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INCENTIVE AUCTION TASK FORCE AND MEDIA BUREAU REPORT ON THE STATUS OF THE POST-INCENTIVE AUCTION TRANSITION AND REIMBURSEMENT PROGRAM; ANNOUNCE A FURTHER ALLOCATION FROM THE RELOCATION FUND; AND ANNOUNCE PROCEDURES FOR ELIGIBLE ENTITIES TO CLOSE OUT ACCOUNTS IN THE FUND

MB Docket No. 16-306
GN Docket No. 12-268

1. The Incentive Auction Task Force and Media Bureau (Bureau) herein report on the status of the post-incentive auction transition and reimbursement program, announce a further allocation from the TV Broadcaster Relocation Fund (the Fund) for certain eligible entities, and announce procedures to close out reimbursement fund accounts for full power and Class A stations and multichannel video programming distributors (MVPDs).

Background

2. The first-ever spectrum incentive auction closed on April 13, 2017.[1] It repurposed 84 MHz of television spectrum for wireless use and raised nearly $20 billion, including over $7 billion to reduce the federal deficit. Delivering on the promise of the incentive auction requires an orderly post-auction transition, during which the full power and Class A television stations that were reverse auction winners and are remaining on the air, and those full power and Class A stations that were reassigned to new channels (repacked), move to their reassigned channels so that forward auction-winning license holders can timely commence operations. Congress established the Fund to reimburse certain costs incurred as a result of the repack. The Commission also adopted transition procedures for low power television and TV translator stations (LPTV/translator stations) impacted by the rebanding of the 600 MHz band and repacking.[2] The Commission established a 39-month period running until July 3, 2020, for repacked television stations to transition off of their pre-auction channels.[3]

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[1] *See Incentive Auction Closing and Channel Reassignment Public Notice the Broadcast Television Incentive Auction Closes; Reverse Auction and Forward Auction Results Announced; Final Television Band Channel Assignments Announced; Post-Auction Deadlines Announced*, Public Notice, 32 FCC Rcd 2786 (2017) (*Closing and Channel Reassignment PN)*.

[2] *See Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions,* Report and Order, 29 FCC Rcd 6567 (2014) (*Incentive Auction R&O)*, *aff'd, Nat'l Assoc. of Broadcasters, et al v. FCC,* 789 F.3d 165 (D.C. Cir. 2015) (*Incentive Auction R&O*); *Mako Communications, LLC v. FCC*, 835 F.3d 146 (D.C. Cir. 2016); Second Order on Reconsideration, 30 FCC Rcd 6746 (2015); *Amendment of Parts 73 and 74 of the Commission's Rules to Establish Rules for Digital Low Power Television and Television Translator Stations*, Third Report and Order and Fourth Notice of Proposed Rulemaking, 31 FCC Rcd 14927 (2015); *Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*, Report and Order, 30 FCC Rcd 12025 (2015); *The Incentive Auction Task Force and Media Bureau Announce Procedures for Low Power Television, Television Translator and Replacement Translator Stations During the Post-Incentive Auction Transition*, Public

(continued….)

3. At the outset of the transition period, there were 175 winning reverse auction bidders that agreed to relinquish their spectrum rights and either go off the air or continue broadcasting through a channel sharing arrangement. There were also 987 full power and Class A stations that were reassigned to new channels as part of the repack. This included 30 band-changing winners from the reverse auction and 957 non-winning stations. The Commission determined that a phased construction schedule for repacked stations would facilitate efficient use of the resources necessary to complete the transition.[4] The Commission adopted the Transition Scheduling Plan, which provided a methodology for calculating the order and schedule of station relocation efforts and which was used to create a 10-phase plan.[5] At the close of the auction, repacked stations were assigned to a phase, and each phase was assigned a phase testing period and deadline, as reflected below.[6] The phase deadline is the date by which stations in that phase must cease operations on their pre-auction channels. The initial construction permit deadline for a station matches the phase deadline. Stations may transition any time after the start of the testing period for the station's assigned phase.[7]

Phase	Start of Testing Period	Deadline to Vacate Pre-Auction Channel
1	September 14, 2018	November 30, 2018
2	December 1, 2018	April 12, 2019
3	April 13, 2019	June 21, 2019
4	June 22, 2019	August 2, 2019
5	August 3, 2019	September 6, 2019
6	September 7, 2019	October 18, 2019
7	October 19, 2019	January 17, 2020
8	January 18, 2020	March 13, 2020
9	March 14, 2020	May 1, 2020
10	May 2, 2020	July 3, 2020

4. The Transition Scheduling Plan provides flexibility to adjust the schedule on a case-by-case basis, while maintaining the overall transition period. It does not discourage the proposal of alternatives that could create efficiencies in specific construction projects, in clearing spectrum, or in

(Continued from previous page)
Notice, 32 FCC Rcd 3860 (IATF/MB 2017); *Incentive Auction Task Force and Media Bureau Set Forth Tools Available to LPTV/Translator Stations Displaced Prior to the Special Displacement Window*, Public Notice, 32 FCC Rcd 4943 (IATF/MB 2017).

[3] *See Incentive Auction R&O*, 29 FCC Rcd at 6796, para. 559 (In order to balance "the need for a post-incentive auction transition timetable that is flexible for broadcasters and that minimizes disruption to viewers" with the need for a schedule that "provide[s] certainty to wireless providers and [is] completed as expeditiously as possible," the Commission established a 39-month period for reassigned stations to transition to their post-auction channel assignments).

[4] *Incentive Auction R&O*, 29 FCC Rcd at 6801, para. 571 ("We recognize that resources needed for the transition process are limited. By structuring a phased transition, our goal is to mitigate the impact of these limitations by eliminating the need for all stations to obtain their equipment or schedule a tower crew at the same time."); *id.* at 6797, para. 563 (concluding that a phased construction schedule is most likely to ensure a successful transition for all broadcasters).

[5] *See Incentive Auction Task Force and Media Bureau Adopt Post-Incentive Auction Transition Scheduling Plan*, Public Notice, 32 FCC Rcd 890 (IATF/MB 2017) (*Transition Scheduling Adoption PN*). The methodology adopted reflects input from broadcasters, wireless companies, tower crews, equipment manufacturers, and other stakeholders.

[6] *See Closing and Channel Reassignment PN,* 32 FCC Rcd at 2806, para. 64.

[7] Stations in a linked station set must coordinate their transition.

keeping stations on the air as they navigate problems. Stations may request a phase change or an extension of time to construct their new facilities, but stations will not be permitted to continue operating on their pre-auction channel beyond the July 13, 2020, transition deadline. The plan also provides equipment manufacturers, tower companies and other third-party service providers with a means to manage their supply chains and other logistics since vendors know in advance the phase deadlines for their customers.

5. Initial cost estimates from full power and Class A stations and MVPDs were due July 12, 2017.[8] The aggregate amount of initial submissions totaled $2,139,861,869.68. Commission staff, with assistance from a Fund Administrator with extensive experience in television broadcast engineering and federal funds management, conducted an in-depth review of each cost estimate in order to calculate initial allocations for each entity that is eligible for reimbursement from the Fund. After completion of the review, the aggregate reimbursement demand for the purposes of the initial allocation was $1,863,971,470.42. Funding is being allocated to entities in the reimbursement program in tranches "to ensure that stations have the funding necessary to timely undertake their transition work while reducing the possibility of having to reduce future allocations to assure that funds are fairly distributed among all stations and MVPDs."[9] The Bureau announced an initial allocation of $1 billion on October 16, 2017.[10] On April 16, 2018, the Bureau announced a second allocation of $742 million based on then-current verified estimates totaling $1.883 billion.[11] At that time, each eligible entity was allocated 92.5 percent of its verified, cost estimate as of that time. Allocation adjustments thereafter resulted in a total allocation of $1.744 billion. In making the allocations, the Bureau noted that we anticipate that estimated costs will continue to rise during the transition period.[12]

6. In order to receive reimbursement funds, the Commission required full power and Class A stations and MVPDs to submit supporting documentation of actual costs incurred that are eligible for reimbursement using the FCC Form 2100, Schedule 399 (Reimbursement Form).[13] With the allocations available for withdrawal, the Commission has been reimbursing entities for incurred costs since October 2017. Entities seeking reimbursement provide documentation of actual costs incurred that are eligible for reimbursement from the Fund throughout the transition period. The Commission has stated that, at the

[8] *Incentive Auction Task Force and Media Bureau Announce the Initial Reimbursement Allocation for Eligible Broadcasters and MVPDs*, Public Notice, 32 FCC Rcd 7556 (IATF/MB 2017) (*Initial Allocation PN*).

[9] *Initial Allocation PN*, 32 FCC Rcd at 7556-57; *Incentive Auction R&O*, 29 FCC Rcd at 6812-26, paras. 598-636 (noting the importance of "maintaining the integrity of the Fund," and delegating authority to the Bureau to "adopt the necessary policies and procedures relating to allocations, drawdowns, payments, obligations, and expenditures of money from the [] Fund in order to protect against waste, fraud, and abuse and in the event of bankruptcy.").

[10] *Initial Allocation PN*, 32 FCC Rcd at 7558-59.

[11] *See Incentive Auction Task Force and Media Bureau Announce a Further Reimbursement Allocation for Eligible Broadcasters and MVPDs,* Public Notice, 33 FCC Rcd 3732 (IATF/MB 2017) (*Further Allocation PN*).

[12] *Initial Allocation PN*, 32 FCC Rcd at 7558 (stating, "verified estimates used for purposes of this initial allocation are likely to rise as Eligible Entities are able to produce adequate justification for their unverified initial estimates and refine and supplement their estimates as their construction planning and execution continues, including, for instance, as stations more fully evaluate tower and rigging needs, incur engineering and other consulting costs, and realize the impact of cost increases in equipment and services over the three-year transition period."); *Further Allocation PN,* 33 FCC Rcd at 3734 (stating that "[c]onsistent with our expectation in the *Initial Allocation PN*, we anticipate that estimated costs will continue to rise.")

[13] *Incentive Auction R&O*, 29 FCC Rcd at 6817-18, para. 611 n.1725; *Incentive Auction Task Force and Media Bureau Announce Procedures for the Post-Incentive Auction Broadcast Transition*, Public Notice, 32 FCC Rcd 858, 882-83, paras. 75-77 (IATF/MB 2017) (*Broadcast Procedures PN).*

end of the program, entities will provide information regarding any actual or remaining estimated costs, and if appropriate, will be issued a final allocation percentage out of the remainder of the Fund.[14]

7. A special filing window for displaced LPTV/translator stations closed on June 1, 2018, in which such stations were provided the opportunity to select a new channel.[15] Over 2,100 LPTV/translator stations applied for relief in that special displacement window. Applicants filing in that window were then given an opportunity to resolve any mutual exclusivity through settlement or engineering amendments that were due by January 10, 2019.[16]

8. Initially, Congress provided $1.75 billion for the Fund for full power and Class A stations and MVPDs only. The Reimbursement Expansion Act (REA) addressed the Fund's apparent shortfall for full power and Class A stations and the lack of reimbursement funds for other categories of impacted broadcast stations.[17] The REA appropriated a total of $1 billion in additional funds to the Fund, increasing the total to $2.75 billion. This includes $600 million in fiscal year 2018, and $400 million in fiscal year 2019. Not more than $350 million from the newly-appropriated fiscal year 2018 funds is specified for reimbursement of full power and Class A stations and MVPDs. The REA also directs the Commission to reimburse costs reasonably incurred by displaced LPTV/translator stations to relocate or modify their facilities, and by FM stations to reasonably minimize disruption of service as a result of the repacking process. Of the fiscal year 2018 funds, the REA directs not more than $150 million for LPTV/translator stations, not more than $50 million for FM radio stations, and $50 million for consumer education.[18]

Status of Broadcast Station Repack

9. The post-auction transition affects a broad section of the nation's communications industry, including broadcast stations, MVPDs, and wireless providers, and the consumers who depend on their services. It is therefore important that the reassignment of TV channels be undertaken in an orderly manner and afford viewers ample notice, and that the repurposed 600 MHz spectrum be made available to bring new capacity and services to consumers on the schedule adopted by the Commission.[19] We are

[14] *See Procedures for Submitting Financial Information Required for the Disbursement of Incentive Payments and Reimbursement Payments after the Incentive Auction Closes*, Public Notice, 32 FCC Rcd 2003, 2029, para. 96 (2017) (*Financial Procedures PN*).

[15] *Incentive Auction R&O*, 29 FCC Rcd at 6835, para. 657; *Incentive Auction Task Force and Media Bureau Announce Post Incentive Auction Special Displacement Window April 10, 2018, Through May 15, 2018, And Make Location and Channel Data Available*, Public Notice, 33 FCC Rcd 1234 (IATF/MB, 2018) (*Special Displacement Window PN*); *Incentive Auction Task Force and Media Bureau Extend Post-Incentive Auction Special Displacement Window Through June 1, 2018*, Public Notice, DA 18-389 (IATF/MB rel. April 18, 2018). Prior to opening the window, the Commission released a channel study to help LPTV/translator stations identify potential new channels in the repacked TV band.

[16] *Incentive Auction Task Force and Media Bureau Announce Settlement Opportunity for Mutually Exclusive Displacement Applications Filed During the Special Displacement Window, October 30, 2018 to January 10, 2019,* DA-18-1108, (IATF/MB, rel. Oct. 30, 2018).

[17] *See Consolidated Appropriations Act, 2018*, Pub. L. 115-141, at Division E, Title V, § 511, 132 Stat. 348 (2018) (codified at 47 U.S.C. § 1452(j)-(n)).

[18] The Commission is currently undertaking a rulemaking in which, among other things, it is considering whether the statute permits the fiscal year 2019 funds to be used to reimburse LPTV/translator and FM stations in addition to full power and Class A stations and MVPDs, and, if so, the appropriate process for distributing those funds among the various categories of eligible entities. *See LPTV, TV Translator, and FM Broadcast Station Reimbursement; Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*, Notice of Proposed Rulemaking and Order, 33 FCC Rcd 7855 (2018) (*REA NPRM & Order*).

[19] *See* Middle Class Tax Relief and Job Creation Act of 2012, Pub. L. No. 112-96, §§ 6402 (codified at 47 U.S.C. § 309(j)(8)(G)), 6403 (codified at 47 U.S.C. § 1452), 126 Stat. 156 (2012) (Spectrum Act).

pleased to report that the transition is off to a very strong start on all counts, and that the Transition Scheduling Plan and the Commission's rules, procedures, and systems are operating as designed and anticipated. Significant progress has been made, and the transition is ahead of schedule both in terms of the number of stations that have already vacated their pre-auction channels and the amount of 600 MHz spectrum that has been cleared and therefore made available for use by wireless auction winners.

10. With respect to Congress' main objective in authorizing the incentive auction -- to open new spectrum for the deployment of wireless broadband -- this deployment is now a reality in many places and is underway in many others. The Commission received 53 applications from forward auction winners for 2,775 licenses in the 600 MHz Band. All of those applications have been granted.[20] Reports indicate that wireless operations have already commenced in a number of markets across the country, bringing new competition and opportunities for 5G expansion.[21] For example, one carrier reports that it has already lit up service using 600 MHz spectrum in more than 1,500 cities and 37 states, including Puerto Rico.[22]

11. All of the 175 reverse auction broadcast television winning bidders have been paid, representing an influx of over $10 billion to the broadcast television industry. These winners include large station groups and small independent stations, with both commercial and non-commercial missions, from both large and small markets across the country, in both rural and urban areas. The individual winning bidder stations have virtually all successfully transitioned, vacating the spectrum in favor of the wireless licensees.[23] Only 41 stations permanently discontinued operations as a result of their winning bid and the remaining 104 other "off air" winning television stations implemented (or in one case the station is in the process of implementing) a channel sharing arrangement. The 30 "U-to-V' auction winners will continue to broadcast on their new channels. Thus, 134 of the 175 stations of winning bidders are still available to their viewers, now with the benefit of an infusion of capital resulting from their incentive auction awards.

12. Repacked stations have successfully completed the first of the 10 phases in the Transition Scheduling Plan. All stations assigned to phase 1 as of the November 30, 2018, completion date successfully met the phase completion deadline. Furthermore, a significant number of transitioning stations were granted permission pursuant to the flexibility in the Transition Scheduling Plan to change channels ahead of schedule. These changes were made, for instance, to support stations affected by hurricanes, to help better utilize tower crews, and to speed the commencement of wireless operations in the 600 MHz band. In addition, some phase 2 stations have already transitioned during the currently ongoing phase 2 testing period in advance of the April 12, 2019, deadline. As a result, even taking into

[20] *See Incentive Auction Task Force and Wireless Telecommunications Bureau Grant 600 MHz Licenses*, Public Notice, 32 FCC Rcd 4832 (2017), 32 FCC Rcd 5684 (2017), 32 FCC Rcd 9280 (2017), 33 FCC Rcd 98 (2018), 33 FCC Rcd 869 (2018), 33 FCC Rcd 6339 (2018), 33 FCC Rcd 7358 (2018), DA 18-1219 (2018), DA-1232 (2018).

[21] *See, e.g.*, *Press Release: One Step Closer to Nationwide 5G: T-Mobile Marks a World's First on the Road to 5G,* (Nov. 20, 2018) (https://www.t-mobile.com/news/first-600mhz-5g-test) (*T-Mobile Nov. 20 2018 Press Release)*; *Press Release: T-Mobile 600 MHz Extended Range LTE Now Live in More Than 1,250 Cities & Towns, Laying the Foundation for 5G,* (Sept. 10, 2018) (https://investor.t-mobile.com/news-and-events/t-mobile-us-press-releases/press-release-details/2018/T-Mobile-600-MHz-Extended-Range-LTE-Now-Live-in-More-Than-1250-Cities--Towns-Laying-the-Foundation-for-5G/default.aspx).

[22] *See, T-Mobile Nov. 20, 2018 Press Release.*

[23] Only one auction winning station has yet to vacate its pre-auction channel. WVTA, Windsor, Vermont was granted a waiver of its channel sharing implementation deadline and has until to April 12, 2019, to discontinue operations on its pre-auction channel and implement shared operations with WVER, Rutland, Vermont. *See* LMS File No. 000063255.

account stations that requested for various reasons to push back their deadlines into a later phase,[24] as of February 11, 2019, 172 of the total 987 repacked stations have successfully vacated their pre-auction channel, representing over 17 percent of the total after the completion of only the first of the 10 phases.

13. We are optimistic that the stations in upcoming phases will similarly be able to meet their phase completion dates and are continuing to monitor and work with them to ensure the continued success of the transition plan. In this regard, we employ a number of mechanisms to monitor progress so that we can promptly detect and help resolve any scheduling concerns. For example, the Media Bureau has designated certain staff members to serve as dedicated Regional Coordinators to be the first point of contact for stations. These Coordinators monitor the progress of stations as they implement their construction project and work closely with a team to review the stations' quarterly progress reports which contain construction milestones. We also observe each station's progress through monitoring the drawdown of reimbursement funds. We also maintain close contact with the industry participants that make up the resource chain for transition projects, such as tower companies and equipment manufacturers. Our aim is to identify problems before they result in a missed deadline so that we can offer support and alternatives and thereby avoid impact on the overall transition.[25]

14. As of February 11, 2019, the Commission has reimbursed full power and Class A stations and MVPDs for submitted invoices a total of approximately $382 million. Because we rely on drawdown amounts and submitted estimates, including revisions, to make allocation decisions, we have encouraged eligible entities to promptly submit invoices for reimbursement of incurred costs and to revise their cost estimates, if applicable, based on more refined quotations from vendors and other current information.[26] Nevertheless, we believe that the amount of the reimbursement to date represents a relatively small portion of the amount of the costs incurred by eligible entities to date, based on the stations' estimates and an overall assessment of the status of the transition. We therefore continue to strongly encourage eligible full power and Class A stations and MVPDs to promptly submit invoices for reimbursement of eligible incurred expenses.

15. With regard to LPTV/translator stations, of the approximately 2,160 displacement applications filed by LPTV/translator stations, over 95 percent have been acted on as of February 11, 2019. Should applications remain mutually exclusive after we have completed processing applications filed during the Settlement Window, a schedule will be set for them to be subject to the Commission's competitive bidding rules. The Commission is also in the process of completing a rulemaking to establish eligibility requirements, develop procedures for reimbursing LPTV/translator and FM stations, and identify reasonably incurred costs associated with their post-auction transition. The REA established a one-year time frame for completion of the proceeding, which ends on March 23, 2019.

Consumer Education Efforts

16. We have also been actively working to ensure that consumers face minimal disruption as a result of the repack. In appropriating $50 million for the Commission's consumer education efforts, Congress clearly recognized the importance of assuring that TV viewers receive uninterrupted service, local and national news, emergency alerts, and other TV programming. We have been focused on consumer education and outreach since even before the beginning of the phase 1 testing period. In all our

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[24] As of February 6, 2019, 17 stations had been granted applications to change from earlier to later phases for a variety of reasons, including in order to coordinate resources or provide additional time to complete construction projects.

[25] We have also conducted a number of educational and training workshops and webinars; we have resources to support stations on our website; and we have dedicated telephone and email help lines.

[26] *Initial Allocation PN*, 32 FCC Rcd at 7559. *See also Incentive Auction Task Force and Media Bureau Announce a Forthcoming Reimbursement Allocation for Eligible Broadcasters and MVPDs*, Public Notice, 33 FCC Rcd 2170 (IATF/MB Mar. 8, 2018) (*Forthcoming Allocation PN*).

activities, we are coordinating closely with industry stakeholders to ensure that our consumer education efforts are complementary to, and not duplicative of, industry efforts.

17. Our consumer education efforts involve reaching out to consumers through a variety of channels. For example, the Commission recently launched a new website landing page at FCC.gov/TVrescan with information for consumers about what to be aware of during the transition, including how to rescan their television receivers if they watch over-the-air television. We are also using Internet search tools on a number of search engines targeted to particular geographic markets during their testing periods to direct viewers to the Commission's rescan website landing page and consumer hotline. That hotline links directly to a new dedicated consumer service call center established to provide consumers technical support and assistance on rescanning their television sets to assure that viewers can access stations that have new channels as a result of the repack.[27] To date, we have participated in 31 radio interviews across 61 media markets nationwide where stations were transitioning to new channels. In these interviews, our goal is to educate consumers about the transition and teach them how to navigate it. The interviews reached a total of 515 radio outlets with a combined audience of 807,700 listeners (based on data from Nielsen Audio). We will be doing similar outreach on local radio stations as each phase is underway. We are also disseminating information using print media, digital, and social media. We are also actively engaged in targeted outreach to specific, niche communities that may need additional support to learn about rescanning. And as the transition proceeds and as circumstances warrant, we will consider radio advertisements and other additional consumer education initiatives.

Further Allocation to Certain Eligible Entities

18. As a prudent steward of taxpayer money and to prevent waste, fraud, and abuse, we carefully evaluate cost estimates and invoices for reimbursement from eligible entities when administering the Fund. We are allocating the Fund in tranches to ensure that entities have the funding necessary to timely undertake their transition work while at the same time reducing the possibility of having to reduce future allocations to assure that funds are fairly distributed among all stations and MVPDs.[28] Although only a small fraction of eligible entities are currently approaching the limit of their current allocation funding, we believe an additional allocation is warranted to certain entities at this time to ensure all entities continue to have sufficient ongoing access to reimbursement funding to fully pursue their transition projects.

19. As noted above, on April 16, 2018, we made an allocation to provide all eligible full power and Class A stations and MVPDs with access to approximately 92.5 percent of their then-current verified cost estimates. Since that time, numerous eligible entities have claimed reimbursement for their reasonably incurred costs. Based on our review of invoices submitted to date, while the vast majority have not yet come close to exhausting their initial allocation funding, a number of entities have reached drawdown levels indicating that they will soon reach, or even exceed, their remaining allocation.[29] Additionally, a number of eligible entities have revised their cost estimates with more detailed information as construction planning and execution has proceeded, which has changed the total reimbursement demand. As a result, the current allocation for some entities is significantly below 92.5 percent of the entity's current total verified estimate. Our intent in making this additional allocation is to restore those entities that are currently allocated below 92 percent of their verified cost estimates to the

[27] News Release, *FCC Announces Dedicated Consumer Help Center for TV Rescan Assistance*, Feb. 4, 2019.

[28] *Initial Allocation PN*, 32 FCC Rcd at 7556-57; *Incentive Auction R&O*, 29 FCC Rcd at 6812-26, paras. 598-636 (noting the importance of "maintaining the integrity of the Fund," and delegating authority to the Bureau to "adopt the necessary policies and procedures relating to allocations, drawdowns, payments, obligations, and expenditures of money from the [] Fund in order to protect against waste, fraud, and abuse and in the event of bankruptcy.").

[29] *See Forthcoming Allocation PN; Further Allocation PN.*

92.5 percent level.[30] In taking this action, we considered, in consultation with the Fund Administrator, the amount of funding available and the total reimbursement demanded by full power and Class A stations and MVPDs. We have also considered the proximity of construction application and phase transition deadlines especially for stations in early phases.

20. We therefore announce a further allocation of $68.1 million to 316 full power and Class A stations that are currently allocated below 92 percent of their current verified estimates. This will bring those stations back to the 92.5 percent allocation level selected at the time of the April 16, 2018 allocation. This increased allocation will permit those entities to execute their post-auction construction and ensure that any changed circumstances in the construction projects of these eligible entities do not cause the entities to be under-allocated relative to other program participants in a manner that might impede their transition project. Those stations receiving an increased allocation will be notified of their inclusion in this category and of the specific amount of their individual allocation via email. Additional allocation amounts will be reflected in the CORES account for that entity.

21. As of February 6, 2019, the total verified estimated cost estimates for full power and Class A stations and MVPDs is $1,902,166,871. As a result of this allocation and all previous allocations, the total allocated amount is now $1,808,722,301.[31] Consistent with our expectation in the *Initial Allocation PN*, we anticipate that estimated costs will rise.[32] We will continue to monitor closely the draw down of the Fund to determine if additional allocations are warranted. As the Commission has stated, holding back a percentage of the total estimated costs ensures that eligible entities "do not face an undue financial burden" while at the same time reducing the likelihood that excess funds are allocated that would require the Commission to claw-back payments that have already been drawn down by eligible entities.[33]

Reimbursement Program Close-Out Procedures

22. As noted above, the Commission has stated that, at the end of the program, entities will provide information regarding any actual or remaining estimated costs, and if appropriate, will be issued a final allocation percentage out of the remainder of the Fund.[34] These procedures are necessary so that we can prevent waste, fraud and abuse associated with the disbursement of federal funds. Now that the transition has progressed through the end of the first phase, we herein provide additional guidance to entities in the program regarding the close-out procedures so that stations that have completed their transition may appropriately "close out" their books and accounts subject to that final allocation.

23. After a station has completed its required activities to move to final facilities on its new channel and has submitted all of its supporting documentation, but no later than a deadline to be announced by the Media Bureau, it should use the Reimbursement Form to notify the Bureau that the

[30] At this time, we are not providing an additional allocation to entities with a current allocation between 92 and 92.5 percent of the entity's current verified cost estimates because our analysis suggests that the individual additional allocations would be very small and the benefit is not likely to outweigh the administrative burden of making the allocation.

[31] As contemplated in the REA, the Commission certified to the Secretary of the Treasury that the funds available prior to the date of REA enactment are likely to be insufficient to reimburse reasonably incurred costs of full power and Class A stations and MVPDs carrying their signals, and Treasury has provided the funds contemplated in the REA in the TV Broadcaster Relocation Fund. 47 U.S.C. §§ 1452(j)(2)(A)-(B).

[32] *Initial Allocation PN*, 32 FCC Rcd at 7758.

[33] *See Incentive Auction R&O*, 29 FCC Rcd at 6819, paras. 614-16 (providing, "If any allocated funds remain in an entity's Treasury account in excess of the entity's actual costs determined to be eligible for reimbursement, those funds will revert back to the Reimbursement Fund.").

[34] *See Financial Procedures PN*, 32 FCC Rcd at 2029, para. 96.

station has relocated and submitted all supporting documentation and requests for reimbursement.[35] After receipt of such notice, the Reimbursement Form will be locked and the entity will not be able to submit additional supporting documentation and requests for reimbursement of actual costs incurred.

24. The Fund Administrator will provide each station with a financial reconciliation statement that details verified, estimated amounts; allocated amounts; amounts requested for reimbursement; and amounts disbursed by the Commission. Additionally, the reconciliation statement will contain information outlining any additional amounts payable by the Commission to the entity or owed to the Commission by the entity. If an overpayment is discovered, the entity will be required to return the excess amount to the Commission.[36] If refunds are due to the Commission, detailed instructions for prompt submission of such overpayments will be provided to the entity by the Commission. Disbursements from the Commission will be made in accordance with the *Financial Procedures PN*.[37]

25. The authorized point of contact for each station should review the financial reconciliation statement for accuracy and completeness and, upon concurrence, return an executed version of the financial reconciliation statement to the Fund Administrator. The Bureau will then provide the station with an interim close-out letter and issue any payments currently due, subject to the station's available allocation.

26. Because the Commission has determined that stations should be allocated a *pro rata* amount of actual costs incurred based on the total fund availability, we intend to withhold a certain portion of potentially eligible funds until the conclusion of the program, or until such time as the Bureau can reasonably extrapolate that the total available funding will be sufficient to meet the total cost of the program. The final account close-out for each entity will occur no later than July 3, 2023, the statutory end of the reimbursement period, when all entities eligible for reimbursement from the Fund must have submitted all actually incurred costs. Each entity will therefore receive two close-out letters from the Bureau: (1) an "interim close-out letter" when the station has submitted evidence of all incurred costs: and (2) a "final close-out letter" after all or nearly all entities eligible for reimbursement from the Fund have entered the close-out process. Should the Bureau issue one or more allocations subsequent to issuance of an interim close-out letter to a station, such allocation(s) would make additional funding to those stations available to such station if it incurred costs beyond its allocation as of the time it entered the interim close-out period. A final close-out letter will serve as the official notice of account close-out, include a summary of any financial changes that occurred during the interim closing period, and remind entities of their ongoing document retention requirements.[38]

27. *Audits, Data Validations, and Disbursement Validations.* The Commission has determined "that audits, data validations, and site visits are essential tools in preventing waste, fraud, and abuse, and that use of these measures will maximize the amount of money available for reimbursement."[39] The Commission also specifically contemplated that a third-party audit firm acting on behalf of the Commission "may conduct audits of entities receiving disbursements from the Reimbursement Fund, and these audits may occur both during and following the three-year Reimbursement Period."[40] The

[35] *See REA NPRM & Order*, 33 FCC Rcd at 7892-93, para. 93 (the Media Bureau may announce a deadline for the submission of final expense documentation for reimbursement funding that is consistent with the statutory deadline in the REA).

[36] *Incentive Auction R&O*, 29 FCC Rcd at 6815-16, para. 607.

[37] *Financial Procedures PN*, 32 FCC Rcd at 2023-25, paras. 70-78.

[38] *Incentive Auction R&O*, 29 FCC Rcd at 6825-26, para. 63 ("each entity must retain all relevant documents … for a period ending 10 years after the date it receives its final payment from the Reimbursement Fund.")

[39] *Incentive Auction R&O*, 29 FCC Rcd at 6826, para. 635.

[40] *Id.*

Commission also provided notice that any "[e]ntities receiving money from the Reimbursement Fund must make available all relevant documentation upon request from the Commission or its contractor."[41]

28. The Commission also noted that the Media Bureau or a third-party auditor will continue to validate expenses after the reimbursement period ends and, "where appropriate, recover any money that should be returned, consistent with the Commission's obligation to recover improper payments."[42] We stress that entities eligible for reimbursement may be selected for audits, data validations, and site visits after the station has completed all of the activities necessary to complete its construction project, during the interim close-out period, or thereafter.

29. The Bureau has performed and intends to continue to perform disbursement validations in order to confirm that entities receiving reimbursement funding for third party services have in fact disbursed monies received from the Fund in a manner consistent with representations made to the Commission in the Reimbursement Form. Evidence of valid disbursements may consist of copies of cancelled checks, financial institution statements detailing the disbursement, wire or electronic fund transfer confirmations, credit card statements, or other relevant third-party banking information that affirmatively demonstrates the proper payment of funds to third-party vendors. Not every station may be selected for additional disbursement data validations, but all parties are reminded of the document retention requirements required as participants in the Reimbursement Program.

30. For additional information or questions please contact Dana Leavitt at 202-418-1317 or Dana.Leavitt@fcc.gov.

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[41] *Id*.

[42] *Id*. at 6826, para 636.