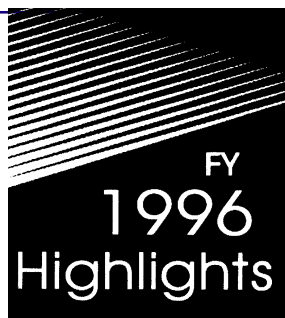
In all its work, WTB seeks to advance three objectives:

- (1) promoting economic growth and efficiency through the competitive provision of advanced telecommunications technologies,
- (2) ensuring that all Americans have access to advanced telecommunications technologies, and;
- (3) implementing efficient processes to serve its customers most efficiently.

The role of WTB in implementing the Telecommunications Act of 1996 has fallen primarily into two categories: (1) lifting unnecessary requirements previously imposed by statute or FCC rule, and (2) taking newly authorized actions to promote competition and promote accessibility of telecommunications services.

On February 8, 1996, the Commission eliminated a 30-day public notice requirement for private operational fixed microwave service applications, which previously had been required by statute. This was the Commission's first vote to implement the Act, the same day as its signing. In addition, the WTB authored proposals and orders to eliminate regulations in the Commercial Mobile Radio Service (CMRS), maritime and aviation services, and amateur radio services.





- ❑ Took lead in drafting a Notice to implement new Section 255 of the Communications Act, which requires telecommunications services and equipment to be made accessible to individuals with disabilities.
- ❑ Worked extensively, in cooperation with the Common Carrier Bureau (CCB) and others in the Commission, on the implementation of certain provisions of the Telecommunications Act of 1996 designed to promote local competition, including the rights and terms of interconnection between CMRS providers and local exchange carriers (LECs), the relationships between carriers who compete at the local level, including the right to interconnect facilities and transport and terminate traffic on another carrier's network, rights and obligations with respect to numbering resources, neutral administration of numbering resources, and the requirement that all telecommunications carriers implement number portability.
- ❑ Took several actions responding to legal and factual questions and offering interpretive information on Section 704 of the 1996 Act, governing the siting of wireless facilities and the role of state and local zoning authorities. The Bureau has widely disseminated two fact sheets on Section 704, and has spoken extensively to state, local and industry groups, in an effort to facilitate the placement of wireless facilities in a manner that is consistent with the needs of local communities but also promotes competition.
- ❑ Completed auctions in four services for more than 2000 licenses, bringing in more than \$11 billion in revenue for the U.S. Treasury. Additional broadband Personal Communications Service (PCS) auctions ongoing.
- ❑ Completed rules for CMRS-LEC interconnection and related issues affecting local competition.
- ❑ Granted flexibility to CMRS providers to offer fixed services.
- ❑ Adopted or modified service rules and auction rules for broadband PCS (D, E and F blocks), 800 MHz SMR channels, 28 GHz band, interactive video and data service (IVDS), direct broadcast satellite (DBS) service, multipoint distribution service and instructional television fixed service, and unserved cellular service areas.

- ❑ Adopted *Report and Order* ordering enhanced 911 for wireless services.
- ❑ Established Emergency Medical Radio Service to improve the communications capability of entities engaged in providing life support activities.
- ❑ Established Low Power Radio and Family Radio Services.
- ❑ Processed more than 406,000 applications for land mobile microwave and other wireless services. Disposed of 87% of all applications in less than 60 days. Auto-granted 25% of all applications. Reduced number of pending applications by approximately 75%.
- ❑ Reduced number of pending informal complaints by almost half between January and June.
- ❑ Adopted rules creating new, consolidated Part 101 governing terrestrial fixed microwave radio services.
- ❑ New Consumer Assistance Branch phone system responded to over 1,000 calls per day, on average. The average time for responding to an inquiry was 20 seconds.
- ❑ In May 21, 1996, in conjunction with the CTIA Foundation, coordinated a public forum entitled "Using Wireless Technologies in the Classroom," at the J.O. Wilson Elementary School in Washington, D.C. The Bureau has also been working closely with the Office of Engineering and Technology on the *Unlicensed/National Information Infrastructure Notice of Proposed Rulemaking*, which would make available spectrum for a new category of unlicensed equipment which could provide advanced telecommunications services to educational institutions and other users. The Bureau is also working to ensure that in the Univer-

sal Service proceedings the Commission considers how wireless technologies may provide a more efficient method of delivering telecommunications services to schools and libraries.

- ❑ In February 1996, introduced electronic filing for PCS, Land Mobile Radio Services, General Mobile Radio Service, Land Mobile Broadcast Auxiliary Service, and IVDS license applications, as well as antenna registration applications. The new system covers 60% of all services licensed by WTB, and has the capacity for receiving approximately 75% of the applications currently filed for these services. In September 1996, WTB introduced electronic filing for amateur radio vanity call signs. Electronic filing reduces processing time by 25%, and in many instances applications that formerly took 30 days or more to process can be processed overnight. (Approximately 25% of all applications are "auto-granted" electronically.)
- ❑ Launched its homepage in February 1996. The site (www.fcc.gov/wtb/) contains information for the general public on auctions, rulemakings, and other Bureau activities. Users can access news releases, fact sheets and speeches released by the Bureau.

A sweeping overhaul of the antiquated Communications Act of 1934, the new legislation is designed to unshackle a \$500-billion telecommunications industry that has long been divided into highly regulated fiefdoms.

Los Angeles Times - Feb. 2, 1996

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Major Proceedings

Interconnection of CMRS Providers with Local Exchange Carriers (CC Docket No. 95-185)

The Commission adopted a *Notice of Proposed Rulemaking* in CC Docket 95-185 on interconnection between LECs and CMRS providers on December 15, 1995. In April 1996 the Commission adopted a *Notice of Proposed Rulemaking* in CC Docket 96-98 on implementation of sections 251, 252 and 253 of the Communications Act, as added by the Telecommunications Act of 1996. On August 8, 1996, the Commission adopted an *Order* specifying the terms under which LECs must offer interconnection to CMRS providers and other competitors, as well as other obligations of telecommunications carriers, in order to foster the emergence of local competition.

CMRS Flexibility (WT Docket No. 96-6)

On June 27, 1996, the FCC adopted rules to allow wireless communications providers, such as cellular, PCS, and paging carriers, flexibility in determining the mix of mobile and fixed services that they will provide. In the *First Report and Order and Further Notice of Proposed Rulemaking* in WT Docket 96-6, the Commission sought comment on the appropriate regulatory treatment for fixed wireless services.

LEC-CMRS Safeguards (WT Docket 96-162)

The Commission adopted a *Notice of Proposed Rulemaking, Order on Remand and Waiver Order* in WT Docket 96-162 on July 25, 1996, that initiated a comprehensive review of its structural and nonstructural safeguards for LEC provision of CMRS.

Microwave Relocation (WT Docket 95-157)

On April 25, 1996, the Commission adopted a *Report and Order and Further Notice of Proposed Rulemaking* in the Microwave Relocation proceeding that will promote the deployment of broadband PCS and facilitate the relocation of fixed microwave users in the 2 GHz Emerging Technologies band.

CMRS Resale (CC Docket No. 94-54)

To facilitate the growth of wireless telecommunications services and stimulate competition among providers of cellular, broadband PCS and certain specialized mobile radio (SMR) services, the Commission adopted a *Report and Order* to prohibit these CMRS providers from unreasonably restricting the resale of their services. The Commission voted to make compli-

ance with this resale rule a condition of license for such providers for 5 years.

CMRS Roaming (CC Docket No. 94-54)

On June 27, 1996, the Commission adopted a *Report and Order* that extended the existing cellular roaming rule to require broadband PCS and certain SMR licensees to provide service upon request to roaming cellular, broadband PCS and SMR subscribers in good standing, provided those subscribers are using equipment that is compatible with the licensees' systems. The Commission also adopted a *Further Notice of Proposed Rulemaking* requesting comment as to whether it should adopt a rule requiring providers of these services to offer "automatic" roaming agreements on a nondiscriminatory basis to each other.

Partitioning/Disaggregation (WT Docket 96-148)

On July 15, 1996, the Commission released a *Notice of Proposed Rulemaking* in WT Docket 96-148 to implement Section 257 of the Communications Act of 1934, as amended by the Telecommunications Act of 1996, to eliminate entry barriers into the telecommunications market for small businesses. Specifically, the *Notice of Proposed Rulemaking* proposed to revise the rules to permit geographic partitioning and spectrum disaggregation for broadband PCS.

28 GHZ Band (CC Docket 92-297)

On July 17, 1996, the Commission adopted the *First Report & Order and Fourth Notice of Pro-*

posed Rulemaking in CC Docket No. 92-297 to establish an allocation for the Local Multipoint Distribution Service (LMDS) and for Fixed Satellite Services in the 28 GHz band. The *Report & Order* designated band segments in the 28 GHz band for LMDS providers, fixed satellite service systems, and feeder links for certain mobile satellite service systems. The *Notice of Proposed Rulemaking* sought comments on LMDS service and auction rules, including whether the Commission should adopt eligibility rules or use restrictions for acquisition of LMDS spectrum within their geographic service areas.

800 MHZ Specialized Mobile Radio (PR Docket 93-144)

On December 15, 1995, the Commission adopted a *First Report and Order, Eighth Report and Order, and Second Further Notice of Proposed Rulemaking* in PR Docket 93-144 changing its 800 MHz SMR licensing rules for the upper 10 MHz block of contiguous spectrum to provide for (1) licensing of SMR channels on a geographic area rather than site-specific, (2) reconfiguring of the SMR band to accommodate both wide-area SMR systems and local systems, and (3) using auctions to select SMR licensees. These changes are intended to eliminate licensing bottlenecks and enhance the ability of SMR licensees to compete with cellular and PCS licensees. The Commission proposed similar changes to the rules for the lower 80 and General Category channels of the 800 MHz band, to reduce the administrative burden and benefit smaller businesses.

PCS D, E, and F Rules**(WT Docket No. 96-59, GN Docket No. 90-314)**

On March 20, 1996, the Commission released a *Notice of Proposed Rulemaking* for the broadband PCS D, E and F blocks. On June 21, 1996, the Commission adopted a *Report and Order* modifying the competitive bidding and ownership rules for the PCS D, E and F blocks. On August 26, 1996, the Commission commenced an auction of 1,479 broadband PCS licenses.

DBS Auction

On January 24-26, 1996, the Commission held an auction for two DBS authorizations. MCI Telecommunications Corp. was the winner of the authorization for DBS channels at 110 degrees West Longitude, with a high bid of \$682 million. EchoStar DBS Corp. was the winner of the authorization for DBS channels at 148 degrees W.L., with a high bid of \$52 million.

MDS Auction

On March 28, 1996, the MDS auction closed, bringing 493 licenses to 154 new entrants (141 of which are small businesses). These licenses can be used to deliver video programming to subscribers through microwave transmitting and receiving antennas.

900 MHZ SMR Auction

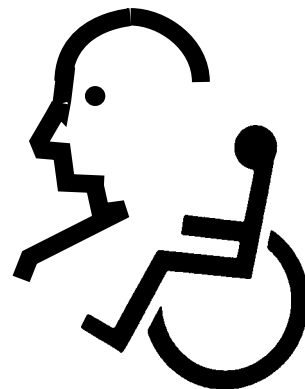
The 900 MHz Specialized Mobile Radio (SMR) auction closed on April 15, 1996, bringing 1,020 licenses to 80 new entrants (60 of which are small businesses). Licenses for this service may be used for dispatch and other sophisticated mobile data and voice services.

C Block Auction

On May 6, 1996, the Broadband PCS C Block (Entrepreneurs Block) Auction closed, raising \$10.2 billion to be deposited with the U.S. Treasury. This auction allowed 89 small businesses to win a total of 493 PCS licenses to compete in the marketplace. On May 15, 1996, two high bidders in the auction failed to make down payments on their licenses. The Commission deemed these applicants in default, and less than two months later, conducted a reauction of the 18 defaulted licenses. This auction lasted only eight days and brought in a total net revenue of \$904.6 million, \$30 million more than was generated for these licenses in the original auction.

Section 255**(WT Docket No. 96-198)**

On September 19, 1996, the FCC released a *Notice of Inquiry* regarding Section 255 of the Communications Act, added by the Telecommunications Act of 1996. Section 255 provides that all telecommunications service providers and telecommunications equipment manufacturers must make their services and equipment accessible to those with disabilities, if readily achievable. WTB took the lead in drafting the *Notice of Inquiry*, and WTB staff also participated in the work of the Federal Advisory Committee on equipment accessibility under Section 255, sponsored by the Architectural and Transportation Barriers Compliance Board.



Public Safety Wireless Requirements (WT Docket 96-86).

On April 5, 1996, the Commission adopted a *Notice of Proposed Rulemaking* seeking to address the operational, technical and spectrum requirements for state and local public safety entities through the year 2010. This *Notice of Proposed Rulemaking* emphasized the critical nature of public safety responsibilities to the Nation's well being and the role of modern wireless communications in ensuring that these duties are fulfilled effectively.

that have a code identification to a Public Safety Answering Point (PSAP), without any blocking or validation procedures. The *Order* also requires these carriers to provide certain E911 features which enable the PSAP to identify the location of the caller, including Automatic Number Identification (ANI) and Automatic Location Identification (ALI), within the required timetable.



Emergency Medical Radio Service (EMS) (PR Docket No. 91-72)

On February 8, 1996, the Commission adopted a *Report and Order* which created the Emergency Medical Radio Service as a new Private Radio Service. This service will be provided on clear narrowband channels for use solely by life support organizations. It will also enhance interoperability and will allow medical services, rescue organizations, disaster relief organizations, and beach patrols to communicate with each other.

Low Power Radio Service (WT Docket 95-96)

On July 25, 1996, the Commission adopted a *Report and Order* creating a new Low Power Radio Service (LPRS) in the 216-217 MHz band. LPRS devices will be authorized on a secondary, non-interference basis, for short-range, lower power communications including auditory assistance devices for persons with disabilities, health care assistance devices for persons with illnesses, law enforcement tracking systems, and point-to-point network control communications for Automated Maritime Telecommunications Systems (AMTS). This new service will increase educational opportunities and access to telecommunications devices for persons with disabilities and persons with illnesses. It also strengthens the ability of the law enforcement community to combat crime.

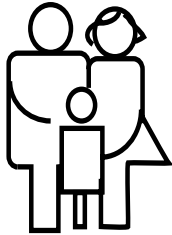
Enhanced 911 (E-911) Service (WT Docket 94-102)

On June 12, 1996, the Commission adopted a *Report and Order and Further Notice of Proposed Rulemaking* that creates rules to govern the availability of basic 911 services and the implementation of E911 for wireless services. The Commission released the *Order and Further Notice* on July 26, 1996. For basic 911 services, the *Order* requires all cellular, broadband PCS, and certain SMR licensees to transmit all 911 calls made from mobile handsets

Family Radio Service (WT Docket No. 95-102)

On May 10, 1996, the Commission adopted a *Report and Order* establishing a very low power, UHF, two-way voice radio service for personal communications. Individual licenses would not

be required, as the service was licensed on a blanket basis by rule adopted in this proceeding. This service is intended to meet the desires of small groups for short-distance, personal communication needs.



Paging Rules (WT Docket No. 96-18)

The Commission adopted a *Notice of Proposed Rulemaking* on February 8, 1996, that proposed consolidation of common carrier and private carrier paging services. On April 24, the Commission released a *First Report and Order* partially lifting the processing freeze for incumbent licensees. On June 11, the Commission released an *Order on Reconsideration of First Report and Order*, modifying the interim paging licensing rules. These rule changes are designed to promote growth and streamline regulation

Microwave Consolidation (WT Docket 94-148)

The Commission adopted a *Report and Order* on February 8, 1996, that consolidated its rules governing common carrier and private operational fixed microwave services into a new Part 101, thereby reducing administrative and regu-

● *After four years of struggle and gridlock, Congress rewrote the nation's communications laws today, passing a bill that would transform television, telephones and the emerging frontiers of computer networks.* ●

The New York Times - Feb. 1, 1996

latory burden on the licensees. In the Commission's first rulemaking implementing provisions of the Telecommunications Act of 1996, the Commission also eliminated a 30-day public notice requirement for certain applications.

Amateur Service Rules

The Commission adopted an *Order* on February 28, 1996, amending Part 97 of the Commission's rules to conform the amateur service rules to the provisions of the Telecommunications Act of 1996. The *Order* eliminated a filing requirement imposed on volunteer examiners and coordinators who prepare and administer amateur operator license examinations. The *Order* also eliminated conflict-of-interest provisions pertaining to administration of amateur operator license examinations.

Equal Access Obligations of CMRS Licenses

The Commission adopted an *Order* on March 21, 1996, eliminating equal access obligations pertaining to cellular licensees, bringing them into regulatory parity with other CMRS licensees, in conformance with the Telecommunications Act of 1996.

Domestic Ship and Aircraft Radios (WT Docket 96-82)

On April 12, 1996, the Commission released a *Notice of Proposed Rulemaking* pursuant to Section 403 (i) of the 1996 Telecommunications Act. This *Notice of Proposed Rulemaking* proposed amending the Maritime Service and Aviation Service rules to remove the individual radio licensing requirement and to authorize by rule the radio equipment on recreational vessels and aircraft operated domestically. The pro-

posal would remove the burden of filing applications and associated fees from hundreds of thousands of recreational vessels and aircraft owners, as well as remove the administrative burdens associated with the Commission's processing of such applications.

Automated Ship Distress and Safety System

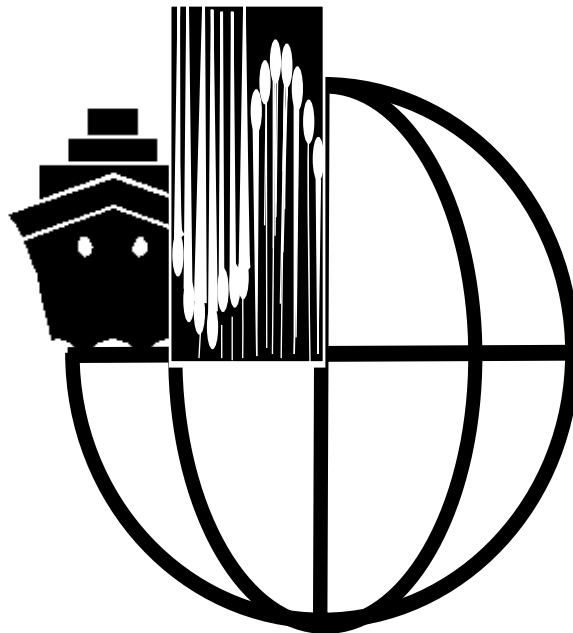
The Commission adopted an *Order* on April 5, 1996, amending the Commission's rules to conform the Maritime Service Rules to the provisions of the Telecommunications Act of 1996. This *Order* eliminated the requirement for large cargo vessels and passenger vessels to carry a manual Morse code radiotelegraph installation so long as the vessels operate in accordance with the Global Maritime Distress and Safety System (GMDSS) provisions of the International Safety Convention.

US West Communications, Inc.

In an *Order* released on April 17, 1996, WTB granted US WEST's request for waiver of provisions of Section 22.903 that would prohibit it from providing cellular service to customers in US West's local exchange area awaiting the installation of landline telephone service. The Bureau granted the waiver for one year to ensure that telephone subscribers have access to the public switched network and conditioned the grant on US WEST's compliance with reporting requirements to provide quarterly reports detailing the participation of the customers involved.

Integrated Operations of Southwestern Bell Mobile Systems

On October 23, 1995, WTB granted Southwestern Bell Mobile Systems (SBMS) a limited waiver of Section 22.903 to enable it to provide integrated cellular and "Competitive Landline Local Exchange" (CLLE) service outside of Southwestern Bell Telephone Company's local exchange service area.



Office of Engineering and Technology



Overview

The principal mission of the Office of Engineering and Technology (OET) is to provide the Commission with forward-thinking guidance in scientific, engineering and technical matters. With state-of-the-art analytical and data tools, OET is able to explore a wide range of spectrum utilization options.

OET activities allow the Commission to explore new concepts and develop initiatives with confidence that sound engineering practices have been employed. Key activities include allocations, experimental licensing, equipment authorization, technical standards, engineering studies, technical research and studies, spectrum analysis, government and international liaison, and assistance to federal agencies. The work of OET pro-

vides crucial technical data for the development and expansion of spectrum usefulness. This past year was especially significant in expanding usable spectrum for public and private uses.

OET provided important technical leadership on how competitive technologies can share the spectrum. Its work has helped in the auctioning of more than \$21 billion dollars of spectrum and the eventual recovery of spectrum no longer needed for TV broadcasting.

FY96 engineering activities included investigations of potential interference from digital wireless telephones to hearing aids and experimental studies supporting the development of new standards for:

- wireless device/hearing aid compatibility standards; experimental investigations of appropriate spectral mask limits for digital television signals;
- participation in the development of measurement procedures for unlicensed Personal Communications Services (PCS);
- development of portable measurement probes for detecting excessively radiating computers in the field; empirical investigation into the potential for interference to unlicensed wireless systems from new Radio Frequency (RF) lighting technologies;
- development of equipment for field noise floor measurement surveys.

OET also provided support to the advanced television (ATV) standards development effort in the form of technical oversight of ATV laboratory and field testing and assistance in presentation and evaluation of technology demonstrations.

OET staff presented a series of tutorials to the public concerning technology developments. These included tutorials on "Software Programmable Ra-

dios," "Spectral Efficiency, Spatial Processing and Smart Antennas," "Understanding Asynchronous Transfer Mode," and "Asymmetrical Digital Subscriber Lines."

Also this year, the Office participated in a public forum to present the key technical issues on the Digital Television (DTV) allotment process in conjunction with the release of the *Sixth Further Notice of Proposed Rulemaking* regarding Advanced Television Systems and explaining the DTV allotment and assignment plan.

OET has expanded the information that it provides on the Internet to the public. The OET homepage on the World Wide Web (www.fcc.gov/oet/) has dramatically increased the public's access to OET by providing an easy route to important information concerning the Office and its activities. The site includes the databases of equipment that has been authorized by the FCC, FCC listed test sites, and rule interpretations.

● *Congress overwhelmingly passed a sweeping overhaul of communications law that will touch every telephone customer and television viewer by letting phone, cable and TV businesses combine more freely.* ●

The Wall Street Journal - Feb. 1, 1996

OET's Equipment Authorization Division responded to more than 60,000 telephone calls for information on the FCC's technical standards for radio frequency equipment and the equipment authorization requirements. Many of these calls involved interpretive questions that were key to facilitating the introduction of new technologies and the start up of new businesses.

The Equipment Authorization Division's Public Access Link provides computerized information on the status of pending applications, limited technical information on granted authorizations, and other in-

formation related to equipment authorization that is of interest to the public. The system remains on-line continuously. It handled almost 45,000 interactions with the public this past year.

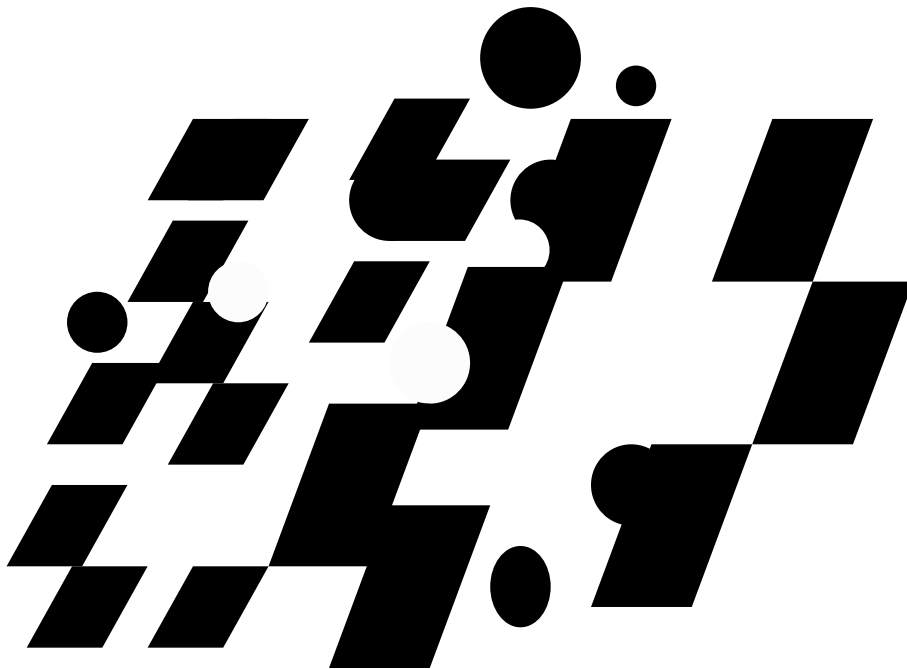
OET has four divisions.

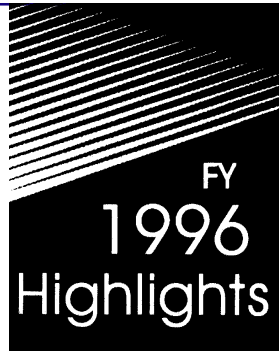
The **Allocations and Standards Division** conducts engineering, economic, legal, social and statistical studies related to spectrum management. It supports the implementation of new services and technologies by developing technical rules and standards.

The **Equipment Authorizations Division** authorizes radio transmitters and certain electronic equipment to ensure compliance with the FCC technical standards and to prevent radio interference.

The **New Technology Development Division** issues licenses for radio experiments, conducts laboratory analyses and special tests to evaluate performance and spectrum efficiency of new services and technologies.

The **Policy and Rules Division** prepares rulemaking items on spectrum allocations, radio frequency devices, and industrial, scientific and medical equipment. It also advises on technical, policy and standards issues for the various radio services.





- ❑ Granted more than 800 experimental licenses for automobile collision avoidance radars, remote automatic utility meter reading systems, environmental data collection, new FM radio antennas and other purposes.
- ❑ Authorized experimental applications where necessary for national interest for such diverse activities as facilitating news gathering efforts during the FBI-Freemen standoff in Montana; Super Bowl XXX; and the 1996 Summer Olympics in Atlanta.
- ❑ Formulated the proposed Digital Television Table of Allotments and the procedures for assigning DTV frequencies to broadcasters.
- ❑ Authorized the first wave of equipment for broadband and unlicensed Personal Communications Services. OET provided ongoing assistance and guidance to manufacturers to help ensure their products met the FCC technical requirements for controlling interference.
- ❑ Reduced regulatory requirements for digital devices by replacing existing requirements for personal computers and peripherals. The new rules allowed manufacturers to make a self-declaration of conformity that they were in compliance with FCC radio interference standards.
- ❑ Established new guidelines and methods, in cooperation with federal health and safety organizations, for evaluating the environmental effects of radiofrequency electromagnetic fields from FCC-regulated transmitters.
- ❑ Addressed important issues that affect persons with disabilities. In particular, OET provided technical leadership to help develop a *Notice of Inquiry* in response to the mandate of Section 255 of the 1996 Telecommunications Reform Act to make telecommunications services and equipment accessible to the disabled.
- ❑ Led FCC efforts to support United States delegations in negotiations for mutual recognition agreements for product approvals with major U.S. trading partners. Negotiations are in progress with Canada and Mexico (NAFTA), the European Union, the Asia Pacific Economic Cooperation conference, the Organization of American States' Inter-American Telecommunications Commission, and with Korea.
- ❑ In an effort to inform the public better about rapidly changing spectrum management issues, OET provided an inventory of spectrum usage between 137 MHz and 100 GHz to supplement the "Table of Frequency Allocations." The inventory of spectrum usage is available on the FCC homepage at <http://www.fcc.gov/oet/info/database/spectrum/Welcome.html>.

A black rectangular graphic with the text "Major Proceedings" in white. The bottom right corner of the graphic features a series of white diagonal lines that create a sense of depth and movement.

Major Proceedings

Digital Television (MM Docket No. 87-268)

Further Notice proposed policies for developing the initial digital television (DTV) allotments and the procedures for assigning DTV frequencies to broadcasters. It included a draft table of DTV channel allotments that was constructed with an emphasis on the efficient use of the spectrum and the possibilities for eventual recovery of spectrum no longer needed for television broadcasting due to the efficiencies of digital transmission. This would allow the identified spectrum to be reallocated to support future communications services. This spectrum has the potential of being even more valuable than the PCS spectrum. OET examined the best and most efficient methods to allot additional channels from the allocated television spectrum for DTV. OET developed computer models capable of evaluating DTV channel allotment tables and completed an empirical study regarding short-term propagation variability of UHF television signals. Studies were conducted to minimize the impact on current television during the transition period to DTV.

Of great significance was the identification of DTV allotments that would accommodate all NTSC eligible broadcasters, while minimizing interference to either service. This new digital service will allow television users to interface with both personal computers and the enormous array of communications and information processing tools available by industry. It will open a broad range of business oppor-

tunities such as manufacturing of equipment that is interoperable between television programming service and digital video, data systems and computer processing functions. Broadcasters will be able to compete in providing their service in a new digital platform that is capable of supporting large screen service and multimedia applications. The future for television will go beyond news and entertainment to a broadband rich in technology and a multitude of customer services.

Millimeter Wave Allocation (ET Docket No. 94-124)

In this *Report and Order and Second Notice of Proposed Rulemaking*, released in December 1995, the FCC authorized the bands 46.7-46.9 GHz and 76-77 GHz for unlicensed vehicle radar systems such as collision warning and avoidance, and lane guidance; and the band 59-64 GHz for general unlicensed applications and devices such as computer-to-computer wireless connections. It also proposed to restrict temporarily amateur radio operation in the 76-77 GHz band to upgrade the status of amateur operations in the 77.5 - 78 GHz band to co-primary with the radio location service and to develop a spectrum etiquette technique that would eliminate interference in the 59-64 GHz band.

The "millimeter wave" allocation has been one of the ways OET has increased efficient and effective use of the electromagnetic spectrum. Pushing the spectrum frontier upwards, by utilizing higher fre-

quencies not earlier used, has made it possible for a multitude of new services to be created. These services will stimulate the economy and result in hundreds of millions of dollars in business and related activities. Unlicensed vehicle radar systems have been an important initiative in the development of Intelligent Transportation Systems, that is intended to offer significant benefits to the American public by improving highway safety. Future uses of MMWave technology could include education or medical applications such as access to libraries or other information data bases. It would also offer new opportunities for business and industry.

Unlicensed National Information Infrastructure Devices (ET Docket No. 96-102).

The April 1996 *Notice of Proposed Rulemaking* proposed to make 350 megahertz of spectrum at 5.15 - 5.35 GHz and 5.725 - 5.875 GHz available for use by a new category of unlicensed equipment called Unlicensed NII devices (U-NII), previously known as NII/SUPERNet devices.

U-NII devices would provide short-range, high speed wireless digital information transfer on an unlicensed basis. It could support the creation of new wireless local area networks as well as facilitate access to the NII without the expense of wiring. These devices would further the universal service goals of the Telecommunications Act by offering classrooms, libraries, health care providers and other users an inexpensive networking alternative to access advanced telecommunications services.

The Commission proposed that the devices require only the minimum technical standards necessary to prevent interference to other unlicensed devices and incumbent services and to ensure that the spectrum is used efficiently. It encouraged the industry to develop any additional protocol standards necessary.

Critical Care Medical Telemetry (ET Docket 95-177)

A *Notice of Proposed Rulemaking* was released on January 25, 1996, proposing to permit low power biomedical telemetry devices to operate with a license on unused television channels 7-13, 14-36 and 38-69. OET has completed a review of the comments and is preparing options to discuss alternative frequencies.

Deregulation of Equipment Authorization For Digital Devices (ET Docket 95-19)

A *Report and Order* was released on May 14, 1996, which streamlined the equipment authorization requirements for personal computers and personal computer peripherals. The *Report and Order* adopted a new "Declaration of Conformity" or DoC procedure that permits these devices to be authorized based on a manufacturer's or supplier's declaration that the computer product conforms with all FCC requirements and standards. It also permits marketing of personal computers assembled from separate components that have themselves been authorized under a DoC. These new rules will allow products to reach the marketplace more quickly and be less burdensome for small manufacturers, thus stimulating competition in the computer industry. Further, these changes will align our equipment authorization requirements for personal computers with those used in other parts of the world.

Fixed Satellite Service Allocation at 13.75-14.0 GHz (ET Docket 96-20)

The *Report and Order* in this proceeding was released September 26, 1996. The *Order* amended Part 2 of the Commission's rules to allocate the 13.75-14.0 GHz band to the fixed-satellite service (FSS) on a co-primary basis for earth-to-space (up-

link) transmissions and make conforming revisions to the associated service rules in Parts 25 and 90. This allocation will accommodate the growing demand for FSS services and will provide satellite operators with increased flexibility in the design of their systems. The *Order* also adopted, domestically, the international footnotes that specify the spectrum sharing criteria between incumbent services and the FSS, as contained in the Final Acts of the 1995 World Radiocommunication Conference. An *Notice of Proposed Rulemaking* in this proceeding proposing the uplink bands was released on February 23, 1996.

37/39 GHz Point-To-Point Microwave (ET Docket No. 95-183)

A *Notice of Proposed Rulemaking and Order* was released on December 15, 1995. The *Notice of Proposed Rulemaking* proposed to provide a channeling plan and licensing and technical rules for fixed point-to-point microwave operations in the 37.0–38.6 GHz band and also proposed similarly to amend the licensing and technical rules for fixed point-to-point microwave operations in the 38.6–40.0 GHz band. Also, the *Order* imposed a freeze on applications that were mutually exclusive with other applications or that were still within the 60-day period for filing mutually exclusive applications as of November 13, 1995. The action was taken to stop processing mutually exclusive or potentially mutually exclusive applications under outdated licensing rules in anticipation of the adoption of new licensing rules.

Guidelines For Exposure to Radiofrequency Electromagnetic Fields (ET Docket No. 93-62)

On August 1, 1996, the Commission released a *Report and Order* that adopted new guidelines and methods for evaluating the environmental effects of radiofrequency (RF) electromagnetic fields from FCC-regulated transmitters. The updated guidelines generally are more stringent than the previous rules,

and are based on recommendations of the federal health and safety agencies, including the Environmental Protection Agency and the Food and Drug Administration. The Commission adopted maximum permissible exposure limits for electric and magnetic field strength and power density for transmitters operating at frequencies between 300 kHz to 100 GHz. Limits for specific absorption rate for evaluating certain hand-held devices, such as cellular and PCS telephones were also adopted. The new RF guidelines will apply to applications for stations filed with the FCC after January 1, 1997. Guidelines and requirements for evaluation of hand-held devices apply immediately. The Commission also incorporated into its rules provisions of Section 704 of the Telecommunications Act of 1996, which preempts state and local government regulation of personal wireless services facilities based on RF environmental effects.

Pioneer's Preference Review (ET Docket No. 93-266)

A *Public Notice* was released on May 14, 1996. On the Commission's own motion, and as a result of legislation implementing the General Agreement on Tariffs and Trade (GATT), the pioneer's preference rules were modified. In the *Memorandum Opinion and Order*, released January 30, 1996, the Commission reconsidered its decision to apply certain requirements to pioneer's preference requests that had been accepted for filing on or before September 1, 1994, stating that the requirements were unnecessary to evaluate such requests and would be administratively burdensome on the Commission and on the applicants.

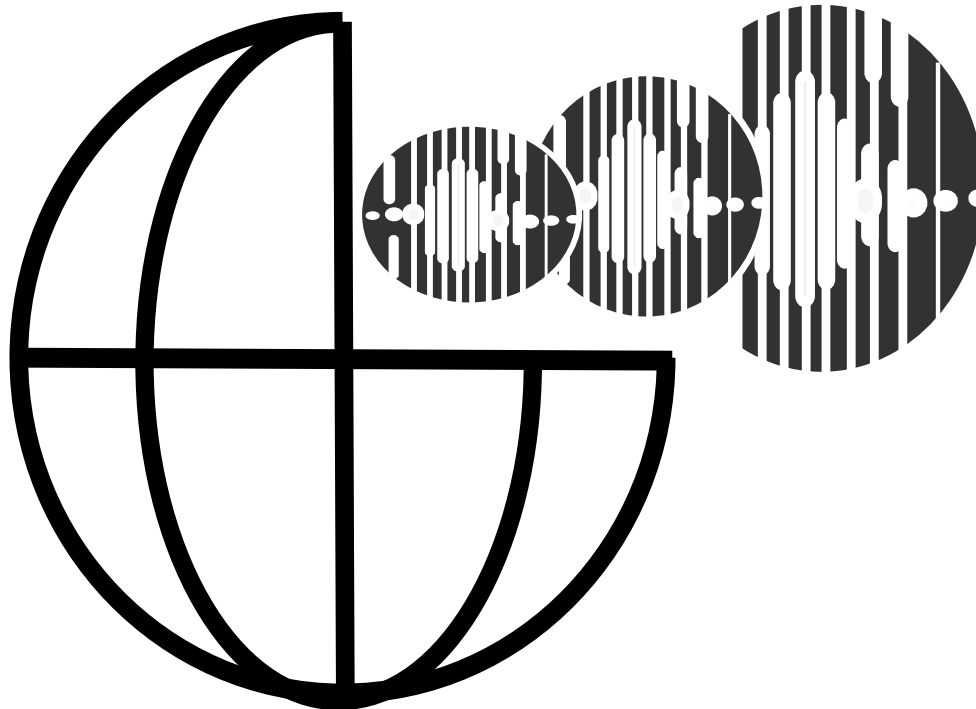
Spread Spectrum Systems (ET Docket No. 96-8)

A Notice of Proposed Rulemaking released on February 5, 1996, proposed to revise the regulations for unlicensed spread spectrum operations operating under Part 15 of the rules. The major areas of contention included: high gain antennas in the 2450 MHz band and the operation of short duration frequency hopping transmitters.

UHF Noise Figure Performance Measurements (ET Docket No. 95-144)

A Report and Order, released on June 3, 1996, modified the rules to eliminate the requirement that companies that manufacture, import or market tele-

vision receivers file reports concerning the UHF noise figure performance of recently-introduced models. Compliance would be maintained through the verification process. It was done to eliminate obsolete and burdensome filing requirements for manufacturers and importers of television receivers. By eliminating this requirement the administrative burden on industry and government was greatly reduced without any deterioration of the television receiver compliance rate.



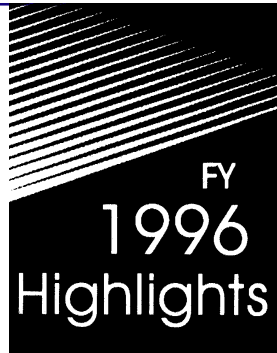
Office of Plans and Policy



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 on issues that cut across traditional industry and institutional boundaries. The Office also produces working papers on major policy issues.

The continuing focus of OPP's work during FY96 was to encourage economic growth; enhance access to telecommunications service offerings for consumers, producers, and new entrants, encourage the creation of new services; and promote market-oriented approaches to spectrum management.

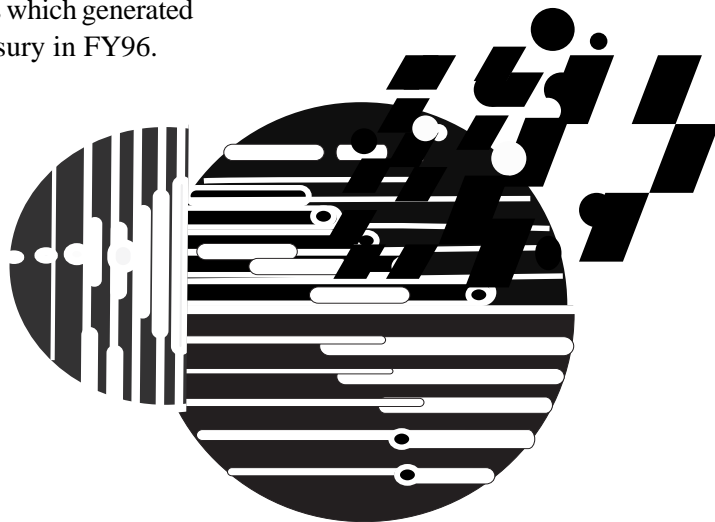


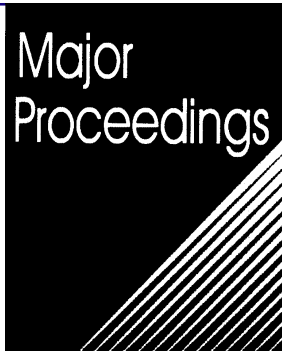
FY
1996
Highlights

❑ OPP, working with the Common Carrier Bureau (CCB), Office of General Council (OGC), Wireless Telecommunications Bureau (WTB), and Cable Services Bureau (CSB), was instrumental in implementing the Telecommunications Act of 1996 by providing economic and policy analysis for the Commission's interconnection, universal service, and open video system proceedings.

❑ Office staff continued to pioneer spectrum auction methods and assisted WTB in implementing and conducting the C-block Broadband Personal Communications Services auctions which generated over \$10 billion for the U.S. Treasury in FY96.

❑ OPP, working with the Federal Communications Bar Association, was responsible for issuing a *Notice of Inquiry* concerning the review all Commission rules and reinventing Commission procedures.





Interconnection

(CC Docket No. 96-98)

OPP played a vital role in implementing Section 251 of Telecommunications Act of 1996, the section which required the Commission to create rules that foster competition in local telephone markets. Working closely with CCB, OPP was responsible for creating the Total Element Long Run Incremental Cost (TELRIC) concept and use of forward-looking economic costs which serve as the economic foundation for efficient interconnection pricing and the price of unbundled network elements. OPP also assisted in all other economic aspects of the interconnection order in order to ensure fair and efficient principles for interconnection between competing networks.

Universal Service

(CC Docket No. 96-45)

Section 254 of the 1996 Act requires the Commission to increase access to telecommunications services used for the provision of health care services in rural areas and education in K-12 schools. OPP formed the Advisory Committee on Telecommunications and Health Care which includes public and private sector experts, to advise the Commission on telehealth-related policy. In addition, OPP played a central role in the formation and operation of the Commission's Education Task Force, and, in con-

junction with OPA, created an informational homepage, telephone hot line, and fact sheet to increase participation in the proceeding by the education community.

Advanced Television

(MM Docket No. 87-268)

The Office has continued to work with the Mass Media Bureau (MMB) and Office of Engineering and Technology (OET) on Digital Television standards and spectrum allocation by providing economic and policy analysis to shape the transition to digital television. OPP has promoted using an efficient, market-based approach for the recovery of spectrum after the migration to digital service.

Spectrum Auctions

Continuing a commitment to creating the most effective auctions program possible, the Office advised WTB on detailed PCS auction rules and procedures. In FY96 the Office assisted in conducting the C-block PCS auction which generated over \$10 billion in high bids. OPP staff also worked with WTB staff to design and implement auctions for two Digital Broadcast Satellite (DBS) permits. These auctions yielded \$735 million in high bids. Also in cooperation with WTB, OPP helped to design and implement the Multichannel Multipoint

Distribution Service (MMDS) auctions, including devising a procedure to calculate upfront payments for the heavily encumbered MMDS spectrum.

Spectrum Management

OPP continues to further the Commission's commitment to continually evaluate spectrum use in an effort to achieve more efficient allocations. 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 was responsible for organizing the Commission's *En Banc* Hearing on Spectrum Policy. The Office has also drafted and circulated numerous papers encouraging an increased role for markets in guiding spectrum to its highest value uses. OPP has worked closely with WTB, OET and MMB, to create spectrum management policies that will make the best use of this valuable public resource.

Global Telecommunications Reform

OPP has also continued to provide support on initiatives which advance the Commission's commitment to foster competition in international telecommunications. Working closely with the International Bureau, OPP has provided economic analysis for policies which promote the liberalization and privatization of foreign telecommunications regimes. OPP staff have also given numerous briefings and presentations to international visitors and groups promoting the success of market-based telecommunications policy in the United States and advocating the benefits of national and global competition in telecommunications.

Internet

OPP has led the Commission's efforts to understand the emerging communications policy issues raised by the growth of the Internet. Working closely with CCB, OPP helped to develop the Commission's expertise on issues such as the impact of the Internet on the public switched telephone network, and Internet telephony. In particular, OPP has focused attention on the evolution of the network to accommodate new services, such as Internet access. OPP staff has worked extensively with industry representatives to identify ways that regulatory decisions could provide positive incentives to deploy new "data-friendly" technologies into the network. OPP has also represented the Commission in an inter-agency working group developing U.S. government policy toward international electronic commerce. OPP also organized a forum with leading Internet service providers to educate FCC staff on Internet issues.

Reinventing Commission Procedures

In February 1996 OPP initiated a proceeding and released a *Notice of Inquiry* on Improving Commission Processes. The *NOI* served as an umbrella proceeding under which Commission-wide and bureau-specific streamlining efforts could receive input. The Commission received nearly 60 formal comments, reply comments, letters, petitions and motions in response to the *NOI*, and in June 1996 OPP released a *Report* detailing the Commission's responses to those comments. In addition to streamlining FCC processes, the *NOI* facilitated a dialogue among the Commission, the legal community, and the public. OPP has also worked with the Office of Public Affairs, OGC, and operating bureaus to implement a Commission-wide electronic filing system for comments in rule making proceedings.



Litigation

Overview

The Commission participated in approximately 288 federal appeals and Supreme Court proceedings during FY96. A chart describing case filings and dispositions is at the end of this section. At the end of the fiscal year, 127 appellate and Supreme Court cases were pending. In addition, during the fiscal year, the Commission participated in approximately 121 federal district court cases. At the end of the fiscal year, 37 district court cases were pending.

Decisions of Special Interest

Daniel Becker v. FCC; Bell Atlantic Telephone Companies v. FCC, No. 95-1217, 79 F.3d 1195 (D.C. Cir. 1996).

Exchange carriers challenged the Commission's revised formula for access charge price caps which resulted in a substantial reduction in the access charges that interexchange carriers pay to exchange carriers. The Court of Appeals rejected all of the challenges to the Commission's *Price Cap Performance Review Order*. The Court also affirmed a related Commission *Order* which required carriers to make adjustments for past overearnings or underearnings in order to compute the rate adjustments required by the price cap sharing formula.

Cincinnati Bell Telephone Co. v. FCC, No. 94-3701, 69 F.3d 752 (6th Cir. 1995).

The Court of Appeals for the Sixth Circuit remanded three aspects of the rulemakings that established ownership restrictions on licenses to provide personal communications service. First, the Court found that the Commission's reasons for imposing a spectrum cap of 35 MHz on ownership of cellular and PCS licenses was unsupported by the record. Second, the Court found that the Commission's decision to attribute ownership of a license to any entity holding 20 percent or more of the licensee's stock was not supported by the record. Third, the Court found arbitrary the Commission's decision that the record was insufficient to decide whether to revoke a requirement that Bell Operating Companies hold cellular telephone licenses in "structurally separate" subsidiaries. One noteworthy aspect of this case was the Supreme Court's reversal of the Sixth Circuit's stay of the C block PCS auction.

Competitive Telecommunications Ass'n v. FCC, No. 95-1168, 87 F.3d 522 (D.C. Cir. 1996)

The Court of Appeals remanded major aspects of a Commission decision establishing "interim" rules for the pricing of transport access services and instructed the Commission "to move expeditiously" to establish a cost-based alternative to the interim transport interconnection charge or to explain why a departure from cost-based ratemaking is "necessary or desirable." The Court upheld the Commission's decision to use the special access DS1-DS3 ratio to price direct transport transmission, but the Court concluded that the methods the Commission used to establish an interim tandem switching charge were arbitrary and capricious.

Connecticut Department of Public Utility Control v. FCC, No. 95-4108, 78 F.3d 842 (2d Cir. 1996).

The Second Circuit affirmed the FCC's denial of Connecticut's petition under Section 332(c)(3) to maintain rate regulation over wholesale cellular rates. Section 332(c)(3) preempts all state entry and rate regulation of cellular phone services, but it permits states to petition the Commission for authority to maintain or initiate such regulation if market conditions fail to protect subscribers from unjust and unreasonable rates. The Second Circuit held that the FCC did not improperly require Connecticut to clear "substantial hurdles" in order to maintain rate regulation because it was reasonable for the FCC to characterize as substantial the difficulties of obtaining a statutory exemption. In addition, the Court found that the Commission

properly concluded that the advent of PCS and other new wireless services was having a present effect on the competitiveness of the market and that, therefore, continued rate regulation was not justified.

Denver Area Educational Telecommunications Consortium, Inc., et al. v. FCC, et al., U.S. ___, 116 S.Ct. 2374 (1996), affirming in part and reversing in part, 56 F.3d 105 (D.C. Cir. 1995) (en banc):

This case involved a challenge under the First Amendment to three provisions in Section 10 of the Cable Television Consumer Protection and Competition Act of 1992, Pub.L. No. 102-385, 106 Stat. 1486. 10(a) and 10(c) permitted but did not require cable operators to prohibit indecent programming on, respectively, their leased access and public, educational and governmental access channels that otherwise were not subject to the editorial control of the cable operator. 10(b) required cable operators who chose not to prohibit indecent programming on their leased access channels to segregate and block such programming, permitting access only upon a subscriber's written request. The Supreme Court upheld 10(a), but not 10(b) and 10(c), both of which were held to violate the First Amendment.

Mobile Communications Corp. of America v. FCC, No. 93-1518 and Mobile Telecommunications Technologies Corp. v. FCC, No. 94-1552, 77 F.3d 1399 (D.C. Cir.), cert. denied, 117 S.Ct. 81 (1996).

Mobile Telecommunications Technologies Corp. (Mtel) won a pioneer's preference to provide nationwide narrowband personal communications service. At the time of Mtel's preference grant, all narrowband PCS licenses were to be distributed free of charge; later on, however, the Commission decided to award licenses other than the pioneer licenses through competitive bidding at an auction. In order to preserve the competitive balance in the narrowband paging marketplace, the Commission decided to charge Mtel a fee for its license, based

on a percentage of the auction prices. The Court held that the Commission had the authority to impose this fee pursuant to Section 4(i) of the Communications Act, which grants the FCC the general power to undertake actions "necessary in the execution of its functions." The Court remanded the case on the ground that in exercising that power in this case, the Commission had failed to take into account Mtel's reliance interests in getting a free license. The Court also held that the FCC had properly specified the technology on which Mtel's pioneer's preference was based.

Omnipoint Corp. v. FCC, No. 95-1374, 78 F.3d 620 (D.C. Cir. 1996).

The Court rejected a variety of challenges to the FCC's amended rules governing the C block auction for broadband PCS licenses. Among other things, the Court rejected arguments that the FCC had not done enough to promote opportunities for minorities and women, that the amended C block rules undermined opportunities for small businesses, and that the Commission discriminated against white males by giving them insufficient time to take advantage of the amended rules.

People of the State of California v. FCC, No. 94-70197, 75 F.3d 1350 (9th Cir. 1996)

The Ninth Circuit affirmed the Commission's "caller-ID" decisions, rejecting arguments (1) by California that the FCC had unlawfully preempted state regulations and had acted arbitrarily and unconstitutionally, and (2) by AT&T that the Commission's order denying interexchange carriers' requests for permission to charge local telephone companies a discrete rate for transporting caller-ID signals to them was arbitrary and capricious ratemaking. The Court held that the FCC had acted reasonably and within its authority over interstate services in preempting a California rule that necessarily would be an obstacle to realization of the Commission's federal regulatory objectives. It held

also that the Commission had determined reasonably that the IXC's (including AT&T) were not entitled to charge a discrete rate for transporting caller-ID data because they already were recovering any costs associated with such transport in their rates for interstate services generally.

Time-Warner Entertainment Co., L.P v. FCC, No. 93-5349, 93 F.3d 957 (D.C.Cir. 1996)

This decision involved facial First Amendment challenges to nine provisions of the 1992 Cable Act and two provisions of the 1984 Cable Act. The challenged provisions involved public, educational and governmental programming, leased access, rate regulation, obscenity liability, subscriber limitation, channel occupancy, program creation, premium channel preview notice, vertically integrated programming, municipal immunity and direct broadcast satellite set-aside. In an appeal of a U. S. District Court decision in Daniels Cablevision, Inc. v. United States, 835 F.Supp. 1 (D.D.C. 1993), the D.C. Circuit sustained the constitutionality of all of the challenged provisions with the exception of the provisions of Section 11(c) of the 1992 Cable Act (47 U.S.C. 533(f)(1)). With respect to those provisions, the Court consolidated the challenges to the subscriber limitation and channel occupancy provisions with a pending challenge to FCC regulations implementing those provisions. The court dismissed the challenge to the program creation provision of Section 11(c) as not ripe for judicial decision.

In addition to the preceding decisions of special interest, the following cases were decided by published decisions during FY96:

Adelphia Communications Corp. v. FCC, No. 95-1026, decided 1/23/96, 88 F.3d 1250 (D.C. Cir.).

Association of Public-Safety Communications Officials-International, Inc. v. FCC, No. 95-1104, decided 2/16/96, 76 F.3d 395 (D.C. Cir.).

AT&T v. FCC, No. 95-1339, decided 6/21/96, 86 F.3d 242 (D.C. Cir.).

Busse Broadcasting v. FCC, No. 95-1365, decided 7/12/96, 87 F.3d 1456 (D.C. Cir.).

Channel 51 of San Diego, Inc. v. FCC, No. 95-1128, decided 3/29/96, 79 F.3d 1187 (D.C. Cir.).

Coalition for a Healthy California, et al. v. FCC, No. 95-70066, decided 6/27/96, 87 F.3d 383 (Ninth Cir.).

COMSAT Corp. v. FCC, No. 95-1057, decided 3/15/96, 77 F.3d 1419 (D.C. Cir.).

Greater New Orleans Broadcasting Ass'n v. USA (& FCC), No. 94-30732, decided 2/21/96, 78 F.3d 583 (Fifth Cir.), remanded for further consideration, 117 S.Ct. 39 (1996)

Michael D. Longshore v. USA, No. 95-5026, decided 2/21/96, 77 F.3d 440 (Federal Cir.), cert. denied, 117 S.Ct. 52 (1996).

Los Angeles SMSA Limited Partnership v. FCC, No. 95-1307, decided 12/15/95, 70 F.3d 1358 (D.C. Cir.).

McElroy Electronics Corp. v. FCC, No. 95-1179, decided 6/21/96, 86 F.3d 248 (D.C. Cir.).

Red Rock Broadcasting v. FCC, No. 92-1541, decided 9/13/96, 94 F.3d 698 (D.C. Cir.).

Sprint Communications Company L.P. v. FCC, No. 94-1667, decided 2/23/96, 76 F.3d 1221 (D.C. Cir.).

SunCom Mobile & Data, Inc. v. FCC, No. 95-1478, decided 7/9/96, 87 F.3d 1386 (D.C. Cir.).

WSB, Inc. v. FCC, No. 95-1289, decided 6/14/96, 85 F.3d 695 (D.C. Cir.).

Judgments

Also, during FY96, ten appellate cases were decided by unpublished decisions

Status of Litigation

Location	Cases Pending Sept 30, 1995	Cases Pending During FY96	Cases Disposed of During FY96	Cases Pending Sept 30, 1996
Supreme Court	7	16	18	5
C.A.D.C.	96	119	112	103
Other	17	33	31	19
Total	120	168	161	127

Office of
Legislative and
Intergovernmental
Affairs



Overview

The Office of Legislative and Intergovernmental Affairs (OLIA) 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 FY96 the Congress enacted five laws, in addition to the Telecommunications Act of 1996 directly affecting, or of interest to, the Commission. These five laws included legislation appropriating funds to the Commission for FY96 and FY97, requiring the Secretary of Transportation to consult with the FCC on a study to develop and evaluate radio and microwave technology for a motor vehicle safety warning system, and eliminating various communications-related reports to the Congress. A more detailed, chronological listing follows:

1. PL 104-59 (S. 440):

“National Highway System Designation Act of 1995.” Required the Secretary of Transportation, in consultation with the FCC and NTIA, to “conduct a study to develop and evaluate radio and microwave technology for a motor vehicle safety warning system in furtherance of safety in all types of motor vehicles.” This bill was signed into law on November 28, 1995.

2. PL 104-66 (S. 790):

“Federal Reports Elimination and Sunset Act of 1995.” Eliminated several congressionally-required reports, including one required under Sec. 404(c) of the Communications Satellite Act of 1962, and a report regarding reimbursement for amateur radio examination expenses required under Sec. 4(f)(4)(J) of the Communications Act of 1934. This bill was signed into law on December 21, 1995.

3. PL 104-99 (H.R. 2880):

“The Balanced Budget Downpayment Act.” Appropriated funds for the FCC through March 15, 1996, as part of a government-wide Continuing Resolution. This bill was signed into law on January 26, 1996.

4. PL 104-134 (H.R. 3019):

“An Act Making Appropriations for Fiscal Year 1996,” Appropriated the FCC \$185,709,000 for the rest of FY96, consisting of a direct appropriation of \$59,309,000 and the balance of \$126,400,000 from regulatory fees. Amended various broadcast regulatory fee provisions. Required the FCC to make a decision within 30 days on a petition filed by WQED, Pittsburgh PA, to convert one of its two broadcasting stations to commercial operations and then assign the license to raise needed funds. Also authorized the FCC to provide WQED the relief it was seeking as one of the options the FCC could consider in making its determination. This bill was signed into law on April 26, 1996.

5. PL 104-208 (H.R. 3610):

“The Omnibus Consolidated Appropriations Act for FY 1997.” Appropriated the FCC \$189,079,000 for FY97, consisting of a direct appropriation of \$36,556,000 and the balance of \$152,523,000 from regulatory fees. In Conference Report language, Congress directed the FCC to work with the General Services Administration to decrease the overall cost of the FCC’s relocation to the Portals and to identify alternative mechanisms to finance the relocation, to further streamline its operations, and not to deny any license application or renewal to a religious broadcaster on the grounds that requiring religious knowledge, training, or expertise for employees is discriminatory. Also required the FCC by April 15, 1997, to auction licenses for wireless subscription services at 2305-2320 megahertz and 2345-2360 megahertz. This bill was signed into law on September 30, 1996.

Legislative Program

In FY96 the Congress enacted, as part of the Telecommunications Act of 1996, 21 of the FCC's legislative proposals submitted to the Congress in May 1995 as part of the FCC's ongoing "Reinventing Government" initiative. The legislation proposed several amendments of the Communications Act of 1934 to 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 21 FCC proposals enacted into law are those that:

- Authorized the FCC to forbear from regulating classes of telecommunications carriers or services where unnecessary to protect the public interest;
- Provided blanket licensing for the operation of radio equipment on ships and aircraft, eliminating annually over 120,000 separate license applications and related fees;
- Authorized the use of non-governmental, independent testing labs to test and/or certify radio and computer equipment, speeding up the equipment authorization process;
- Streamlined the license renewal process for broadcast licensees;
- Privatized FCC inspection of ship radio stations;
- Repealed mandatory FCC setting of depreciation rates for common carriers;
- Expedited the processing of applications for Instructional Television Fixed Service (ITFS); and
- Eliminated the duplicative filings currently re-

quired for both a construction permit and an operating license before a broadcast station can make even minor modifications in its facilities.

Other Legislative Activities

During FY96 the Office of Legislative and Intergovernmental Affairs also:

1. Coordinated the preparation of testimony, briefing material, and follow up responses for a number of Congressional hearings on such matters as cellular resellers, electromagnetic spectrum policy, oversight of FCC implementation of the 1996 Telecommunications Act, FY97 appropriations, international telecommunications trade issues, and satellite regulation and policy.
2. Monitored and reported on hearings, bill mark-ups, and floor action of interest to the Commission on such matters as FY96 and FY97 appropriations, Continuing Resolutions, spectrum allocations and auctions, TV violence, and universal service.
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 Congressional liaison activities. Processed 6554 written Congressional inquiries, and approximately 10,000 telephone inquiries on a variety of matters, especially consideration, enactment and implementation of the Telecommunications Act of 1996, cable TV regulation, various other FCC policy matters, and the status of applications for frequencies, construction or modification of facilities, and special temporary operating authority.