

**STATEMENT OF
CHAIRMAN AJIT PAI
FEDERAL COMMUNICATIONS COMMISSION**

“OVERSIGHT OF THE FEDERAL COMMUNICATIONS COMMISSION”

**BEFORE THE
SUBCOMMITTEE ON COMMUNICATIONS AND TECHNOLOGY
OF THE UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON ENERGY AND COMMERCE**

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Chairman Doyle, Ranking Member Latta, and Members of the Subcommittee, I appreciate the opportunity to update you on the significant work and accomplishments of the Federal Communications Commission, including during the COVID-19 pandemic.

My top priority since becoming FCC Chairman in January 2017 has been closing the digital divide, and we’ve taken many steps to do so. For example, we’ve made it easier and cheaper for competitive providers to attach fiber to utility poles through a groundbreaking reform called “one-touch make ready” and we’ve dramatically lowered the costs of small cell deployment—reforms which the U.S. Court of Appeals for the Ninth Circuit upheld last month against various challenges.

Of course, there are some areas where the business case for broadband deployment just won’t exist—no matter how much red tape we cut. These are typically rural areas with sparser populations and lower incomes. The FCC manages programs to connect these rural communities through the Universal Service Fund. Here, we’ve been aggressively taking action to maximize the USF’s impact—to stretch scarce dollars as far as we can.

One way that we’ve successfully done that is through the use of reverse auctions that pair market competition with concrete deployment obligations to make sure bidders are keeping their end of the bargain. The Commission’s 2018 Connect America Fund Phase II reverse auction is a case in point. It allocated \$1.488 billion in support over ten years to expand broadband in 45 states. We’ve now authorized fifteen waves of funding, totaling more than \$1.47 billion, which expands connectivity to 702,745 homes and businesses nationwide, including in Arizona, California, Florida, Illinois, Indiana, Iowa, Louisiana, Michigan, Missouri, Montana, New Jersey, New Mexico, North Carolina, Ohio, Oregon, Pennsylvania, Texas, Vermont, and Virginia. I have seen the positive results for myself, traveling in February to the Wind River Reservation in rural Wyoming. There, I visited with Tribal leaders and a Tribally-owned broadband provider that is using CAF Phase II funding to extend high-speed access to very rural, low-income members of the Northern Arapaho and Eastern Shoshone Tribes.

Going forward, the Rural Digital Opportunity Fund represents the Commission’s boldest step yet to bridge the digital divide. On June 9, the Commission adopted a Public Notice setting forth auction procedures for the first phase of the auction, which is scheduled to begin on October 29. This phase will make up to \$16 billion available for the deployment of fixed broadband networks across rural America. The benefits will be felt from the Gulf Coast to Appalachia, and from the Great Plains to the Pacific Ocean. And we know that interest in the auction is great. On September 1, the Commission announced that it had received 505 short-form applications. In short, we’re on track for a successful auction in October.

We’re continuing our work to rebuild and harden the networks in the U.S. territories. Last year, we approved \$950 million in long-term funding to expand, improve, and harden broadband networks in

Puerto Rico and the U.S. Virgin Islands through the Uniendo a Puerto Rico Fund and Connect USVI Fund. So far, we have authorized \$254.4 million to three mobile carriers serving Puerto Rico and \$4 million to one carrier serving the U.S. Virgin Islands. This includes approximately \$64.6 million in funding specifically devoted to deploying 5G networks in Puerto Rico and the U.S. Virgin Islands—the first funding the Commission has awarded anywhere in the country that is targeted for 5G deployment. On September 3, the Commission’s window for competitive bids from service providers offering to deploy storm-hardened, resilient fixed broadband networks at up to gigabit speeds closed. We received applications from seven providers willing to deploy networks throughout Puerto Rico and the U.S. Virgin Islands. Commission staff are currently reviewing those applications, and we expect to announce winners next month.

And we have implemented reforms to improve funding for smaller carriers while demanding more for each dollar spent. We have reformed the FCC’s Alternative Connect America Cost Model (A-CAM) so that 186 small, rural carriers participate in the program, having accepted \$657 million in additional support over the next decade to provide 106,000 more rural homes and small businesses with 25/3 Mbps broadband service. This represents a 31.8% increase in the number of locations that will have high-quality service available through the program. The Commission made a second offer to provide A-CAM support to rural carriers on the legacy support mechanism, providing \$491 million per year over the next ten years to 171 carriers that will deploy 25/3 Mbps broadband to 363,000 unserved homes and businesses, including more than 37,000 on Tribal lands. And in 2018, we required that small, rural carriers that continue to rely on the Commission’s legacy, cost-based support mechanism provide 25/3 Mbps broadband service to specific numbers of rural homes and small businesses in their service areas. Under the prior Administration’s rules, these carriers were only required to provide 10/1 Mbps service to 115,441 locations, even though that service doesn’t qualify as “broadband” under the FCC’s standards. Under our rules, these same carriers will have to provide at least 25/3 Mbps broadband to at least 600,535 locations.

We’ve also continued to make progress on the Commission’s 5G FAST Plan. Our auctions program has been active even as we have dealt with the pandemic and has produced record levels of licensed spectrum.

Earlier this year, we concluded Auction 103, in which bidders won licenses for 3,400 megahertz of spectrum in the upper 37, 39, and 47 GHz bands, the most spectrum ever offered in a single auction. That auction followed the aggressive schedule set the year before, when we auctioned 850 megahertz in the 28 GHz band and 700 megahertz in the 24 GHz band. We have now completed the licensing process for all three auctions which, combined, made available almost five gigahertz of high-band spectrum for commercial use, including 5G. To put that in perspective, that is more spectrum than was used for terrestrial mobile broadband by all wireless service providers in the United States combined before these auctions started.

On August 25, the FCC concluded its auction of Priority Access Licenses (PALs) in the 3550-3650 MHz portion of the 3.5 GHz band, raising over \$4.543 billion in net bids, with 228 bidders winning a total of 20,625 licenses. This was our first auction of licenses for prime, mid-band spectrum suitable for 5G. These new licenses will encourage the rapid deployment of next-generation wireless networks in a band that is internationally harmonized for 5G and for which commercial equipment is readily available. Our work in the 3.5 GHz band represents a critical step in freeing up spectrum for the commercial marketplace—a core part of the FCC’s 5G FAST Plan.

The Commission last year took a major step forward to reform the rules for 2.5 GHz band spectrum, which is underused mid-band spectrum. For the first time in FCC history, we created a special opportunity—a Rural Tribal Priority Window—aimed at enabling Tribal entities to get early access to 2.5 GHz spectrum over rural Tribal lands for free, before the start of an auction. On September 2, we closed this window after almost a year of intensive Tribal outreach, including repeatedly contacting every single

federally-recognized Tribe in the nation before the window opened. We received more than 400 applications from entities seeking to take advantage of this important opportunity to use this spectrum to connect consumers living on rural Tribal lands. We have already performed an initial review of and sought comment on 157 of these applications, and we are continuing to review the remaining applications to quickly license available spectrum over rural Tribal lands. Our next step will be to auction overlay licenses for the remainder of unused 2.5 GHz band spectrum.

Later this month, we will vote to put another 100 megahertz of prime, mid-band spectrum in the auction queue by proposing to reform the 3450–3550 MHz band. Last year, the FCC opened a rulemaking on this band to begin repurposing it for commercial 5G. And that rulemaking got a boost last month, when the White House and the Department of Defense announced that they supported making this 100 megahertz of contiguous mid-band spectrum available for 5G as quickly as possible. I have circulated to my fellow commissioners a draft decision to remove the secondary, non-federal allocations from the 3.3–3.55 GHz band and have proposed technical, licensing, and operating rules for the repurposed spectrum, along with proposals for transitioning and relocating important non-federal services like doppler radars to new spectrum.

We're also on track to commence an auction of 280 megahertz of mid-band spectrum from 3.7-3.98 GHz (known as the C-band) beginning December 8. Our efforts to make this critical spectrum available for 5G have been going very well. Our staff announced earlier this year that all eligible space station operators currently using the C-band had committed to an accelerated relocation—meaning the spectrum will become available for 5G two to four years earlier than otherwise would have been the case. Getting this essential spectrum out years ahead of schedule will promote American leadership in 5G, faster and more reliable wireless broadband connectivity for consumers, and the creation of millions of jobs, billions of dollars in investment, and stronger economic growth.

Altogether, our work in the 2.5 GHz band, 3.45-3.55 GHz band, CBRS band, and C-band will result in more than 600 megahertz of mid-band spectrum being made available for next-generation wireless services like 5G.

Rounding out our progress on spectrum auctions, the post-incentive auction broadcast television transition had a successful conclusion. I am pleased to report that, despite the ongoing pandemic and related work stoppages, over 99% of the 987 affected television stations have vacated their pre-auction channels (with only one remaining station granted a short extension to the end of September due to circumstances beyond its control). The result is increased deployment of wireless services, including 5G, throughout the United States using the 600 MHz band. I'd like to thank the broadcasters, tower crews, and wireless companies for their work throughout the repack. This collaboration has enabled the repack to go smoothly.

One other point related to spectrum auctions bears mentioning: Net proceeds of our four most recent spectrum auctions totaled over \$14 billion. And with more auctions to come, now is a fitting time to reiterate my 2016 call for a Rural Dividend, similar to the framework proposed in the bipartisan Rural Connectivity Advancement Program Act, introduced by Congressmen Bob Latta and Tom O'Halleran. As I first described four years ago this week, my Rural Dividend proposal would set aside 10% of the net proceeds from the Commission's spectrum auction program and make them available for rural broadband build-out as a supplement to our high-cost program.

Now, the 5G FAST Plan is not exclusively focused on making new spectrum available through auctions. For example, in April, we opened up the entire 6 GHz band for unlicensed use—a massive 1,200 megahertz test bed for innovators and innovation. Our new rules will help usher in Wi-Fi 6, the next generation of Wi-Fi. Wi-Fi 6 is two-and-a-half times faster than the current standard, and will play a major role in the growth of the Internet of Things. We also effectively increased the amount of mid-band spectrum available for WiFi by almost a factor of five. Opening the 6 GHz band for unlicensed use will be a huge benefit to consumers and innovators across the nation, while also protecting incumbent users of

this spectrum from harmful interference. I expect to take additional actions in response to our further notice of proposed rulemaking later this year.

In May, the Commission modernized the rules for the 900 MHz band to help critical infrastructure entities develop and deploy mission-critical broadband services. This new use of low-band spectrum will help us meet the communications needs of industries that provide crucial services, like electrical power, to the American public.

In June, the Commission started a proceeding aimed at revitalizing the 70, 80, and 90 GHz bands and expanding their use for new services. Adopting rule changes for this long underused, high-band spectrum could create new opportunities for reliable 5G backhaul to ferry data from the edge of the network to its core.

And at our September Open Meeting, we will consider rule changes to expand access to the 4.9 GHz band. This 50 megahertz of contiguous spectrum at 4940-4990 MHz was designated for public safety use back in 2002, but only about 3.5% of potential licenses have actually taken advantage of this spectrum opportunity. My proposal would allow states to put this spectrum to its highest and best use—which may mean new opportunities for WISPs in rural areas, new partnerships for shared commercial/public safety 5G, new ways of increasing connectivity and reliability for the electric power industry, or new flexibility for private public-safety uses. We can enhance and protect public safety and other critical services while promoting more productive use of the band and spurring investment. I believe that the flexibility we propose to give states in this item will unleash the potential of this band.

Finally, I would like to highlight the extraordinary work of our career staff in rolling out our successful COVID-19 Telehealth Program. The CARES Act passed on March 27, authorizing \$200 million for this program. Four days later, the Commission adopted rules, thanks to our dedicated staff. But the work didn't stop there—we began accepting applications on April 13 and had to stop on June 25 due to overwhelming demand. And we committed all the funds by July 8—less than four months after enactment of the CARES Act—aiding patients, hospitals, and healthcare providers in some of the hardest-hit areas of the country. Out of several thousand applicants, we managed to fund 539 applications from health providers in 47 states plus Washington, D.C. and Guam, including, among others, the Navajo Nation Department of Health in Window Rock, Arizona.

This program is supporting the daily work of frontline healthcare providers in both urban and rural areas, from coast to coast. By enabling and improving connected healthcare services, we're helping many patients safely access vital healthcare services while reducing the risks to healthcare providers. In Pittsburgh, we approved funding applications for Squirrel Hill Health Center, UPMC Children's Hospital, and UPMC Magee Women's Hospital. In Ohio, we provided support to the Community Health Center in Lisbon, Marietta Memorial Hospital, and A Renewed Mind in Perrysburg. In California, we awarded funding to the Telehealth Network in Sacramento, and the Presbyterian Hospital in Van Nuys. We also awarded funding to the following healthcare providers: Lawrence County, Illinois Health Department; Community Hospital North in Indianapolis, Indiana; Access Health Louisiana in Kenner, Louisiana; The University of Michigan Hospital in Ann Arbor; HealthPoint in College Station, Texas; and Community Health Centers of Burlington, Vermont.

We are ready to build on this success if we are provided with more funds, and I have requested at least \$430 million to continue this program. Committing these funds will support continued essential telehealth needs and ensure that doctors and patients, students and teachers, low-income families and veterans, those who have lost their jobs and livelihoods due to the pandemic and the accompanying lockdowns, those in our cities and those in the countryside can access connected healthcare services until this emergency ends.

The Commission has done much more during the pandemic, of course—ranging from rule waivers to facilitate new aid for schools and libraries, broader enrollment in the Lifeline program for low-

income families and veterans, and increased access to funding for rural healthcare providers. We've also afforded new flexibility to ensure continued access to Telecommunications Relay Services for individuals with speech or hearing disabilities, established the Keep Americans Connected Pledge to ensure Americans could remain online during the lockdowns earlier this year, and granted special temporary authority so that wireless networks could quickly adapt to the new patterns of use occasioned by the pandemic.

Looking ahead, there's much more on our agenda. Just this month, we're addressing 911 fee diversion, further implementing the STIR/SHAKEN framework to combat robocalls, continuing reform of the IP captioned telephone service program, handling several media issues, and considering an enforcement action.

In short, the FCC has been exceptionally busy, and I expect we will continue to be so for the foreseeable future. We have been able to accomplish all of this due to the talent and dedication of our extraordinary staff. They continue to perform effectively under the FCC's COVID-19 mandatory telework policy. The hard-working men and women of the FCC serve the American public each day with skill and commitment, and I am deeply honored to work alongside them.

I look forward to answering your questions.