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FEDERAL COMMUNICATIONS COMMISSION

[GN Docket No. 12-268; AU Docket No. 14-252; MB Docket No. 16-306; DA 17-282]

Procedures for Submitting Financial Information Required for the Disbursement of Incentive Payments and Reimbursement Payments After the Incentive Auction Closes

AGENCY: Federal Communications Commission.

ACTION: Notice.

SUMMARY: In this document, the Incentive Auction Task Force, Wireless Telecommunications Bureau, and Media Bureau announce instructions to full power and Class A broadcasters and multichannel video programming distributors who anticipate receiving incentive and/or reimbursement payment(s) following the incentive auction. Specifically, the instructions describe the essential steps that must be taken before receiving incentive payments based on winning reverse auction bids or payments from the Television Broadcaster Relocation Fund for expenses eligible for reimbursement.

DATES: Reverse auction winning bidders must submit an FCC Form 1875 for each station with a winning bid within 20 business days after the release of the Auction 1000 Closing and Channel Reassignment Public Notice.

ADDRESSES: Full power and Class A broadcasters and multichannel video programming distributors who anticipate receiving incentive and/or reimbursement payment(s) must mail the original hard-copy of their completed, signed, and notarized FCC Form 1875 or 1876, as applicable, to: Federal Communications Commission, Travel & Operations Group, Attn: Chief of TOG, 9300 East Hampton Drive, Capitol Heights, MD 20743.

FOR FURTHER INFORMATION CONTACT: For general auction questions, contact Linda Sanderson, Linda.Sanderson@fcc.gov, (717) 338-2868. For reverse auction incentive payment questions, contact Erik Salovaara, Erik.Salovaara@fcc.gov, (202) 418-0660, or Kathryn Hinton, Kathryn.Hinton@fcc.gov, (202) 418-0660. For reimbursement questions, contact Pam Gallant,
SUPPLEMENTARY INFORMATION: This is a summary of the Auction 1000 Financial Procedures Public Notice, GN Docket No. 12-268, AU Docket No. 14-252, MB Docket No. 16-306; DA 17-282, released on March 29, 2017. The complete text of the Auction 1000 Financial Procedures Public Notice is available for public inspection and copying from 8:00 a.m. to 4:30 p.m. 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 S.W., Room CY-A257, Washington, DC 20554. The complete text is also available on the Commission’s website at http://www.fcc.gov/media, the Auction 1000 website 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 Auction 1000 Financial Procedures Public Notice provides instructions describing the essential steps that full power and Class A broadcasters and multichannel video programming distributors (MVPDs) who anticipate receiving incentive and/or reimbursement payment(s) following the incentive auction (collectively, Payment Applicants) must take before receiving payments. Specifically, the Auction 1000 Financial Procedures Public Notice describes and explains FCC Forms 1875 and 1876, the forms that Payment Applicants must use to provide the Commission with directions for making payments. These forms enable Payment Applicants to certify their agreement with and acknowledgement of required payment terms, to identify the individual(s) authorized to give the Commission instructions regarding payments, and to identify the financial institution and account into which payments should be made. The Auction 1000 Financial Procedures Public Notice also describes the CORES Incentive Auction Financial Module, the web-based software that enables Payment Applicants to enter bank account information electronically and view payment information.
I. PROCEDURES FOR PROVIDING PAYMENT APPLICANT'S PAYMENT INSTRUCTIONS TO THE COMMISSION

2. A Payment Applicant must submit payment instructions for each station (Facility ID) or MVPD (File Number) for which it anticipates receiving a payment in connection with the incentive auction through a two-step process to reduce the risk of error or fraud. First, a Payment Applicant must submit a signed and notarized FCC Form 1875 (for reverse auction winning bidders) or FCC Form 1876 (for reassigned stations and MVPDs), along with a bank account verification letter or redacted bank statement that confirms ownership of the bank account, for each Facility ID/File Number receiving an incentive payment or reimbursement payment. After determining that all of the required information has been provided in the FCC Form 1875/1876, as applicable, FCC staff will grant the Payment Applicant access to the CORES Incentive Auction Financial Module. Next, the Payment Applicant must enter bank account information for the payment recipient in the CORES Incentive Auction Financial Module. FCC staff will review the information submitted electronically in the CORES Incentive Auction Financial Module to confirm that it matches the bank account information submitted in the signed and notarized FCC Form 1875/1876, as applicable. FCC staff will contact the Payment Applicant to resolve any discrepancies between information received in the FCC Form 1875/1876, as applicable, and in the CORES Incentive Auction Financial Module and will instruct the Payment Applicant how to submit updated payment instructions. No incentive payment or reimbursement payment will be made if the bank account information in the CORES Incentive Auction Financial Module does not match the bank account information in the FCC Form 1875/1876, as applicable.

3. When filling out an FCC Form 1875/1876, as applicable, and entering bank account information electronically in the CORES Incentive Auction Financial Module, a Payment Applicant should follow the instructions in the Auction 1000 Financial Procedures Public Notice, the forthcoming CORES Incentive Auction Financial Module User Manual, and any related Commission releases. A Payment Applicant should be fully familiar with other public notices and/or decisions that have been issued in this proceeding, any future public notices and/or decisions that may be issued in this proceeding,
and any other relevant public notices and/or decisions the Commission issued in other proceedings that may relate to the incentive auction. Additional guidance, data, and information related to the post-auction transition will be available at www.fcc.gov/incentiveauctions. Additionally, copies of these and other relevant documents are available at the FCC’s headquarters located at 445 12th Street, SW, Washington, DC 20554 during normal business hours. On March 13, 2017, the Incentive Auction Task Force, in conjunction with the Media Bureau, hosted a public workshop to review procedures related to the post-auction broadcast transition. A recording of the workshop is accessible from www.fcc.gov/incentiveauctions and can also be accessed directly at www.fcc.gov/news-events/events/2017/03/post-incentive-auction-transition-workshop.

II. PROCESSING REVERSE AUCTION INCENTIVE PAYMENTS

A. Complete Payments

4. Consistent with making only a single incentive payment to a single payee and into a single account for each station with a winning bid, each incentive payment disbursed by the U.S. Treasury will be for the station’s total incentive payment. The amount received in the account designated by the Payment Applicant may reflect offsets and withholding. In such circumstances, the amount received may be less than the amount of the winning bid.

B. Sequencing, if Necessary

5. It may be possible to disburse funds to cover the full amount of incentive payments for all stations with winning bids at one time. In the event, however, that this is not possible, incentive payments for stations with winning bids will be disbursed after sufficient funds become available to cover those payments. To allow stations with winning bids to vacate their spectrum in a manner that will maintain the transition schedule for stations remaining on the air, the order in which stations with winning bids will receive incentive payments will be determined by the post-auction transition schedule.
C. Public Notice of Ready to Pay

6. When the Commission is ready to direct the U.S. Treasury to make incentive payments, a public notice will specify each station with a winning bid, along with its respective winning bidder as identified in the Auction 1000 Closing and Channel Reassignment Public Notice (Closing and Reassignment Public Notice), for which a payment is ready to be disbursed (Ready to Pay Public Notice). The precise timing of any such public notice cannot be known with certainty in advance. A single public notice may cover all incentive payments for all winning bidders or multiple public notices may be needed should incentive payments need to be disbursed at more than one time for any reason. In addition, notwithstanding the availability of sufficient funds to make all incentive payments, technical issues or factors relating to a particular payee may require additional time to resolve. In that case, the Commission will issue a Ready to Pay Public Notice covering other stations’ incentive payments and subsequently issue another Ready to Pay Public Notice as soon as the particular issues relating to the delayed payment are resolved.

7. The release of a Ready to Pay Public Notice for specified stations with winning bids will indicate that Commission staff has directed the U.S. Treasury to make the related incentive payments. However, the Commission does not control the precise date on which the U.S. Treasury makes each incentive payment or when each incentive payment is received in the account identified by the winning bidder or becomes available to the account holder. For purposes of implementing Commission rules and procedures that establish deadlines based on when a winning bidder receives its incentive payment, a station with a winning bid will be considered to have received its incentive payment five (5) business days after the date of the Ready to Pay Public Notice stating that the incentive payment for the particular station with a winning bid is ready to be disbursed.

8. The Auction Payments component of the CORES Incentive Auction Financial Module separately will report the U.S. Treasury scheduled disbursement date. That date is provided for purposes of tracking payments. The scheduled disbursement date reported in the Auction Payments component of the CORES Incentive Auction Financial Module, however, will not be considered the date of receipt by
the winning bidder for purposes of implementing the Commission’s rules. Instead, the winning bidder will be considered to have received its payment five (5) business days after the date of the Ready to Pay Public Notice stating that the incentive payment for a particular station with a winning bid is ready to be disbursed.

9. The U.S. Treasury has authority to offset federal payments, including incentive payments, based on information not available to the Commission. Consequently, the Auction Payments component of the CORES Incentive Auction Financial Module cannot report information regarding any such offsets. A winning bidder needing information regarding any discrepancy between the amount of its winning bid and the incentive payment received that is not accounted for by offsets or withholdings identified by the Commission must seek the information directly from the U.S. Treasury by calling 1-800-304-3107. Hearing impaired callers may use the Federal Relay Service by dialing 1-800-877-8339 to reach a communications assistant who will dial the toll free number.

III. PROCESSING REIMBURSEMENT PAYMENTS

A. Tracking Reimbursement Payments

10. The Commission does not control the precise date on which the U.S. Treasury makes each reimbursement payment or when each reimbursement payment is received in the account identified by the Eligible Entity or becomes available to the account holder. After a payment is in fact made, the Auction Payments component of the CORES Incentive Auction Financial Module separately will report the U.S. Treasury scheduled disbursement date for the payment being made. That date is provided for purposes of tracking payments. The Auction Payments component of the CORES Incentive Auction Financial Module will also show the 399 file number, reference code, and the amount that the FCC requested be disbursed with respect to the Facility ID/File Number.

11. The U.S. Treasury has authority to offset federal payments, including reimbursement payments, based on information not available to the Commission. Consequently, the Auction Payments component of the CORES Incentive Auction Financial Module cannot report information regarding any such offsets. An Eligible Entity needing information regarding any discrepancy between its approved
reimbursement payment and the amount it actually received must seek the information directly from the U.S. Treasury by calling 1-800-304-3107. Hearing impaired callers may use the Federal Relay Service by dialing 1-800-877-8339 to reach a communications assistant who will dial the toll free number.

**B. Effects of Ownership Changes**

12. Given that the Commission will be processing reimbursement payments for several years after the release of the Closing and Reassignment Public Notice, a licensee may assign or transfer a reassigned station before it has received all of its reimbursement allotment. If any reassigned station is the subject of a transaction (i.e., assignment or transfer of control) that is consummated after the release of the Closing and Reassignment Public Notice and results in a new FRN for that station (i.e., results in a new FRN-Facility ID relationship), FCC staff will deactivate the bank account information associated with the station’s pre-consummation FRN, and will hold the station’s in-process reimbursement payment(s), if any, upon acceptance of the consummation. Once a reimbursement payment has been processed (i.e., submitted to the U.S. Treasury for disbursement) a freeze will not preclude transmittal of the processed payment. To facilitate future reimbursement payments, the assignee must file a new reimbursement request and timely submit a new FCC Form 1876, along with a bank account verification letter or redacted bank statement that confirms ownership of the bank account. Any delay in submission of a new FCC Form 1876 may cause a delay in the disbursement of a reimbursement payment as directed by the assignee.

13. The assignee also must submit bank account information in the Auction Bank Accounts component of the CORES Incentive Auction Financial Module even if the bank account information has not changed as a result of the ownership change. None of the station’s payment information associated with the pre-consummation FRN will transfer over to the station’s post-consummation FRN in the Auction Payments component of the CORES Incentive Auction Financial Module. Any pre-consummation payment information will, however, remain available to any authorized users via the pre-consummation FRN account. Therefore, the assignor and assignee should address in any transaction agreement the responsibilities and expectations of each party with respect to reimbursement payments,
use of the FRN accounts related to the transferred or assigned station(s), and any related matters.

14. Reimbursement payments will be disbursed only to an Eligible Entity—reimbursement payments will not be disbursed to third parties. As a result, once the assignment or transfer of a reassigned station has been consummated, reimbursement payments will only be disbursed to the assignee or transferee. Because an assignment or transfer of control application could be granted and the parties could consummate the transaction while a reimbursement request is pending, we strongly encourage licensees of reassigned stations to account for this possibility in their transaction agreements and to consider the status of pending reimbursement requests when deciding to consummate a transaction. Failure to do so may result in a delay in grant of the assignment or transfer of control application and/or delay the Commission’s reimbursement process.

15. Prior to granting and/or accepting consummation of a post-auction transaction involving one or more reassigned stations, the Media Bureau will provide additional procedural guidance to the parties involved in the transaction.

FEDERAL COMMUNICATIONS COMMISSION.

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