

filing for applications for authorization to discontinue, reduce, or impair service under section 214(a) of the Act.

In July 2016, the Commission concluded that applicants seeking to discontinue a legacy time division multiplexing (TDM)-based voice service as part of a transition to a new technology, whether Internet Protocol (IP), wireless, or another type (technology transition discontinuance application) must demonstrate that an adequate replacement for the legacy service exists in order to be eligible for streamlined treatment and revised part 63 accordingly. For any other domestic service for which a discontinuance application is filed, the existing framework governs automatic grant procedures. Unlike traditional applicants, technology transition discontinuance applicants seeking streamlined treatment will be required to submit with their application either a certification or a showing as to whether an "adequate replacement" exists in the service area. The Commission stressed that attempting to satisfy this "adequate replacement" test to establish eligibility for streamlined treatment is entirely voluntary for an applicant. Voice technology transition discontinuance applicants that decline to pursue this path are not eligible for streamlined treatment and will have their applications evaluated on a non-streamlined basis under the traditional five factor test. The Commission concluded that an applicant for a technology transition discontinuance may demonstrate that a service is an adequate replacement for a legacy voice service by certifying or showing that one or more replacement service(s) offers all of the following: (i) Substantially similar levels of network infrastructure and service quality as the applicant service; (ii) compliance with existing federal and/or industry standards required to ensure that critical applications such as 911, network security, and applications for individuals with disabilities remain available; and (iii) interoperability and compatibility with an enumerated list of applications and functionalities determined to be key to consumers and competitors. One replacement service must satisfy all the criteria to retain eligibility for automatic grant. To reduce burdens on carriers, the Commission adopted a more streamlined approach for discontinuances involving services that are substantially similar to those for which a Section 214 discontinuance has previously been approved and allowed Section 214 discontinuance applications to be eligible for automatic grant without any further showing if the

applicant demonstrates that the service has zero customers in the relevant service area and no requests for service in the last six months.

The Commission also concluded that consumer education materials should be required as part of any technology transition discontinuance because customers must be informed of their choices to ensure seamless transitions. The Commission determined that information about the price of the legacy service and the proposed replacement service should be provided as part of the application because any potential increased costs would implicate the Commission's commitment to ensuring that technology transitions do not unduly impact our most vulnerable citizens. To further reduce burdens on carriers, the Commission also decided to allow carriers to provide notice via email to offer additional options to customers and addressed a gap in the Commission's rules to make a competitive LEC's application for discontinuance deemed granted on the effective date of any comer retirement that made the discontinuance unavoidable. The Commission further concluded that applicants must provide notice of discontinuance applications to any federally-recognized Tribal Nations. The Commission estimates that there will be five respondents submitting 25 applications/responses related to these revisions. The Commission also estimates that these revisions will result in a total of 1,775 annual burden hours and a total annual cost of \$27,900. The Commission estimates that the total annual burden and annual cost of the entire collection, as revised, is 2,075 and \$27,900, respectively.

Federal Communications Commission.

Marlene H. Dortch,

Secretary, Office of the Secretary.

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FEDERAL COMMUNICATIONS COMMISSION

[GN Docket No. 12-268; AU Docket No. 14-252; WT Docket No. 12-269; DA 16-1213]

Clearing Target of 108 Megahertz Set for Stage 3 of the Broadcast Television Spectrum Incentive Auction; Stage 3 Bidding in the Reverse Auction Will Start on November 1, 2016

AGENCY: Federal Communications Commission.

ACTION: Notice.

SUMMARY: The Incentive Auction Task Force and Wireless

Telecommunications Bureau announce the spectrum clearing target of 108 megahertz and band plan for Stage 3 of the incentive auction, and that bidding in Stage 3 of the reverse auction is scheduled to begin on November 1, 2016. This document also announces details and dates regarding bidding and the availability of educational and informational materials for reverse and forward auction bidders eligible to participate in Stage 3; the availability of Stage 3 bidding and timing information in the Incentive Auction Public Reporting System; and the importance of bidder contingency plans. Finally, this document reminds each reverse and forward auction applicant of its continuing obligations under the FCC's rules.

FOR FURTHER INFORMATION CONTACT:

Wireless Telecommunications Bureau, Auctions and Spectrum Access Division: For general auction questions, contact Linda Sanderson at (717) 338-2868. For reverse auction or forward auction legal questions, refer to the contact information listed in the *Incentive Auction Stage 3 Clearing Target Public Notice*.

SUPPLEMENTARY INFORMATION: This is a summary of the *Incentive Auction Stage 3 Clearing Target Public Notice*, GN Docket No. 12-268, AU Docket No. 14-252, WT Docket No. 12-269, DA 16-1213, released October 25, 2016. The complete text of the *Incentive Auction Stage 3 Clearing Target Public Notice* is available for public inspection and copying from 8:00 a.m. to 4:30 p.m. Eastern Time (ET) Monday through Thursday or from 8:00 a.m. to 11:30 a.m. ET on Fridays in the FCC Reference Information Center, 445 12th Street SW., Room CY-A257, Washington, DC 20554. The complete text is also available on the Commission's Web site at <http://wireless.fcc.gov>, the Auction 1000 Web site at <http://www.fcc.gov/auctions/1000>, or by using the search function on the ECFS Web page at <http://www.fcc.gov/cgb/ecfs/>. Alternative formats are available to persons with disabilities by sending an email to FCC504@fcc.gov or by calling the Consumer & Governmental Affairs Bureau at (202) 418-0530 (voice), (202) 418-0432 (TTY).

1. The Incentive Auction Task Force (Task Force) and the Wireless Telecommunications Bureau (Bureau) announce the 108 megahertz spectrum clearing target that has been set by the Auction System's optimization procedure and the associated band plan for Stage 3 of the incentive auction, as well as the number of Category 1 and Category 2 generic license blocks in

each Partial Economic Area (PEA) that will be offered in Stage 3 of the forward auction. The Task Force and Bureau also provide details and specific dates regarding bidding and the continuing availability of educational materials, and remind reverse and forward auction applicants of their continuing obligations.

I. Stage 3 Clearing Target and Band Plan

2. The Auction System's clearing target determination procedure has set a spectrum clearing target of 108 megahertz for Stage 3 of the incentive auction. Under the band plan associated with this spectrum clearing target, 80 megahertz, or 8 paired blocks, of licensed spectrum will be offered in the forward auction on a near-nationwide basis.

3. The generic license blocks offered in Stage 3 of the forward auction under this band plan will consist of a total of 3,301 Category 1 blocks (zero to 15 percent impairment) and a total of two Category 2 blocks (greater than 15 percent and up to 50 percent impairment). Approximately 99.9 percent of the blocks offered will be Category 1 blocks, and 99.9 percent of the Category 1 blocks will be zero percent impaired. Attached to the *Incentive Auction Stage 3 Clearing Target Public Notice* as Appendix A is a list indicating the number of Category 1 and Category 2 blocks available in each PEA.

4. The clearing target for Stage 3 was determined by applying the procedure the Commission adopted in the *Auction 1000 Bidding Procedures Public Notice*, 80 FR 61917, October 14, 2015, using the same objectives as in the initial clearing target optimization and taking into account the additional channel in the TV band and any participating stations that have dropped out of the auction in the previous stage. Based on the new provisional television channel assignment plan, the nationwide impaired weighted-pops were calculated on a 2x2 cell level and the one-block-equivalent nationwide standard for impairments was applied.

II. Important Information Concerning the Reverse Auction (Auction 1001)

5. *Educational Materials.* The Task Force and Bureau remind all reverse auction bidders of the continuing availability of Educational materials regarding bidding in the clock phase of the reverse auction on the Auction 1001 Web site under the Education section. Specifically, such bidders are encouraged to review the Reverse Auction Clock Phase Tutorial and the

Reverse Auction New Stage Tutorial prior to the start of Stage 3 of the reverse auction.

6. *Accessing the Auction System for Stage 3.* Any bidder that had one or more stations with the status "Frozen—Provisionally Winning" at the end of the previous stage will be able to log in to the Reverse Auction Bidding System for Stage 3. Starting at 10:00 a.m. Eastern Time (ET) on October 26, 2016, such a bidder can log in and view the bidding status, and, where applicable, the following information for Round 1 of the new stage for each of the bidder's stations that qualified to participate in the clock rounds of the reverse auction: initial bid option, available bid options, vacancy ranges, and clock price offers.

7. A bidder will need to use the RSA SecurID® tokens (RSA tokens) it used for placing bids in the previous stage to access the Reverse Auction Bidding System for Stage 3. RSA tokens with previously set personal identification numbers (PINs) may be used without setting a new PIN. Any authorized bidder that has not already set a PIN for his or her designated RSA token (*e.g.*, an authorized bidder recently identified on FCC Form 177 or one using a replacement RSA token) must set a PIN as described in the materials sent with the Second Confidential Status Letter. Each bidder will be able to access the Reverse Auction Bidding System at the same web address used during the previous stage. In addition, the FCC Auction Bidder Line phone number for Stage 3 will be the same number used for the previous stage. The Auction Bidder Line will be available from 9:00 a.m. to 5:30 p.m. ET starting on October 31, 2016.

8. *Returning RSA Tokens.* Each bidder that did not have any stations with the status "Frozen—Provisionally Winning" at the end of the previous stage will be sent a pre-addressed, stamped envelope to return its RSA tokens.

9. *Clocks Rounds Start Date and Round Schedule.* Bidding in the clock rounds of Stage 3 of Auction 1001 will begin on Tuesday, November 1, 2016, with the following schedule: Bidding Round (10:00 a.m.—2:00 p.m. ET). From Wednesday, November 2, 2016, through Friday, November 4, 2016, the schedule will be: Bidding Round (10:00 a.m.—12:00 p.m. ET) and Bidding Round (3:00 p.m.—5:00 p.m. ET). Starting on Monday, November 7, 2016, and continuing until further notice, the schedule will be: Bidding Round (10.00 a.m.—11:00 a.m. ET); Bidding Round (1:00 p.m.—2:00 p.m. ET); and Bidding Round (4:00 p.m.—5:00 p.m. ET). There will be no bidding on Friday, November 11, 2016, in observance of the Federal

holiday. Bidding will resume on Monday, November 14, 2016, using the above three-round schedule until further notice. The Bureau may adjust the number and length of bidding rounds based upon its monitoring of the bidding and assessment of the reverse auction's progress. The Bureau will provide notice of any adjustment by announcement in the Reverse Auction Bidding System during the course of the auction.

10. *Reset Base Clock Price and Clock Decrement for Round 1 of Stage 3.* The base clock price has been reset to \$900 per unit of volume for Stage 3 of the reverse auction. The price decrement for Round 1 of Stage 3 of the reverse auction will be five percent of the reset base clock price.

III. Important Information Concerning the Forward Auction (Auction 1002)

11. *Bidding in Stage 3.* On the next business day after Stage 3 of the reverse auction concludes, the Task Force and Bureau will announce the initial bidding schedule for Stage 3 of the forward auction in the Forward Auction Bidding System and in the Incentive Auction Public Reporting System (PRS), including the date and time of the first round of bidding. Bidding in Stage 3 of the forward auction will begin no later than three business days after this announcement. Each bidder is strongly encouraged to regularly monitor the PRS for announcements and other important information related to bidding in Stage 3 of the forward auction. The PRS can be accessed directly at auctiondata.fcc.gov and from a link under the Results section of the Auction 1001 Web site (www.fcc.gov/auctions/1001) and the Auction 1002 Web site (www.fcc.gov/auctions/1002).

12. *Accessing the Forward Auction Bidding System in Stage 3.* Any bidder that is eligible to bid in Stage 3 of the forward auction will be able to access the Forward Auction Bidding System beginning at 10:00 a.m. ET on October 31, 2016. An eligible bidder can log in to the Forward Auction Bidding System using the same RSA tokens, web address, and instructions provided in the bidder registration materials it received prior to the start of Stage 1 of the forward auction. Upon logging in to this system, a bidder can download detailed impairment information for Stage 3 as well as the stage transition files. The detailed impairment information and bidder-specific information, including stage transition files and bidding information from previous stages, are non-public and are provided only to eligible bidders to help guide their bidding in Stage 3 of the

forward auction. This information will not be disclosed publicly until after the auction concludes. Any bidder with zero eligibility by the end of Stage 2 will not be eligible to bid in Stage 3 of the forward auction.

13. *Returning RSA Tokens.* Each bidder that is no longer eligible to participate in the forward auction (*i.e.*, any bidder that has zero eligibility by the end of Stage 2) will be sent a pre-addressed, stamped envelope to return its RSA tokens.

14. *Activity Rule for Round 1 of Stage 3.* Starting in the first round of Stage 3, each bidder must be active on at least 95 percent of its bidding eligibility to maintain its bidding eligibility for the next round. Any changes to the activity requirement in subsequent rounds will be announced via the Forward Auction Bidding System. Prior to the start of Stage 3 of the forward auction, a bidder may view its initial eligibility and required activity for Round 1 by downloading the My Bidder Status file under the Bid/Status tab of the Downloads screen.

15. *Clock Increment for Round 1 of Stage 3.* An increment of five percent will be used to set clock prices for products in Round 1 of Stage 3 of the forward auction. Prior to the announcement of the forward auction bidding schedule for Stage 3, a bidder may view the clock prices for Round 1 by downloading the Sample Bids file in the Forward Auction Bidding System.

IV. Public Reporting System

16. As was the case for previous stages of the incentive auction, publicly available bidding and timing information for Stage 3 of the reverse auction and the forward auction will be accessible through the PRS. The PRS will display the same types of bidding and other information for Stage 3 as was available for previous stages. For more information about the types of bidding and other information available in the PRS, please see the *Public Reporting System Public Notice*.

V. Bidding Contingency Plan

17. The Task Force and Bureau remind each bidder that it should maintain and continue to refine as necessary a comprehensive contingency plan that can be quickly implemented in case difficulties arise when participating in the incentive auction. While the Commission will correct any problems with Commission-controlled facilities, each bidder is solely responsible for anticipating and overcoming problems such as bidder computer failures or other technical issues, loss of or problems with data connections

(including those used to access and place bids in the Reverse Auction Bidding System or the Forward Auction Bidding System), telephone service interruptions, adverse local weather conditions, unavailability of its authorized bidders, or the loss or breach of confidential security codes.

A bidder should ensure that each of its authorized bidders can access and place bids in the Reverse Auction Bidding System or Forward Auction Bidding System, and it should not rely upon the same computer or data connection to do so. Contingency plans should include arrangements for accessing and placing bids in the Reverse Auction Bidding System or the Forward Auction Bidding System from one or more alternative locations. A bidder's contingency plans might also include, among other arrangements, using the Auction Bidder Line as an alternative method of bidding in the incentive auction.

18. Each reverse auction bidder is further reminded that a failure to submit a bid for a station with the status "Bidding" is considered to be a missing bid and will be interpreted as a bid to drop out of the auction. The Reverse Auction Bidding System will automatically submit a bid to drop out of the auction for all stations with missing bids. The status of a station that bids to drop out of the auction will be "Exited—Voluntarily" once bid processing is complete for the round (unless the station first becomes frozen). Once a station has the status "Exited," a bidder cannot bid for the station in any subsequent round or stage.

19. The Task Force and Bureau remind each forward auction bidder that its failure to submit a bid during a clock round will be considered a "missing" bid and will be treated as a bid for zero blocks, at the lowest price in the price range for the round, for any products in which the bidder had processed demand from the previous round. If there is insufficient excess demand, the "missing" bid may be partially applied or not applied at all and the bidder will continue to have processed demand for the product in the next round. If the "missing" bid is partially or fully applied, that bidder's eligibility may be irrevocably reduced in the next round.

VI. Continuing Obligations

20. *Due Diligence.* The Task Force and Bureau remind each reverse and forward auction bidder that it is solely responsible throughout the auction for investigating and evaluating all legal, technical, and marketplace factors and risks that may have a bearing on the bid(s) it submits in the incentive

auction. For more information, each bidder should review the *Auction 1000 Application Procedures Public Notice*, 80 FR 66429, October 29, 2015.

21. *Prohibited Communications Reminder.* The Task Force and Bureau remind all full power and Class A broadcast television licensees, as well as forward auction applicants, that they remain subject to the Commission's rules prohibiting certain communications in connection with Commission auctions. For communications among broadcasters, and between broadcasters and forward auction applicants, the prohibited communication period ends when the results of the incentive auction are announced by public notice. For communications among forward auction applicants, the period ends on the deadline for making down payments on winning bids. A party that is subject to the prohibition remains subject to the prohibition regardless of developments during the auction process.

22. The Task Force and Bureau further remind each full power and Class A broadcast television licensee that even though communicating whether or not a party filed an application to participate in the reverse auction does not violate the rules prohibiting certain communications, communicating that a party "is not bidding" in or has "exited" the reverse auction could constitute an apparent violation that needs to be reported. All forward auction applicants, including those that did not qualify to bid and those that have since lost eligibility to bid in the forward auction, are also reminded that they remain subject to the rules prohibiting certain communications until the deadline for making down payments on winning bids.

23. The Commission's rules require covered parties to report violations of the prohibition of certain communications to Margaret W. Wiener, Chief of the Auctions and Spectrum Access Division, Wireless Telecommunications Bureau, by the most expeditious means available. Any such report should be submitted by email to Ms. Wiener at the following email address: auction1000@fcc.gov. Any report in hard copy must be delivered only to Margaret W. Wiener, Chief, Auctions and Spectrum Access Division, Wireless Telecommunications Bureau, Federal Communications Commission, 445 12th Street SW., Washington, DC 20554. Failure to make a timely report under the rule constitutes a continuing violation of the rule, with attendant consequences.

24. For a thorough discussion of the prohibition of certain communications during the incentive auction, please refer to the *Prohibited Communications Public Notice*, 80 FR 63216, October 19, 2015.

25. *Making Modifications to Applications*. The Task Force and Bureau remind each reverse and forward auction applicant that the Commission's rules require an applicant to maintain the accuracy and completeness of information furnished in its application to participate in Auctions 1001 and 1002, respectively. Each applicant should amend its application to furnish additional or corrected information within five days of a significant occurrence, or no more than five days after the applicant becomes aware of the need for an amendment. Any applicant that needs to make changes must do so using the procedures described in the *Auction 1000 Application Procedures Public Notice* and the *Auction 1002 Qualified Bidders Public Notice*.

26. To make changes to its FCC Form 177 or FCC Form 175 while the Auction System is available, the applicant must make those changes electronically using the Auction System and submit a letter briefly summarizing the changes to its FCC Form 177 by email to auction1001@fcc.gov, or to its FCC Form 175 by email to auction1002@fcc.gov. To make changes at a time when the Auction System is unavailable, the applicant must make those changes using the procedures described in the *Auction 1000 Application Procedures Public Notice*. All changes are subject to review by Commission staff.

Federal Communications Commission.
Gary D. Michaels,
Deputy Chief, Auctions and Spectrum Access Division, WTB.
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FEDERAL RESERVE SYSTEM

[Docket No. OP-1552]

Federal Reserve Bank Services

AGENCY: Board of Governors of the Federal Reserve System.
ACTION: Notice.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) has approved the private sector adjustment factor (PSAF) for 2017 of \$16.6 million and the 2017 fee schedules for Federal Reserve priced services and electronic access. These actions were taken in accordance with the Monetary Control Act of 1980, which requires that, over the long run, fees for Federal Reserve priced services be established on the basis of all direct and indirect costs, including the PSAF.

DATES: The new fee schedules become effective January 3, 2017.

FOR FURTHER INFORMATION CONTACT: For questions regarding the fee schedules: Susan V. Foley, Senior Associate Director, (202) 452-3596; Linda Healey, Senior Financial Services Analyst, (202) 452-5274, Division of Reserve Bank Operations and Payment Systems. For questions regarding the PSAF: Gregory L. Evans, Deputy Associate Director, (202) 452-3945; Lawrence Mize, Deputy Associate Director, (202) 452-5232; Max

Sinthorntham, Senior Financial Analyst, (202) 452-2864, Division of Reserve Bank Operations and Payment Systems. For users of Telecommunications Device for the Deaf (TDD) *only*, please call (202) 263-4869. Copies of the 2017 fee schedules for the check service are available from the Board, the Federal Reserve Banks, or the Reserve Banks' financial services Web site at www.frb services.org.

SUPPLEMENTARY INFORMATION:

I. Private Sector Adjustment Factor, Priced Services Cost Recovery, and Overview of 2017 Price Changes

A. Overview—Each year, as required by the Monetary Control Act of 1980, the Reserve Banks set fees for priced services provided to depository institutions. These fees are set to recover, over the long run, all direct and indirect costs and imputed costs, including financing costs, taxes, and certain other expenses, as well as the return on equity (profit) that would have been earned if a private business firm provided the services. The imputed costs and imputed profit are collectively referred to as the PSAF. From 2006 through 2015, the Reserve Banks recovered 102.6 percent of their total expenses (including imputed costs) and targeted after-tax profits or return on equity (ROE) for providing priced services.¹

Table 1 summarizes 2015 actual, 2016 estimated, and 2017 budgeted cost-recovery rates for all priced services. Cost recovery is estimated to be 103.6 percent in 2016 and budgeted to be 100.0 percent in 2017.

TABLE 1—AGGREGATE PRICED SERVICES PRO FORMA COST AND REVENUE PERFORMANCE^A
 [Dollars in millions]

Year	1 ^b Revenue	2 ^c Total expense	3 Net income (ROE) [1-2]	4 ^d Targeted ROE	5 ^e Recovery rate after targeted ROE (%) [1/(2+4)]
2015 (actual)	429.1	397.8	31.3	5.6	106.4
2016 (estimate)	432.5	413.3	19.1	4.1	103.6
2017 (budget)	439.4	434.8	4.6	4.6	100.0

^a Calculations in this table and subsequent pro forma cost and revenue tables may be affected by rounding.
^b Revenue includes imputed income on investments when equity is imputed at a level that meets minimum capital requirements and, when combined with liabilities, exceeds total assets.
^c The calculation of total expense includes operating, imputed, and other expenses. Imputed and other expenses include taxes, Board of Governors' priced services expenses, the cost of float, and interest on imputed debt, if any. Credits or debits related to the accounting for pension plans under FAS 158 [ASC 715] are also included.
^d Targeted ROE is the after-tax ROE included in the PSAF.

¹ The 10-year recovery rate is based on the pro forma income statements for Federal Reserve priced services published in the Board's *Annual Report*. Effective December 31, 2006, the Reserve Banks implemented the Financial Accounting Standard Board's (FASB) Statement of Financial Accounting

Standards (SFAS) No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans (codified in FASB Accounting Standards Codification (ASC) Topic 715 (ASC 715), Compensation-Retirement Benefits), which resulted in recognizing a cumulative reduction in equity

related to the priced services' benefit plans. Including this cumulative reduction in equity from 2006 to 2015 results in cost recovery of 92.8 percent for the ten-year period. This measure of long-run cost recovery is also published in the Board's *Annual Report*.