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STATUS OF THE DTV TRANSITION: 252 DAYS AND COUNTING

HEARING

BEFORE THE

SUBCOMMITTEE ON TELECOMMUNICATIONS AND THE INTERNET

OF THE

COMMITTEE ON ENERGY AND COMMERCE
HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

JUNE 10, 2008

Serial No. 110–124

Printed for the use of the Committee on Energy and Commerce
energycommerce.house.gov

U.S. GOVERNMENT PRINTING OFFICE
55–788 PDF WASHINGTON : 2011

For sale by the Superintendent of Documents, U.S. Government Printing Office
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CONTENTS

	Page
Hon. Edward J. Markey, a Representative in Congress from the Commonwealth of Massachusetts, opening statement	1
Hon. Cliff Stearns, a Representative in Congress from the State of Florida, opening statement	3
Hon. Anna G. Eshoo, a Representative in Congress from the State of California, opening statement	4
Hon. John Shimkus, a Representative in Congress from the State of Illinois, opening statement	5
Hon. Bart Stupak, a Representative in Congress from the State of Michigan, opening statement	6
Hon. Fred Upton, a Representative in Congress from the State of Michigan, opening statement	7
Hon. Gene Green, a Representative in Congress from the State of Texas, opening statement	8
Hon. John D. Dingell, a Representative in Congress from the State of Michigan, opening statement	9
Hon. Jane Harman, a Representative in Congress from the State of California, opening statement	11
Hon. Greg Walden, a Representative in Congress from the State of Oregon, opening statement	12
Hon. Baron P. Hill, a Representative in Congress from the State of Indiana, prepared statement	201
Hon. Edolphus Towns, a Representative in Congress from the State of New York, prepared statement	201

WITNESSES

Kevin J. Martin, Chairman, Federal Communications Commission	13
Prepared statement	16
Answers to submitted questions [1]	
Bernadette McGuire-Rivera, Ph.D., Associate Administrator, Office of Telecommunications and Information Applications, National Telecommunications and Information Administration, U.S. Department of Commerce	37
Prepared statement	40
Answers to submitted questions [2]	
Mark L. Goldstein, Director, Physical Infrastructure Issues, U.S. Government Accountability Office	60
Prepared statement	62
Tom Romeo, Director, Federal Services, Global Business Service, IBM Corporation	107
Prepared statement	108
Answers to submitted questions [3]	
Kim Cannon, Vice President, General Manager, Fayetteville/Wilmington, North Carolina Markets, Time Warner Cable	111
Prepared statement	113
Mark Lloyd, Vice President, Strategic Initiatives, Leadership Conference on Civil Rights	121
Prepared statement	124
Paul McTear, President and Chief Executive Officer, Raycom Media, Inc.	135
Prepared statement	137
Answers to submitted questions [4]	
John Ripperton, Senior Vice President, Supply Chain Management, RadioShack Corporation	172
Prepared statement	174

Page

Eric Rossi, Senior Product Manager, Media Product Leadership, The Nielsen Company 187
Prepared statement 188

SUBMITTED MATERIAL

National Journal article entitled, "Static in the Digital TV Revolution," by David Hatch, dated June 7, 2008 202
Nielsen National Reference Supplement 2007–2008 118
Nielsen report entitled, "The February 2009 Digital Television Transition: Overview of the Digital Readiness of U.S. Households and Analysis of Viewing to Unready Sets," dated May 2008 215

[1] Mr. Martin did not answer submitted questions for the record.
[2] Dr. McGuire-Rivera did not answer submitted questions for the record.
[3] Mr. Romeo did not answer submitted questions for the record.
[4] Mr. McTear did not answer submitted questions for the record.

STATUS OF THE DTV TRANSITION: 252 DAYS AND COUNTING

TUESDAY, JUNE 10, 2008

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON TELECOMMUNICATIONS
AND THE INTERNET,
COMMITTEE ON ENERGY AND COMMERCE,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:37 a.m., in room 2123, Rayburn House Office Building, Hon. Edward J. Markey (chairman of the subcommittee) presiding.

Present: Representatives Markey, Harman, Gonzalez, Eshoo, Stupak, Green, Solis, Dingell, Stearns, Upton, Deal, Shimkus, Radanovich, Walden, and Terry.

Staff Present: Amy Levine, Tim Powderly, Mark Seifert, David Vogel, Philip Murphy, Neil Fried, and Garrett Golding.

OPENING STATEMENT OF HON. EDWARD J. MARKEY, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF MASSACHUSETTS

Mr. MARKEY. Good morning, and welcome to the Subcommittee on Telecommunications and the Internet so that we can have a discussion about this critical issue that is going to affect every single American family.

As we all know, more people have television sets in their homes than have telephones. The television set is the indispensable part of American life, and today our subcommittee is having its fifth—count them, five—oversight hearing on the digital television transition.

We are now 252 days away from February 17th, 2009, when all full-powered TV stations in the country are required to transition to digital broadcasting. While February 17th now looms as a momentous date in the history of television, it is a date that we are endeavoring to have as unmemorable as possible from a consumer standpoint.

And that brings us to the two excellent panels of witnesses who can assist the subcommittee this morning. They will help us to gauge current consumer and industry preparedness for this transition, as well as provide suggestions for programmatic improvements or other ways to minimize consumer disruption.

Since our last hearing on this important subject, the first wave of converter box coupons mailed to requesting households has now expired after 90 days. The NTIA reports that some 16 million coupons have been requested overall, and that of the approximately

840,000 coupons that have thus far reached their 90-day expiration date, roughly 42 percent of these coupons have been redeemed. As more coupons reach the 90-day expiration date, we will have more and better data on the rate at which the coupons are being redeemed. This will shed additional light on the potential financial and administrative needs for the program.

Second, the FCC announced recently that on September 8th, a pilot test switchover will occur in Wilmington, North Carolina. The FCC, NTIA, the DTV Transition Coalition, and local authorities are now gearing up for this early shut-off.

I believe that even if this experiment goes relatively smoothly, both the FCC and the NTIA stand to learn something from it that can be applied nationally. I applaud the agencies for conducting this test and particularly commend the community of Wilmington, North Carolina, for its willingness to move forward early.

Finally, this morning we have new, updated information being provided to us by the Government Accountability Office. The GAO recently completed a report on the technical aspects of the transition that highlighted issues confronting broadcasters and tower crews as they prepare to switch over from analog to full-powered digital broadcasting. Today the GAO supplements that information with its first survey results regarding consumer awareness of transition.

The good news is that the overall percentage of consumers who know something is about to happen is quite high: 84 percent. Unfortunately, additional data within the first survey results do raise concerns. The GAO results underscore, for instance, that many consumers do not yet fully understand the ramifications of the transition. For example, some 69 percent of the respondents told GAO that they believe the transition would not be disruptive or not too disruptive to their ability to watch television. Yet 54 percent of the these respondents had inadequate or no plans for the transition despite being at high or medium risk of leaving TV service.

With respect to the converter box program, only 55 percent of the consumers reported being aware of it. In addition, of those consumers who said they intend to purchase a box, only one-third were aware of how to actually obtain a coupon.

The GAO data also indicates some significant consumer confusion. For instance, of those consumers considered at risk of losing television service, some 45 percent plan inadequate or no action to prepare for the transition. Conversely, of those consumers in a low-risk category, in other words consumers who should not need converter boxes because all their TVs are connected to cable or satellite service, some 15 percent indicated that they would purchase a converter box even though they don't need one, and 86 percent of those households indicated that they would utilize the NTIA program to do so.

By age groups the GAO found that people age 45 to 64 have the highest awareness of the transition, and the respondents 65 and over showed slightly lower levels of awareness. The GAO also found that ethnic minorities were less likely to have awareness of the transition and the rationale behind it.

All of this early survey data should be closely analyzed and monitored and should inform the various consumer education cam-

paigns, especially among ethnic minorities and other hard-to-reach demographics.

As the GAO conducts additional surveys and analysis, we will need to examine how best to calibrate the consumer education campaigns to yield not only ever greater consumer awareness, but also more accurate knowledge across the country about what consumers may need to do or not do and how best to prepare the Nation for the future of television.

I look forward to hearing from our witnesses, and I thank you all for your willingness to testify before the Telecommunications and Internet Subcommittee today. That completes the opening statement of the Chair.

I now turn to recognize the Ranking Member of the subcommittee, the gentleman from the State of Florida, Mr. Stearns.

OPENING STATEMENT OF HON. CLIFF STEARNS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. STEARNS. Good morning, and thank you, Mr. Chairman. Thank you for holding this hearing. I think it is timely, and it is nice to have our witnesses here.

We are 252 days away from the transition, so our goal today is to get a feel for where we are. Perhaps my opening statement will be a little more optimistic than the Chairman. He quotes the GAO, which makes their information from phone calls. We will be using the Nielsen rating system, which actually has devices at home and sends people to the houses, much like we do for a census. So I will be using, I think, information that is perhaps a little more accurate and I think for that reason is perhaps a little more optimistic.

Having said all that, it remains vitally important for this subcommittee to exercise stringent oversight of the process so that we indeed can ensure that on the day after the transition, people will not think their TVs are broken and be calling their Congressmen. With this in mind, I look forward to our witnesses and this hearing.

My colleagues, on February 17th, 2009, as the transition occurs for full-powered broadcasters to transmit exclusively in digital format, the DTV legislation gives industry the needed incentives, I think, to prepare for this transition. And the results are clear: 91 percent of broadcasters are already transmitting in digital; 68 percent are already on their post-transition channel; and 68 percent are already broadcasting at full strength. As of April 30th, 2008, 78 percent of households had all their televisions prepared for the transition, and 91 percent of households had one or more televisions prepared for this transition. This means that with more than 9 months still to go, only about a little over 9 percent of households were relying exclusively on analog over-the-air broadcast and needed to take action to receive programing after this transition.

Now, manufacturers have already designed 87 coupon-eligible models of digital-to-analog converter boxes, 87, 21 of which can pass through analog low-power signals. The National Telecommunications and Information Administration has certified over 1,800 retailers with nearly 20,000 store locations to accept these coupons. Consumers can also redeem coupons from 19 online retail-

ers and 7 phone retailers. This is up from the 250 retailers with 15,000 stores since our last DTV hearing occurred this year in February. So obviously progress is being made.

Now, over 8½ million households have requested coupons, suggesting there is awareness, it is not a major problem. NTIA has already sent out almost 15 million of the 16 million requested coupons, nearly 3 million of which have been redeemed. Now, these numbers demonstrate that while we still have work to do, we are on the path towards what I believe is a smooth transition.

It is also worth noting that consumer satisfaction with the converter boxes is off the charts. Retailers say they have never seen electronic devices with such a low return rate.

Furthermore, there is mounting evidence that the educational efforts of government and the private sector are indeed working. A recent survey of the Consumer Electronic Association found that 74 percent of U.S. adults are aware of the DTV transition, which is up from 41 percent in August 2006. I just came back from four town meetings over the weekend in central Florida, and I spoke to 450 people. Every hand in all the town meetings went up; they knew about the digital transition.

Now, this still leaves over a quarter of the people unaware of the transition from the statistics I gave you earlier, and I would like to hear from our witnesses how to best reach these individuals. I think we are on the right track. Among the good news is that, according to Nielsen, seniors are the most prepared demographically.

I would also like to commend the FCC for setting up a DTV transition test in Wilmington, North Carolina. I have mentioned that for some time, and I am very pleased that it will take place on September 8th, 2008. I think it is a good idea to have a test market so we can see what works and fix the problems right at the spot. Most businesses when they start a new operation do a test market to see how it works.

I caution my colleagues, though, that the focus on Wilmington and all the attention it gets up to the transition perhaps could make the test unrealistic. I hope the test will not divert government and industry resources from the rest of the country. However, even if the test is not completely representative for the rest of the country, obviously we will certainly learn some important lessons from this demonstration test. So I commend the FCC for this activity.

These are important issues. I thank you, Mr. Chairman, for this hearing, and I look forward to hearing from our witnesses.

Mr. MARKEY. The gentleman's time has expired.

The Chair recognizes the gentleman from Texas, Mr. Gonzalez.

The Chair recognizes the gentlelady from California, Ms. Eshoo.

OPENING STATEMENT OF HON. ANNA G. ESHOO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Ms. ESHOO. Thank you, Mr. Chairman, for holding yet another hearing on our subcommittee, so that we can make an assessment about the progress that we are making on the digital transition.

First I would like to recommend that every member of the subcommittee read an article entitled "The Static in the Digital TV

Revolution" that was published in the June 7th National Journal. And I would like to ask for unanimous consent that the article be submitted into our record.

Mr. MARKEY. Without objection, it will be included.

[The information appears at the conclusion of the hearing.]

Ms. ESHOO. The thesis of the piece is that broadcasters have failed to deliver on the grandiose vision of the DTV transition they promised, which were all sorts of new channels dedicated to children's programs, sports and news. They testified in this very room and made these promises as part of their demands for mandatory carriage on cable and satellite services.

Now that we are 250 days from the end of analog television, not one commercial broadcaster in my congressional district produces additional content on their multicast channels except for a few who air the weather radar 24 hours a day.

There are exceptions to the barren DTV landscape. Public television stations across the country are using their additional channels for exciting new programs. In the bay area, KQED has five new channels they are broadcasting today. They are a channel dedicated to children's programing and another 24-hour Spanish-language channel.

The article also notes that the Gore Commission recommended that broadcasters be mandated to satisfy a minimum threshold for news, for public affairs programming and increased election coverage. These public-interest obligations were not codified in the DTV law. To ensure that broadcasters are fulfilling their public-interest obligations, I introduced the Broadcast Licensing in the Public Interest Act, H.R. 4221, and this legislation attempts to revive the public-interest standards that have languished in recent years. It reduces a broadcast license term from 8 years to 3. The 3-year term will bring greater oversight and accountability to broadcaster renewals.

Secondly, the bill requires that broadcast licensees seeking renewal to demonstrate that they have made a dedication to civic affairs of their community and to local news gathering. The bill also mandates that broadcasters air locally produced programming and make a commitment to provide a public presentation of the views of candidates and issues related to local, statewide or national election. And finally, it mandates that broadcasters provide quality educational programming for children.

I think we owe it to the American public to ensure that those utilizing the public broadcast spectrum produce quality programming, and one way is to mandate adherence to the public-interest obligations.

So thank you again, Mr. Chairman, for holding this hearing, and I look forward to the testimony of the outstanding panel that you have assembled.

Mr. MARKEY. Thank you. Gentlelady's time has expired.

The Chair recognizes the gentleman from Illinois Mr. Shimkus.

OPENING STATEMENT OF HON. JOHN SHIMKUS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. SHIMKUS. Thank you, Mr. Chairman.

Keeping things in perspective of the digital transition, the importance of it is to make sure that we get spectrum available to first-line responders. We are all concerned about TV signals and stuff. I am more concerned about our ability for our first-time responders to be able to communicate with each other, the firefighters, and police officers.

We have to keep this whole debate in perspective. No matter what we do, no matter how many tax dollars we spend, no matter how many millions of dollars the industry spends, we are not going to be to a point where there are going to be zero defects once the transition occurs. In fact, there will be people who are really going to miss it. I liken this to the Medicare D debate. That is why I have done op-eds, that is why I have done newsletters, that is why I have done press conferences, because I don't want to be the Member when it comes transition time and my constituents say, well, no one told me. So I am trying to do my part to help educate my constituents, just like Medicare D.

Also, Medicare D didn't affect everybody. It affected the seniors, and mostly the seniors who couldn't afford it. This will affect those 13 million to 10 million over-the-air people who are receiving over-the-air signals. And for those who have cable, for those who have direct satellite and other types of methods, this is not going to affect them.

I applied for my coupons, I have my coupons. We are going to go get our converters. 2.7 million coupons have been redeemed, and retailers are saying that the customer satisfaction is high, and there are 87 different converter boxes. Twenty-seven have analog pass-through features, which is something that we have discussed here, that allow low-power broadcasters we are concerned about.

So the process is working. The sky is not falling. I am excited about Wilmington, and I applaud them. I think there will be lessons learned, I appreciate that, and appreciate Chairman Martin and the FCC for pushing that. So when we get to the date that we will still be surprised, there will still be disappointments and calls, but hopefully a little bit less.

Thank you for having the hearing, Mr. Chairman. I yield back my time.

Mr. MARKEY. Thank you. The gentleman's time has expired.

The Chair recognizes the gentleman from Michigan Mr. Stupak.

OPENING STATEMENT OF HON. BART STUPAK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. STUPAK. Thank you, Chairman Markey, for again holding a hearing on the status of the digital television transition. We are less than a year away from the DTV analog-to-digital switch. Unfortunately, I have a growing number of concerns about the implementation of the DTV transition.

At the beginning of this year, U.S. households began requesting their DTV coupons. When a DTV coupon is sent, a package of information with details on what nearby stores carry converter boxes as well as Internet and phone-based ordering options is included. However, if you live in Marquette County, Michigan, you will find that all of the listed retailers are out of stock and can provide no clear date on when a new converter box will arrive. This is a sig-

nificant problem. My office has received several calls from those who are worried that they won't find a converter box before their coupon expires since they are only given 90 days to use it.

Recently, a constituent of mine from Negaunee, Michigan, called a number of area stores over several weekends waiting for them to restock their shelves with converter boxes. Nearing his last 30 days on the coupons and frustrated with the process, he called my office for help. While my staff could not locate a store with boxes in stock, they did find that the local Radio Shack store would take the coupon and mail him a box for free when it does become available.

Why can't all the retailers process coupons in this same fashion? I understand that retailers have joined the DTV transition program on a voluntary basis, but consumers need some certainty when they will be able to obtain a converter box without having to repeatedly check with stores in their area.

Another constituent of mine from Petoskey, Michigan, has run into the exact same problem of stores not being in stock and no date certain of when boxes are coming. In fact, when my staff assisted him in finding a store, they discovered that one of the five nearest stores listed on the DTV2009.gov vendor database isn't even open for business, and that the phone number listed is out of service.

With over 7 months remaining, I am concerned that this is just the beginning of the problems my district and others will face. I encourage the NTIA to lift the 90-day expiration date to provide more time to those having difficulty finding converter boxes. In addition, the NTIA needs to do a better job of making sure that retailers are keeping the stores in stock.

Mr. Chairman, thank you for holding today's hearing. I look forward to the testimony of our witnesses, and I hope they will be able to alleviate my concerns about the current status of DTV transition.

Mr. MARKEY. I thank the gentleman. The gentleman's time has expired.

The Chair recognizes the gentleman from Michigan Mr. Upton.

OPENING STATEMENT OF HON. FRED UPTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. UPTON. Well, thank you, Mr. Chairman. And I appreciate the opportunity to have this hearing as well. I think that it is very important we continue to have these snapshots of progress or lack thereof in terms of the transition date that you and I worked very closely on, along with Chairman Dingell and Mr. Barton.

We need to remember that the 9/11 Commission's top recommendation was we need to make the transition from analog to digital. It was terrible on that day, on 9/11, when our firefighters in New York could not communicate with their headquarters folks to get out of those buildings. We learned with Katrina that the Coast Guard personnel were not able to coordinate efforts with the local sheriffs as well in terms of the evacuation. So this transition is a big thing, particularly for all of our public safety officers.

We also knew there would be a slow transition for people to make that change from analog to digital, not only to consumers, but the broadcasters as well.

I must say that I have been pleased with the many, many announcements that I have seen not only while I have been here voting in the Washington area, but back in southwest Michigan as well in terms of the information being passed along to consumers about what that change means and whether or not they need to apply for a coupon so that they can find a retailer to make that transition.

I would note, too, that for those areas that are somewhat rural, my district is fairly diverse. I have a city the size of Kalamazoo, 100,000 folks, and I have another county in my district that has only about a 200-yard stretch of four-lane road, the rest being two-lane. But consumers can also redeem coupons from some 19 online retailers and 7 phone retailers. I think that is a step certainly in the right direction.

So we have 7 months to go. I think that it is imperative among all of us as public servants to help put out that message in terms of what that change is going to mean for people that are going to require such and provide relief for those that are not going to have to make that change.

Again, Mr. Chairman, I appreciate this hearing and look forward to the testimony of all the witnesses, particularly Chairman Martin.

Mr. MARKEY. The gentleman's time has expired.

The Chair recognizes the gentleman from Texas, Mr. Green.

OPENING STATEMENT OF HON. GENE GREEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. GREEN. Thank you, Mr. Chairman, for holding this now fifth hearing on the DTV transition. Like my colleagues from Illinois and quite a lot of Members, we have actually included the application on our newsletter both in Spanish and in English, and we have actually walked it to our senior citizen centers where they have both on-site nutrition and also Meals-on-Wheels. So there is an effort nationwide.

It seems like issues and problems continue to rise, so continued oversight from our committee is essential. In our last DTV hearing, I expressed concern about individuals living in nursing homes not being able to apply for coupons. Since then I understand that NTIA has taken action, and the comment period closed yesterday on an NPRN to address this as well as allowing individuals that use P.O. Boxes as well as their primary address to apply for coupons. So I would like to thank Dr. McGuire-Rivera for NTIA's work on the issue.

I mention the issues continue to surface, and recently I have been hearing from constituents who are concerned about battery-powered digital television sets being scarce. I am in Houston, and we know with Katrina and Allison and Rita the concern we have in our emergency situation. And I have to admit I lost power in my house even with Rita, and it wasn't near my home, but the power went out, and we used battery-operated televisions. The issue is what is going to happen in an emergency situation where people either have to use their radio, where battery power is not unusual, but to be able to get to the television. I hope the NTIA and the FCC would look at something like battery-powered converter boxes

are just nonexistent, but also see what we can do about making sure that is available.

We can get the news through the radio, but a lot of folks also like to see the storm on the maps that we have. With the hurricane season upon us and the high number of tornadoes we have seen across the country, people need to be able to rely on storm coverage provided by local television broadcasters. But if their power is knocked out, that would not be an option. I hope to hear from witnesses today on the problem, and I plan to explore it during questioning.

I would like to continue a concern with the outreach to non-English speaking households who have—reports and statistics I have seen, broadcasters are prepared and well-positioned to complete the transition and switch off analog in February 2009. The persistent problem seems to remain confusion on the part of consumers and lack of understanding about what needs to be done to prepare for the transition and who needs to take action. The problem seems to be more prevalent in non-English speaking households, and I hope to hear today what additional actions have been taken since our last hearing where it generally agreed that this was a problem to address. I understand that half the calls taken by NTIA on the converter box program are from non-English speaking households, which I think highlights the focus on the segment of population. It is encouraging I have not heard complaints about NTIA not being able to handle these calls, but I think the disproportionate number of calls demonstrates that more effort needs to be focused on this segment of the population.

And again, I thank the Chairman for holding the hearing and the continuing hearings because all of us want to make sure that we do our work up front, because none of us want to wait until February of next year and find out from a lot of our constituents problems that we should have addressed.

I yield back my time.

Mr. MARKEY. The gentleman's time has expired.

The Chair recognizes the gentleman from Michigan, the Chairman of the Full Committee, Mr. Dingell.

OPENING STATEMENT OF HON. JOHN D. DINGELL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. DINGELL. Mr. Chairman, first I thank you for the recognition; and second, I commend you for your leadership in this matter. I wish to welcome our witnesses to the fifth oversight hearing on digital television transition, DTV transition, before this subcommittee in the 110th Congress. The DTV transition is one of the most important telecommunications issues facing this committee this year, and time is running out. We need to know whether we are ready for it and how it is going to impact upon the people, particularly those who have the least.

In 252 days millions of analog television sets in this country will stop receiving full-power broadcast television signals. While broadcasters, cable providers, retailers and others have undertaken significant efforts to educate consumers, far too many remain unaware and are ill-prepared for the transition.

When 54 percent of the households have inadequate or no plans whatsoever for the transition, despite being at risk of losing service, it demonstrates that there is still much to be done before February 17, 2009, and your leadership, Mr. Chairman, and the efforts of this subcommittee will be an important contributor in finding out what is going on and what needs to be done to assure that the American public is properly protected.

Certain recent developments with respect to DTV transition are the focus of today's hearings. Last month the Federal Communications Commission, the FCC, announced the test market for the DTV transition in Wilmington, North Carolina. On September 8, 2008, most commercial broadcasters in the Wilmington market will go all digital ahead of the national transition deadline of February 17, 2009. I hope this test market will help identify the issues that may need to be addressed before the rest of the Nation undergoes the DTV transition next February.

Next, a recent Government Accountability Office, GAO, consumer survey found that 35 percent of the over-the-air homes and 52 percent of the homes with at least one unconnected analog television set are unprepared for the transition. These numbers suggest that much remains to be done to educate consumers, including seniors, non-English speaking households, as mentioned by my friend Mr. Green, and other vulnerable populations.

Finally, the first DTV converter box coupons have already begun to expire, allowing some insight into the redemption rates for the converter box coupon program. This should be a matter of very great concern to this subcommittee and indeed to the public at large. It is my hope that this data will assist us in determining whether more money may be needed for this program, or whether the FCC will be required to do some tweaking of that part of the matter.

These recent developments raise a number of important questions. First, will funding for the TV converter box coupon program be sufficient? I have always had doubts about this, and I am curious as to whether those fears will be realized. And we will need to know whether some consumers will be left without assistance.

Second, how will NTIA and IBM facilitate the changeover from the first phase of the TV converter box program in which any household can apply for up to two coupons, to the second phase in which coupons are restricted to only over-the-air households?

Third, will the FCC and NTIA have sufficient resources to educate consumers in every community in the same extent as was done in the Wilmington test market? I have to confess I have great doubts about that, and I hope that the Chairman this morning, whom I welcome, will be able to give us some guidance on that matter. If not, how much of the actual indicator will be addressed for the national transition to this new test market?

What resources are available to assist consumers who may need in-home assistance to set up their converter boxes? If consumers hook up their converter box, and it fails to deliver digital signals, how will they know whether the converter box is broken, or if a new roof-top antenna or other technological fix is needed?

That raises the question, are we seeing to it that proper instructions, and warnings, advices are being given to people who are ap-

plying for the coupons, and are they coming with the coupons in a way that would enable the receiver of the coupon to act responsibly in his own interest?

In some viewing areas a broadcaster's digital signal will cover different areas than a broadcaster's current analog signal. That poses interesting questions and can create some significant hardship. How will consumers know if they fall inside a broadcaster's analog footprint, but outside the digital footprint?

These are only a few of the many questions that remain about the transition, and we need to have answers if the transition is to proceed. I urge the witnesses to address these and other pending matters in their testimony.

I want to thank our witnesses for being here today, and I look forward to working with them and everyone else to resolve the issues that we still confront.

Thank you, Mr. Chairman.

Mr. MARKEY. I thank the Chairman.

And now we turn and recognize the gentlelady from California, Ms. Harman.

OPENING STATEMENT OF HON. JANE HARMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Ms. HARMAN. Thank you, Mr. Chairman.

I want to take just a moment to bid farewell to a valued staffer, Hank Greenberg, who is sitting behind me. He is leaving to what you would call Harvard Law School. His extraordinary talent has not gone unnoticed by the committee staff, the subcommittee staff, or the FCC, and I just want to say he will be sorely missed.

Mr. MARKEY. He has to learn to park his car in the Harvard Yard, though, or else he is going to get in a lot of trouble.

Ms. HARMAN. I am sure he will do that, Mr. Chairman.

Turning to the subject at hand. Like some of the other members, I am less worried about converter boxes and coupons than I am about achieving the real goal of the DTV transition, which is interoperability for first responders. The spectrums freed up by the transition is one of the keys to fixing the emergency communication problems that, as we know, continue to plague our country's public safety users.

I commend Chairman Martin and his agency for trying for the second time to establish a public-private partnership that will create a nationwide interoperable broadband network for our Nation's first responders and give them technology that commercial wireless subscribers enjoy.

I think we can fix the problems that doomed the first auction, the lack of clarity that deterred potential bidders, the lack of transparency on the public safety side of the partnership. To that end last month I introduced H.R. 6055, Public Safety Broadband Authorization Act, which will authorize modest interim funding to help the FCC promote a nationwide interoperable public safety communications network. It allows the FCC, as I am sure Chairman Martin knows, to make very modest grants to the public safety broadband licensee to cover its operating and administrative costs, and it bars that licensee from taking outside funds or using grant money to repay outstanding debts, the point of which is to

eliminate any appearance of conflict of interest. It is a small step. The big step is completing finally the transition on time and getting this public safety spectrum identified and built out.

Let me finally say that over the weekend in Los Angeles, I met with Haim Saban, whose company owns Univision. He was describing major efforts that Univision is making to educate consumers and to facilitate the DTV transition. Mr. Chairman, I hope that we can arrange a briefing for staffers or members on what is happening out there. This is the largest Spanish-language communications network, and it is impressive to me that they are making these efforts. Perhaps others are, too, but there is something to celebrate in the private sector in connection with the transition.

I yield back the balance of my time.

Mr. MARKEY. Great. The gentlelady's time has expired.

The Chair recognizes the gentleman from Oregon Mr. Walden.

OPENING STATEMENT OF HON. GREG WALDEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

Mr. WALDEN. I thank you very much. I want to welcome our panelists today.

Thank you, Mr. Chairman, for continuing these oversight hearings. I think they are very important. I learned years ago, both as a broadcaster and when we dealt with some of the satellite issues, that somewhere buried in the Constitution is a provision that guarantees access to television the way I have gotten it all along, and I think we are all going to find that out in February.

I will be interested today to hear more about where we are in terms of the coupons, how they are being redeemed. I understand that there is actually some decent news on that.

I would like to hear more about the analog pass-through boxes and where we stand on that. I think that was an oversight perhaps we all missed, that some of these boxes needed to have that pass-through capability, and I know there are some now out there on the market. I would be curious to see how that is being resolved to deal with especially these low-power TV stations that have other problems that have to be dealt with. I know we tried to reach a consensus in some of the discussions about that. It could play into this mix. If there is a big fight about February of next year, you wouldn't want to see these stations go dark during that process necessarily, and maybe there is some opportunity there to discuss how we might avoid that, at least a pause time.

And finally, I would like to hear more about what you are hearing from broadcasters themselves. Having, again, been a radio broadcaster, I am a little concerned about everybody trying to change out their antennas and other transmission components all basically the same day, the same time. In many of our western States certainly that means hilltops, mountaintops, accessible maybe by snowcap only in February, and a limited number of engineers. And so I still am concerned about whether consumers may have their TVs ready to go, and broadcasters may be snowed out literally from being able to make the conversion. If our panelists can address those as well, that would be appreciated.

Thank you, Mr. Chairman, again for your oversight hearings. I think it is a very important issue for American consumers.

Mr. MARKEY. The gentleman's time has expired, and all time for opening statements from the members of the subcommittee has expired.

And now we return to our very, very distinguished panel to learn about what is happening in the digital transition. Our first witness is Kevin Martin, who is the Chairman the Federal Communications Commission, and he is here to talk about this new test market in Wilmington, North Carolina, that we are all looking forward to learning about.

We welcome you back, Mr. Chairman. Whenever you are ready, please begin.

STATEMENT OF KEVIN J. MARTIN, CHAIRMAN, FEDERAL COMMUNICATIONS COMMISSION

Mr. MARTIN. Well, thank you and good morning, Chairman Markey and all the members of the Committee. I certainly thank you for inviting me to be here today and to give me a chance to update you on the status of the digital transition.

As mandated by Congress on February 17th, 2009, all full-powered television stations in the country will stop broadcasting in analog and broadcast exclusively in digital. The DTV transition will provide television viewers with movie-quality picture and sound and potentially new programing choices. It will also allow us to significantly improve public safety communications and usher in a new era of advanced wireless services such as the widespread deployment of broadband. A successful DTV transition will depend upon minimizing the burdens placed on consumers and maximizing their ability to benefit from it.

Now, I would like to update you on some of the recent regulatory actions and education efforts that we have been undergoing at the Commission. The broadcasters are making significant progress in converting their facilities to all digital. Almost 1,000 completed construction and are providing full service to their viewers today.

We have adopted the final DTV table of allotments, which provides over 99 percent of the television stations with their final digital channel, and we have adopted the technical procedures and roles to guide broadcasters through to the end of the transition. Thanks to the staff's efficient processing of construction permits, last month we were able to begin accepting applications to expand the DTV service area 12 weeks ahead of schedule.

The Commission's DTV-related enforcements efforts have focused on making sure consumers aren't taken advantage of during this transition. The Commission to date has inspected 3,992 retail stores and 37 Web sites. We have issued 361 citations for failing to comply with our labeling rules. In the last 2 months, we have released NALs against nine retailers, totaling nearly $5 million. We released three NALs and seven consent decrees for TVs with digital tuners that do not comply with the V-chip regulations, and settlements including payments totaling over 3½ million in significant compliance measures.

And finally, our field agents across the country have visited almost 935 stores and interviewed 842 store managers in over 34 States. To date we have found that the majority of the store managers are well-informed of the DTV transition and the NTIA con-

verter box program. Our field agents follow up at these stores with information and tip sheets and conducting staff training sessions as they are needed.

With a little less than 9 months to go, the industry and Commission are actively reaching out to consumers to alert them of the coming transition and to inform them about the steps they will need to take. I commend the industry for the consumer education campaign that they have initiated. The CEA, NAB, and APTS have all reported significant increases in the percentage of consumers who are aware of the upcoming DTV transition from around 40 percent in 2006 and the beginning of 2007 to almost 80 percent by January of this year.

That more viewers are aware of the transition is a step in the right direction. Now we need to make sure we focus on making sure that they know what to do to prepare for that transition. A recent Consumers Union survey found that 64 percent of consumers were aware of the transition, but that 74 percent had major misconceptions about its impact on them. These surveys are useful in helping us identify how we need to focus our efforts and resources.

I will give you just a few statistics on the status of our education campaign, and more details are available in my written testimony. The Commission has conducted more than 1,000 DTV awareness sessions around the country, attended more than 200 conferences and events, had almost 100 partnership meetings, and made about 5,750 visits to various organizations around the country to disseminate DTV information.

Almost 4 million pages of our DTV publications have been distributed to individual consumers and to consumer agencies and organizations. We have distributed 7,700 posters nationwide, and by next month we will be displaying DTV education posters in all 34,000 post offices across the country. The poster we will have in the post offices is on display in front of me. We have the billboards that we are using across the country on display over here, and these are our tip sheets and fact sheets on display in front of me as well. We also secured commitments from 36 States to display DTV materials in 1,100 Department of Motor Vehicle locations.

The FCC outreach effort also recognizes that some consumers will be disproportionately impacted by the transition or are harder to reach than the general population. For instance, we have placed special emphasis on reaching seniors. Through the work of our field agents, we have distributed information to over 4,000 senior centers and almost 1,700 community centers. We have given nearly 900 presentations at these centers. We are working closely with AARP and other senior organizations, presented at their conferences and participated in interviews with their media.

We are also taking extra steps to reach non-English speakers and minorities who disproportionately rely on over-the-air television. Most, if not all, of our DTV publications are available in Spanish. We have conducted 15 DTV awareness sessions, attended more than 21 conferences or events, had numerous partnership meetings, and made about 72 visits to various organizations all specifically targeting the Hispanic population. We have partnered with Univision to educate the Spanish-speaking audiences, as Con-

gresswoman Harman was mentioning. There are 200 planned town hall meetings that will take place over the next few months, and the FCC will be partnering with Univision to attend those. The FCC is planning to participate in the upcoming conferences including the conference of the United Latin American Citizens, the United States Hispanic Chamber of Commerce Annual Expo, and the National Council of La Raza conference.

One step we have taken to target rural viewers has been to place DTV transition materials at State and county fairs throughout the country. We already have plans to disseminate the transition materials to 188 State and county fairs in 25 States.

Now, earlier this year my colleague, Commissioner Copps, suggested that the Commission engage in a real-world experiment, readying broadcasters and consumers in advance of the upcoming digital transition.

Last month I announced that Wilmington, North Carolina, would be the first market in the country to make the transition to digital television. The commercial broadcasters serving Wilmington have agreed to step up to this challenge. This test market will provide the FCC and TIA and other key stakeholders the opportunity to assess the effectiveness of our outreach and technical efforts. We will have ample time to modify these efforts based on the lessons learned in advance of the February national transition.

To prepare the Wilmington consumers, we have exhibited at over 100 events, we have partnered with 70 local organizations to distribute our materials, and over 32,000 publications have been distributed to consumers. We have created and distributed radio PSAs and displayed four billboards in high-traffic areas. And we created a dedicated Web site and tailored posters and FCC publications specifically to the Wilmington, North Carolina, market.

Since the FCC made its announcement, household coupon demand in Wilmington has increased by 78 percent, and that compares to a 22 percent increase for the country as a whole.

In conclusion, the Commission is devoting significant resources to facilitating a smooth transition. Nearly every bureau and office at the Commission has been involved in this effort, including our field offices throughout the country. We intend to take whatever actions are necessary to minimize the potential burden the DTV transition could impose on consumers and maximize their ability to benefit from it.

The next 3 months for the Wilmington, North Carolina, and 9 months for the rest of the country will undoubtedly be challenging. Nevertheless it is my hope that through the combined efforts of the government, industry and advocacy groups, the American consumers will ultimately reap the rewards that the digital transition has to offer.

Thank you, and I look forward to answering questions you may have.

Mr. MARKEY. Thank you, Mr. Chairman, very much.

[The prepared statement of Mr. Martin follows:]

Written Statement
Of

The Honorable Kevin J. Martin
Chairman
Federal Communications Commission

Before the
Committee on Energy and Commerce,
Subcommittee on Telecommunications and the Internet
U.S. House of Representatives

June 10, 2008

Good morning Chairman Dingell, Chairman Markey, Ranking Member Barton, Ranking Member Stearns, and Members of the Committee. Thank you for inviting me here today to update you on the status of the digital transition.

On February 17, 2009, all full power television stations in this country will stop broadcasting in analog, and broadcast exclusively in digital, as mandated by Congress in the Digital Television and Public Safety Act of 2005. A successful digital transition will depend upon minimizing the burdens placed on consumers and maximizing their ability to benefit from it.

The DTV transition will be a historic moment in the evolution of TV. Television viewers will be able to enjoy movie quality picture and sound and potentially new programming choices. It also will allow us to significantly improve public safety communications and usher in a new era of advanced wireless services such as the widespread deployment of wireless broadband.

With a little less than nine months to go until the digital television transition nationally the industry and the Commission are actively reaching out to consumers to alert them of the coming transition and inform them about the steps they will need to be prepared for the transition. I recently announced that on September 8, 2008, Wilmington, North Carolina will be the first market in the country to make the transition to digital television (DTV).

The first phase of the consumer education campaign is alerting consumers that the transition will occur on Feb. 17, 2009. Numerous reports indicate that consumer awareness of the upcoming transition has risen significantly. Last February, CEA reported that the percentage of consumers surveyed who were aware of the DTV transition jumped from 41% in August 2006 to 74% in January 2008. Similarly, NAB reported consumer awareness of the DTV transition more than doubled from 38% in Jan. 2007 to 79% in Jan. 2008, and that 83% of respondents in exclusively over-the-air households reported that they were aware of the transition. In addition, a survey published by the Consumers Union in January 2008 found that 64% of consumers were aware of the transition.

Similarly, the Association of Public Television Stations (APTS) issued the findings of a survey indicating that consumer awareness of the transition increased from 51% to 76% in just three months (from November 2007 to February 2008). In addition APTS finds that: "Roughly 62 percent of ... over-the-air consuming households who are aware of the transition indicated that they would buy a converter box or digital TV set between now and when the transition takes effect..." which is up dramatically since November 2006, when only "28 percent of over-the-air households said they would take those options."

That more and more viewers are aware of the transition is a step in the right direction. The next phase of the consumer education campaign emphasizes the actions that consumers need to take to be prepared. Specifically, the Consumers Union also found that 74% of consumers had "major misconceptions" about the impact of the transition on

them. In other words, too many Americans remain confused about what they need to do to prepare for it. And APTS found that "17.5 percent of over-the-air consumers who are aware of the transition 'don't know' what they will do and roughly 10 percent said they would 'do nothing.'" Taken together, these surveys are valuable research tools to better guide our education and outreach efforts over the next nine months.

This released data also demonstrates that facilitating a successful DTV transition is an enormous undertaking. And it is one which no single entity, public or private, can achieve alone. Rather it requires the commitment and cooperation of government, industry and consumer groups. We have made that commitment and are actively working with these important stakeholders.

Today's hearing is a welcome opportunity to discuss our work with all of our DTV partners both in terms of outreach and education and necessary regulatory steps to ensure all Americans can share the benefits of this historic digital transition.

UPDATE ON BROADCASTERS TRANSITION TO DIGITAL

Last August, the Commission adopted the final DTV table of allotments based on the channel elections made by the full power broadcast stations. This order provided virtually all (over 99%) of the television stations across the country with their final channel assignments for broadcasting in digital following the DTV transition. By finalizing broadcasters' channel allotments, the Commission helped ensure that broadcasters could begin making final preparations for their own conversion.

Nearly two-thirds of full power stations (1172) will remain on the same channel they are currently using for digital service. Most of these stations, over 989, have completed construction and are already providing full service to their viewers. The remainder, roughly 150, are working on completing construction of their full service facilities. One-third of full power stations, (roughly 640), are changing channels for their operation after the transition and are currently filing construction permit applications, ordering equipment, and scheduling tower crews.

In December of 2007, we also concluded the Third DTV Periodic Review. This Order adopted the procedures and rules to guide broadcasters through the end of the transition. Among other important decisions, this order adopted the interference standard for post-transition applications. The measures the Commission put in place to expedite the processing of post-transition construction permits have enabled us to moved forward by twelve weeks the beginning date for the filing of applications to expand service areas. Since the end of May, full power broadcasters have been able to file requests to maximize DTV facilities.

In the Third DTV Periodic Review, the Commission recognized that stations will need flexibility to complete the transition. Consequently we adopted procedures that will allow broadcasters to adjust their buildout according to their needs and the needs of their viewers. For example, we will consider requests from broadcasters that find it necessary

to reduce analog service before the transition date, but they will be required to inform their viewers well in advance of any reductions.

In addition to getting the proper rules in place, it is important that broadcasters' progress be carefully monitored. Accordingly, to enable the Commission to closely track broadcasters' progress toward completing their transition, we required each station to file a report on the status of the construction of its post transition facility. All stations have submitted the first such report, and nearly 1,000 indicated that they were completely finished with their DTV transition. Broadcasters are required to update the Commission with any changes to their status as events warrant. In the Third Periodic, the Commission committed to send Congress a full report on broadcasters' DTV build-out in August. Broadcasters that have not completed their transition must report again by October 20, 2008.

CARRIAGE OF DIGITAL SIGNALS

Much of the focus of our consumer education efforts has been on the approximately 15% of the homes who rely on over-the-air broadcast signals. These efforts have presumed that subscribers to cable and satellite will continue to be able to receive digital broadcast signals just as they do analog broadcast signals today. It is critical to note, however, that our rules needed to be modified to clarify that cable and satellite companies were required to carry digital broadcast signals to their customers just as they do the analog broadcast signals today. Our goal with both of these Orders was not to expand carriage but rather to ensure that the broadcasters' switch from analog to digital was not used as an excuse to stop carrying the broadcasters' signal in a format that could be viewed by all subscribers, including analog cable subscribers.

Last fall, the Commission adopted an order that guarantees that analog cable subscribers will not be left in the cold once broadcasters ceased broadcasting in analog. Specifically, the Commission took action to ensure that after the transition, cable operators will continue to make every broadcast station's signal viewable, as the statute requires. As a result, we significantly reduced the number of Americans potentially needing a converter box to watch broadcast stations post-transition. Making sure the almost 35 million households that subscribe to analog cable will be able to continue to watch broadcast television after the transition just as they did before allows us to focus our energies on assisting the nearly 15 million households that rely exclusively on over-the-air signals.

The Commission recently adopted an order that will enable satellite subscribers to receive digital broadcast signals, as well. The law requires that when a satellite operator chooses to carry any local broadcast signals, it must carry all full power local broadcast signals in that market. The item recently adopted clarifies that, in such a "local-into-local" market, where a full power television station is broadcasting only in digital, the satellite operator must carry that digital signal upon request. This clarification is critical to ensuring that satellite customers, like cable customers, will continue to receive the same broadcast stations they saw the day before the transition on the day after the transition.

ENFORCEMENT

The Commission's DTV-related enforcement efforts have focused on protecting consumers from unknowingly buying televisions that won't receive broadcast stations following the transition. Specifically, we are enforcing three rules: 1) the requirement to label any remaining televisions with analog-only tuners; 2) the prohibition on the importation and shipment of television receivers without integrated digital tuners; and 3) the requirement that the V-Chip functions with the digital technology. In addition, we have begun conducting informational interviews of store managers to assess the employee training and consumer education efforts of retailers participating in the NTIA converter box coupon program.

With respect to the Commission's labeling requirement, the Commission has, as of June 9, 2008, inspected 3992 retail stores and 37 websites and issued 361 citations notifying retailers of violations for failing to comply with our rules. Because retailers generally are not licensees, we must give them a citation prior to proposing a monetary penalty via Notice of Apparent Liability (NAL). On April 10, 2008, we released NALs against seven large retailers totaling nearly $4 million. On May 9, 2008, we released another two NALs, totaling $465,000. Five additional NALs totaling over $500,000 remain on circulation, as of June 9, 2008. In addition to these NALs, the Enforcement Bureau has issued another seven NALs worth an additional $96,000. It is my hope that through our vigorous enforcement actions, retailers will take concrete actions to avoid consumer confusion as the digital transition draws near.

In addition to our labeling investigations, we are continuing to ensure that no manufacturers are importing and shipping analog-only television receivers and equipment. We have issued NALs against three companies - Precor; Syntax Brillian Corp. and Regent USA, Inc. - for apparent violation of our rules in this area. Two of the companies have already paid $421,550 combined; the other will be referred to the Department of Justice for collection.

We also continue our efforts to ensure that the digital tuners comply with the V-Chip regulations. As you know, the Commission's rules require digital television manufacturers to include the V-Chip in their equipment and to ensure that their devices can adjust to changes in the content advisory system. We began investigating allegations that some manufacturers were not complying with our rules. We have released three NALs and seven consent decrees with manufacturers to resolve our investigations. The voluntary contributions from these orders totaled over $3.4 million and payment has already been made to the U.S. Treasury. In addition, the manufacturers agreeing to consent decrees have undertaken significant compliance measures to remedy their past violations and prevent future ones.

Finally, as part of our follow-up on the requirements of the recent *DTV Consumer Education Order*, field agents across the country have been interviewing store managers at retail establishments offering digital-to-analog converter boxes. As of June 9, 2008, Enforcement Bureau field agents have visited 935 stores and conducted 842 interviews in

34 states and the Commonwealth of Puerto Rico. Until the Office of Management and Budget (OMB) has approved this information collection under the Paperwork Reduction Act (PRA), the field agents will confine their interviews to nine retailers with among the largest number of stores participating in the NTIA converter box program. Once the information collection has received PRA approval, the Bureau will expand its interviews to include all participating retailers. To date, the Bureau has found that the majority of store managers are well-informed of the digital transition and the NTIA converter box program. Some managers, however, appear to need additional training in certain areas, e.g., the need of some customers for new antenna equipment, the fact that many low-power television stations will not convert to digital broadcasting on February 17, 2009. Where such training issues arise, our field agents are providing information tip sheets and conducting supplemental training sessions.

Swift enforcement of all our DTV-related rules is critical to protecting consumers and reducing potential confusion. Our activities in this area will continue to be a priority during the next 9 months.

CONSUMER EDUCATION AND OUTREACH

In order to educate consumers properly, all parties involved in the transition - - the FCC, NTIA, the broadcasters, the cable industry, satellite, manufacturers, retailers, consumer groups - -need to work together to educate consumers.

I commend the industry for the consumer education campaigns that they have initiated. Specifically, last fall the National Association of Broadcasters (NAB) launched a $700 million campaign that includes, among other things, television spots, 30 minute education programs about DTV and a 100-day countdown to the February 17, 2009 deadline. In addition, the National Cable and Telecommunications Association (NCTA) launched a $200 million campaign last fall that includes, among other things, sending customer communication "tool kits" to all their cable systems nationwide, and distributing brochures about the transition at community and public events.

In February, the Commission adopted an Order that requires commercial full power broadcasters to provide on-air information to their viewers about the DTV transition. Commercial broadcasters may choose one of two options for compliance, including one option that is based on a proposal from NAB for a safe harbor approach. and comply with our specific requirement or a safe-harbor plan proposed by the NAB. Although the sets of requirements are distinct, all require PSAs and the Commission found that they each entail a similar level of commitment and engagement on the part of broadcasters. For example, where the first option, initially proposed by the FCC calls for more frequent PSAs, the second option, based on the NAB plan, calls for longer ones. All plans require quarterly reporting of both mandatory and voluntary outreach and education efforts. This will allow the Commission not only to monitor compliance, but also to stay informed of the creative approaches being taken by disparate broadcasters all over the country, and continue to coordinate transition education efforts.

The item also requires MVPDs to provide monthly inserts about the DTV transition in their customer billing statements. In addition, we require the partners listed on the Commission's dtv.gov website such as NAB, NCTA, CEA and CERC, as well as the winners of the 700 MHZ auction, to provide the Commission with quarterly updates on their consumer education efforts. We will also work with the National Telecommunications and Information Agency (NTIA) to ensure that the retailers participating in the converter box program are appropriately training their employees and informing consumers.

The item also required phone companies participating in the Low Income Federal Universal Service Program to provide notice of the transition to their low income Lifeline or Link-up customers and potential customers, and manufacturers of some television-related devices to provide notice to consumers of the transition's impact on that equipment. Both of these requirements were modified by an Order on Reconsideration issued by the Commission in April. That Order gave phone companies greater flexibility in complying with our rules by allowing providers to give notice of the transition via monthly postcards in lieu of including transition information in customer bills. Also, the Order established May 30 as the start date of the manufacture notice requirement in order to provide time to reconfigure electronics packaging. The Order also included a Further Notice which asked whether MVPDs should have on-air education requirements, and whether phone companies should be required to provide notice to all of their customers, rather than limiting the requirements to low-income customers.

In addition to our DTV Consumer Education item, the Commission is actively and directly promoting consumer awareness of the upcoming transition through its own education and outreach efforts.

The FCC's consumer outreach effort recognizes that some consumers will be disproportionately impacted by the transition, or are harder to reach than the general population. As an example, in a February 20008 survey APTS finds that awareness varies by demographic groups. They found that 33.2% of African-American respondents to their survey said that they had "no idea that transition was taking place." Similarly, APTS found that 28.2% of respondents living in rural areas were unaware of the transition, and 18.6% of Hispanics said that they had no idea that the transition was taking place.

Thus, the Commission's outreach effort places an emphasis on consumers who receive their television signals "over-the-air" and on those who are hard to reach and may be unaware of the upcoming transition. The Commission has engaged in targeted measures to reach these groups, which include senior citizens; non-English speaking and minority communities; people with disabilities; low-income individuals; and people living in rural and tribal areas.

We have been forging partnerships, participating in media events, and attending conferences, to get the word out.

Thus far, over 3.9 million pages of our DTV publications have been distributed to individual consumers and to consumer agencies and organizations. In addition, we have also distributed over 7700 posters nationwide.

As a result of feedback we received through our workshops and attending conferences and events around the country, we recently created several new publications. We recently released a consumer advisory titled "The DTV Transition and Over-the-Air Viewers Along US Borders." In addition, we also created a basic guide (with diagrams & text) on how to set up a digital-to-analog converter box. We also recently created a consumer advisory to clarify that the "DTV Transition Does Not Require Cable Systems to Switch to Digital." These publications are all available in English & Spanish on our www.dtv.gov website.

In addition, based on consumer feedback, on Thursday, June 19, 2008, the FCC will hold a Digital Television (DTV) Consumer Education Workshop on converter boxes. The Workshop will address issues related to DTV converter boxes for analog television sets that receive signals over-the-air. Specifically, the Workshop will explain how to connect DTV converter boxes to analog television sets and will discuss the converter boxes' features, including closed captioning and parental controls. Several manufacturers and vendors will display their DTV converter boxes and be available to answer questions about them.

Also, next month DTV education posters will be displayed in all 34,000 post offices across the nation. The United States Postal Service estimates that an average of 9 million people pass through their post office lobbies each day.

We have also secured commitments from 36 states, the District of Columbia and Puerto Rico to display DTV materials in 1100 Department of Motor Vehicle locations. Specifically, we have secured commitments with Alaska, Arizona, Arkansas, California, Colorado, the District of Columbia, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Kentucky, Louisiana, Maine, Massachusetts, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, North Carolina, North Dakota, Ohio, Oklahoma, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Washington, West Virginia, Wisconsin and Wyoming.

The FCC also distributed DTV transition awareness information that is being provided to all federal government employees. We estimate that this message will reach over 2.5 million federal employees throughout the country. Since February, we have held Brown Bags for 34 agencies in the Washington DC metropolitan area. In the coming weeks, we will be holding brown bags for 11 more agencies in the area.

We have also identified and contacted 184 mayoral offices in areas of the country with high concentrations of over-the-air households, to help them educate consumers in their communities. These efforts have thus far resulted in 46 cities making specific commitments ranging from posting and distributing DTV information in public locations and at events and conferences, to including information in newsletters and other publications, and establishing links to our dtv.gov website, and other efforts unique to

their communities. For example, the Mayor's Office in Great Falls, Montana has been sent 21,000 DTV flyers from us to place in their utility bills this Fall. We also received a commitment from the Office of the Mayor of Fairbanks, AK to distribute DTV consumer education materials. Similarly, the Office of the Mayor of South Bend, IN will be including an article about the DTV Transition in the May issue of the city newsletter included in the waterworks bills. This will reach 46,000 customers. This particular Mayor's office also plans to follow up with DTV reminders and tips in later monthly newsletters.

In addition, the California Governor's Office is working with its Emergency Operations Centers and Emergency Management Offices statewide to disseminate DTV Transition information. Similarly, the North Carolina State Public Health Office has committed to distribute DTV consumer education materials. In addition, we have commitments from the Austin and Fort Worth Police and Fire Departments in Texas to display DTV Transition Awareness posters.

We also reached out to the country's major professional sports leagues and have received offers to help promote the transition. The National Football League (NFL), the National Basketball Association (NBA), the National Hockey League (NHL), Major League Baseball (MLB) and NASCAR all agreed to help raise awareness of the transition among their fans. For example, the NHL has agreed to run ten 30 second PSAs per day until the transition date on their cable channel the NHL Network.

In February, a contract was awarded to Ketchum to support a broad range of consumer education services, including media services, publications, and distribution, that will assist and complement the FCC's ongoing work on educating all American consumers about the digital television transition. Ketchum arranged a Satellite Media Tour in February on local television news around the country in states such as Hawaii, Missouri, Texas and Florida to spread the message about the transition. From those seventeen interviews, which were aired between February 22 and March 2, Ketchum reported more than one million audience impressions. Ketchum is planning similar interviews for the month of July, on both radio and television, along with magazine interviews that will be published throughout the transition to continue our consumer education efforts. Ketchum helped us unify our messaging and make our outreach, including our fact sheets and DTV.gov, more consumer-friendly and cohesive. Building on the DTV.gov brand, Ketchum has produced and rolled out highway billboards on outdoor advertising space in several markets, including Philadelphia, Tampa, and San Francisco. Contracts have been finalized in 26 markets and are in progress in 19 others. Ketchum has produced 18 different radio public service announcements, of varying lengths, featuring myself and my fellow Commissioners. They are currently available on DTV.gov as broadcast-quality downloads, and Ketchum will be distributing them to full-power radio stations nationwide. Ketchum will also be producing and distributing television PSAs and a longer-form educational video, all of which will be available both online and from the Commission.

As I mentioned, we also know that some consumers will be disproportionately impacted by the transition or are harder to reach than the population at large. Therefore we have been taking specific steps to reach these groups. I would like to take a few minutes to describe our efforts targeted at each of these five communities.

Senior Citizens:

The Nielsen Company estimates that of the 286million television viewers nationwide, and about 10%, are seniors aged 65 years and over. Of the almost 35 million viewers who rely exclusively on over-the-air broadcasting, 11.2% or almost 4 million are seniors aged 65 and over. Many seniors also face particular challenges gaining access to current, reliable information.

Senior citizens are more likely to have analog television sets and rely exclusively on over- the-air broadcasting.

Commission staff located in field offices throughout the country are also working on DTV transition education and outreach. Starting last year, FCC field agents have held DTV Awareness Sessions and distributed information to senior centers, libraries and other local venues frequented by older Americans. Through the work of our field agents, we have been able to reach these consumers in a total of 50 states – ranging from Alaska to Florida and two U.S. territories. We have already distributed information to over 4009 senior centers, and 1698 community centers, which frequently include large numbers of seniors, and given nearly 892 presentations with 167 more scheduled in the days ahead.

We have also partnered with organizations that specifically serve this harder to reach population. Last September, we presented two DTV education sessions at the national AARP convention in Boston, and we have plans to make similar presentations at this year's convention in Washington, DC. In addition, late last fall, I was interviewed about the transition on AARP radio which is broadcast on 170 outlets nationwide reaching more than 1,000,000 people. I was also interviewed for, and quoted in the early 2008 issue of AARP's widely circulated Magazine, which has a circulation of 23.5 million. AARP is also regularly including stories on the DTV Transition in their Monthly Bulletins. Further, AARP will be distributing DTV information at a series of eight "road show" events they will hold around the country from June to September of this year.

In addition to working with AARP, we have also been working with other senior organizations as well. For example, I taped a PSA for Retirement Living TV which reaches nearly 30 million homes nationwide. Also I participated in a story about the transition for the Erickson Tribune, which is distributed to residents in their retirement communities and is read by more than 6 million people. In addition, the Commission authored an article that was published in the October 2007 edition of Baltimore's *Senior Digest*.

We are also pleased to be partnering with The National Association of Area Agencies on Aging (N4A) to cosponsor DTV awareness sessions during the coming year in

conjunction with their 655 area offices throughout the nation. For example, we will be making a presentation in conjunction with the N4A to 100 seniors in Orangeburg, SC on June 24. We are also setting up additional presentations in conjunction with the N4A throughout the year. This is a useful opportunity to educate caregivers, social workers and others who care for the elderly in their communities. In addition, this July, we will be exhibiting and presenting at the N4A's Annual Conference in Nashville.

We are also working with the Corporation for National and Community Service: Through their Senior Corps, they have agreed to utilize their network of over 500,000 volunteers to get the word out on the digital transition through its 741 projects. They will educate consumers and offer assistance in hooking up digital to analog converter boxes.

In addition to working with these organizations, we have and continue to set up partnerships with many State Aging Offices. As a result of our efforts, 33 states, the District of Columbia, and Puerto Rico have made commitments to disseminate our DTV transition materials through their Aging Offices.

The FCC also held a DTV Workshop focusing on seniors at FCC Headquarters on November 8, 2007. It consisted of two panels discussing the transition's effect on seniors plus exhibits hosted by other government and industry organizations. Based on the discussions and the relationships formed at that Workshop, we reached out to faith-based organizations, provided them with consumer education materials on the transition, and continue to follow up with them to answer questions on the transition.
On May 28, 2008, Congresswoman Eleanor Holmes Norton, hosted a DTV Town Hall Meeting for seniors in DC at the FCC. Congresswoman Norton addressed the audience and WUSA, Channel 9, anchorwoman J.C. Hayward was the Mistress of Ceremonies. This session was held in conjunction with AARP, the DC Office of Aging, the NAB, and the National Caucus and Center for the Black Aged. Over 300 seniors attended this event which included presentations by NAB and NTIA. I am also pleased that all of the FCC Commissioners were able to speak to this enthusiastic group. The program included a converter box demonstration and the attendees received materials which included applications for converter box coupons.

In addition, on May 16, the FCC staff conducted a DTV Awareness session as a part of Congresswoman Laura Richardson's "Annual Senior Legislative Luncheon" for over 500 seniors from the Carson, Compton and Long Beach areas. FCC staff also distributed large font DTV one pagers, answered questions and conducted a converter box demonstration at the event. They also assisted the seniors in filling out converter box coupon applications.

Non-English Speakers and Minorities:

People living in minority communities are prominent among the groups being targeted in our DTV outreach activities. These communities disproportionately rely on over-the-air television reception. For broadcast-only households, about 16.5% are headed by persons

of Hispanic origin, 15% are headed by an African-American, and 5% are headed by someone of Asian descent, according to data from the Nielsen Company.

So far this year, the FCC has participated in a number of conferences and events reaching the Hispanic Community. In May, we participated in Cinco de Mayo festivals in Milwaukee, WI and Los Angeles, CA. In April FCC staff exhibited at the Hispanic Business and Consumer Expo in Orlando, FL and conducted several DTV transition awareness sessions in Puerto Rico. In addition, the staff was also interviewed by two major local newspapers, participated in a Telemundo television program, participated in a live radio broadcast, and a program on an educational televisions station.

As I mentioned previously, The Hispanic Chamber of Commerce has agreed to join the Commission in conducting DTV awareness sessions at member chambers in the 15 U.S cities with the largest number of Hispanic TV homes. On May 28, a member of the FCC field staff spoke to the Fresno area Hispanic Chamber of Commerce about the DTV transition. In addition, on July 11, FCC staff will address the Hispanic Chamber of Commerce of Kansas City at their "Buenos Dias Breakfast" event. In addition, the Hispanic chamber of Commerce of Wisconsin has been making our one-page flyers available for distribution in their office.

We have also partnered with Univision to hold DTV awareness sessions at Town Hall meetings designed to educate members of its Spanish speaking audience. FCC staff recently participated in a Univision Town Hall Meeting in San Francisco on May 17. The FCC will also participate in another Univision Town Hall in Brooklyn later this month. Also, on April 30, FCC staff participated in Univision's DTV Road Show in Atlanta, GA. Univision also distributed our DTV publications at their December 2007 DTV town hall meeting in Chicago. Univision also plans to distribute our materials at additional town hall meetings around the country throughout the year. Through these partnerships, we will reach cities that are home to over 80% of Hispanic communities.

In addition, the FCC had a booth at the Annual Calle Ocho Carnaval (8th Street Carnival) in Miami, FL in March 2008. FCC staff also exhibited at the annual meeting of the US Hispanic Leadership Institute in Chicago, IL in February 2008. Hundreds of Spanish language DTV publications were distributed.

Additionally, we have taped several on-air interviews regarding the digital transition for Univision's news and public affairs programs airing both in local markets and nationally. These interviews were done by Keyla Hernandez-Ulloa the Commission staffer hired to spearhead outreach to the Hispanic community and Carmen Scanlon, an attorney in our Consumer and Governmental Affairs Bureau. We have been discussing the switch to digital on other Hispanic media outlets as well. For example, I did an interview with the Hispanic Communications Network, which produces material for radio, television, print and Internet that will be distributed to its 230 member radio network in the United States and Puerto Rico.

We have also been working with other foreign language media outlets as well. In May 2008, we exhibited at the National Coalition for Asian Pacific American Community Development (CAPACD) Annual Conference in Anaheim, CA. Materials were provided in Hmong, Vietnamese, Japanese, Chinese, Cambodian and Laotian as well as English. We also provided a train-the-trainer session for 15 case workers at the Little Tokyo Service Center, in Los Angeles, CA. This is a nonprofit organization that serves elderly, fixed-income Japanese-Americans serving over 2,000 clients. Also, in May 2008, we partnered with the California Public Utilities Commission and KTSF, a major Asian TV station in San Francisco, to present an awareness session to over 100 Asian leaders in San Francisco, CA. KTSF also handed out 5,000 English/Chinese fact sheets during the 2008 Chinese New Year celebrations. Previously, in March 2008, we participated in the Hmong National Development Annual Conference in Denver, Colorado.

The FCC held a DTV Workshop focusing on non-English speakers and minorities on December 4, 2007. As a result of that Workshop, we will be working with the American Libraries Association to conduct a nationally available Internet seminar or "webinar" about the DTV transition today for librarians in the Webjunction Spanish Outreach Program. These librarians provide library services to Spanish speakers. Also, as a result of input received at the workshop, we translated our DTV one-page flyer into additional languages. The one-page flyer ins now available in the following languages: Amharic, Arabic, Cambodian, Chinese, French, Hmong, Japanese, Korean, Laotian, Navajo, Portuguese, Russian, Tagalog and Vietnamese.

In addition, we plan to participate in a number of national conventions representing non-English speaking and minority consumers in 2008. They include the 78th Annual Conference for League of United Latin American Citizens, U.S. Hispanic Chamber of Commerce Annual Expo, the National Council of La Raza Conference, the NAACP Convention, the National Urban League Conference, the Japanese-American Citizen's League Conference, the Indiana Black Expo, the Black Expo in Oakland, California, the Organization of Chinese Americans National Conference, and the National Congress of Vietnamese Americans National Convention.

People with Disabilities:

The Commission is continuing a multi-faceted approach in informing people with disabilities about the DTV transition. On February 28, 2008, we hosted a DTV Workshop dedicated to issues facing people with disabilities. The program featured panelists from numerous organizations whose missions are to work directly with, and advocate on behalf of, individuals with hearing, vision, speech, physical, and intellectual disabilities. It elicited several concrete suggestions that we have implemented.

For instance, in response to the panelists' suggestion that we develop "how to" information related to the transition, we have drafted a step-by-step guide on how to install a digital-to-analog converter box, and posted it on the Commission's DTV Web site, www.DTV.gov. Similarly, in response to general questions at the Workshop concerning the availability of video description (descriptions for people who are blind or

have other vision disabilities about the setting and/or action in a program when information about these visual elements is not contained in the audio portion of the program), we have also recently posted a consumer advisory entitled "Video Descriptions and the Digital Television Transition", specifically addressing that issue.

Another suggestion from panelists was that we utilize national service organizations to inform consumers about the transition. Indeed, we have initiated a partnership with the Corporation for National and Community Service, and with the United States Department of Agriculture's 4-H office. Finally, we will build upon our workshop by speaking directly to organizations that work with and on behalf of people with disabilities, at their meetings and conferences.

I am also pleased to report that www.DTV.gov now features a DTV educational video in American Sign Language for the deaf and hard of hearing community. Our most commonly utilized publications are available in Braille and audio format and all of our fact sheets and advisories are available in large print. In addition, we have two specific publications addressing DTV and closed captioning, "Closed Captioning for Digital Television," and Closed Captioning and Digital-to-Analog Converter Boxes for Viewing Free Over-the-Air Programming on Analog Televisions." The Commission also has a dedicated email box for closed captioning questions at closedcaptioning@fcc.gov.

Commission staff continues to attend conferences to distribute DTV educational materials to people with disabilities. For example, the FCC has attended and provided DTV materials at the National Black Deaf Advocates Conference, the Vocational and Educational Services for Individuals with Disabilities Conference and the Emergency Planning and Response for Special Needs and Disabilities Conference.
In addition, in May an FCC staffer presented at the California Public Utilities Commission's Deaf and Disabled Telecommunications Program Joint Committees Meeting.

In 2008, FCC staff will continue to participate in a number of disability conferences and events around the country. This week, we will be presenting at the Hearing Loss Association of America ("HLAA") convention. Also this year, we will be participating in the following conferences, the American Council for the Blind's Annual Convention, the National Association of the Deaf's Annual Convention, the World Congress On Disabilities, the Summer Quarterly Meeting of the National Council on Disabilities, and Deaf Awareness Month events with the New York State Department of Education.

In all, we are collaborating broadly with disability advocacy groups and outreach organizations. For instance, the Hearing Loss Association of America ("HLAA") is already linking to our DTV informational materials on its website, which receives approximately one million hits per month. In addition, HLAA has committed to publish later this spring an article on DTV and closed captioning in *Hearing Loss Magazine,* which is estimated to reach a readership of 200,000 people. Likewise, later this spring the article will be published in the "Blue Book" Resource Guide of Telecommunications for the Deaf, Inc. ("TDI"), with a readership of up to an estimated 100,000 people, and

eventually posted online at TDI's website, which receives approximately 88,000 hits per month.

Furthermore, HLAA has 200 local and regional chapters around the country, and we will conduct DTV Awareness Sessions at their monthly meetings throughout the course of the year. Since March 11, with the assistance of our Enforcement Bureau's Field Agents, FCC staff has made presentations at 11 HLAA meetings around the country. We have seven more meetings scheduled as a result of this partnership through the fall. We also are utilizing our Enforcement Bureau's Field Office staff and CGB staff to distribute DTV informational and educational materials at HLAA's "Walk4Hearing" events across the country taking place this spring through the fall. Thus far, the FCC has distributed DTV informational and educational materials at HLAA's "Walk4Hearing" events at Safety Harbor (Tampa), FL (April 12), Atlanta, GA (April 19), Greater St. Louis, MO (April 26), Longmont, CO (May 3), Westchester/Mid-Hudson, NY (May 3), SE Michigan (May 3), and Rochester, NY (May 4), Columbus Ohio (June 7). EB Field Office and CGB staff will continue to distribute such materials at "Walk4Hearing" events across the country taking place later this Summer through the Fall.

Low Income Consumers:

Low-income households generally rely more on over-the-air television signals due to the high costs of paid subscription services. Television households earning less than $20,000 are more than twice as likely to rely exclusively on broadcast television as an average U.S. household. Also, low-income households are likely to have low literacy rates and otherwise may have limited access to information resources such as the Internet. The critical components of our outreach to low-income consumers include our collaborative efforts with the leadership of consumer organizations and federal, state and local agencies representing consumers with low incomes, and our participation in events and conferences through which we distribute educational materials directly to consumers.

The Commission is also taking specific steps to inform low-income consumers about the transition to all digital broadcasting. We have forged a partnership with the Department of Health and Human Services to assist the FCC in disseminating DTV material to target populations, including low-income consumers. HRSA (Health Resources and Services Administration) has forwarded FCC DTV information to approximately 4,000 grantee organizations, and the message also went out to groups like the state Primary Care Offices and Primary Care Associations and the National Association for Community Health Centers - organizations which represent many more non-Federally funded health centers and clinics nationwide. HRSA asked these organizations to post and distribute our DTV flyer in their clinics and to distribute information to patients. ACF (Administration for Children and Families) is distributing information through their 1,600 Head Start grantees, covering more than 18,000 centers around the country. The Substance Abuse and Mental Health Services Administration (SAMHSA) is distributing DTV flyers to approximately 50,000 individuals each month who call requesting information. Other HHS agencies are also distributing our flyers, displaying our posters and linking to our dtv.gov Web page.

We have contacted social worker associations in each of the 50 states, plus the District of Columbia and Puerto Rico, and thus far have received commitments from 22 of them to assist us in getting the word out about the DTV transition. These include publishing DTV information in their monthly newsletters, and distributing DTV materials at events and conferences, so that visitors to their web pages can obtain more detailed information about the DTV transition and the steps they may need to take to prepare for it.

We have also reached out to representatives of the state health departments in each of the 50 states and U.S. territories, and thus far have received commitments from 33 of them to assist in distributing DTV awareness materials to the consumers they interact with on a regular basis. These include, for example, posting DTV materials in their service and waiting areas, distributing our fact sheets and other publications at events attended by consumers, and inserting DTV information in mailings to consumers, so that visitors to their web pages can obtain more detailed information about the DTV transition and the steps they may need to take to prepare for it.

As a result of this outreach, we recently exhibited at the Puerto Rico (March 2008), Maryland (March 2008), West Virginia (April 2008), and New Jersey (May 2008) state/territory chapter meetings of the National Social Worker Association.
In late February, we posted a simplified DTV one-page flyer on our Web site, and have offered it for distribution to all our partners. This was developed in response to requests for a more streamlined, non technical, and easy to read DTV informational flyer.

In addition, on April 1, 2008, the FCC sponsored a DTV Consumer Education Workshop focusing on reaching low-income consumers. As a result of our panel discussions, we received several positive suggestions and offers of assistance from our panelists on how best to reach members of their constituencies with information on the DTV transition. We will be providing the organizations represented with DTV informational materials such as our posters, flyers, and fact sheets that can be displayed at their events and facilities throughout the country. The National Energy Assistance Directors Association offered to provide DTV information to low income consumers who sign up for their program. We also received a suggestion to submit translated DTV articles to local foreign language publications in cities that have high concentrations of foreign language speakers. Often, these publications are the primary source of news and public interest information for these consumers. In addition, as noted earlier, all eligible telecommunications carriers ("ETCs") that receive federal universal service funds are now required to provide DTV transition information in the monthly bills of their Lifeline/Link-Up customers.

Rural and Tribal Consumers:

Within rural counties, 15% of television households rely exclusively on over-the-air reception. According to a survey commissioned by APTS in February, rural households are also less likely to be aware of the digital transition. Of survey respondents living in

rural areas, 28.2% stated that they had no idea that the transition to digital television would take place, vs. 18.2% of respondents living within urban areas. We have focused our efforts on collaborative efforts with the leadership of consumer organizations and tribal and government agencies serving people in rural areas, and participation in events and conferences.

The Commission is also taking specific steps to inform people living in rural areas and on tribal lands about the transition to all digital broadcasting. For example, the Commission recently established a partnership with the United States Department of Agriculture's 4-H office. On April 1, 2008, the FCC, with NTIA and USDA, participated in the annual 4-H Youth leadership conference and presented two "Train the Trainer" seminars to approximately 100 youth members of 4-H chapters from the various states. FCC staff provided information which these youth representatives and their colleagues back home can use to conduct awareness sessions in their communities. In addition, each participating representative will receive a "DTV Outreach Tool Kit" containing more extensive materials for conducting their outreach sessions. We understand that the DTV outreach that will be performed by these young community leaders will assist them in meeting the community service requirements of their 4-H membership. 4-H youth throughout the country have been particularly responsive to our offers to work with them to educate consumers in their local communities. We have currently received requests from 4-H representatives in 25 states for over 1.4 million copies of our one page flyer to distribute in their local communities. These include 58,000 Spanish language copies and 143,000 large print copies. In addition, they have requested 1,000 copies of our DTV transition posters to display.

Another important component of our partnership with USDA is the placement of DTV transition educational materials at state and county fairs throughout the country via sponsoring 4-H chapters and local extension service professionals. Our DTV transition materials will be disseminated to 188 state and county fairs in 25 states.

Also, FCC officials presented DTV information at a series of events in Anchorage, Alaska in May 2008. The FCC addressed the Alaska Telephone Association Convention in Anchorage. In addition, the outreach events included a Congressional Awareness Session attended by Senator Ted Stevens. Examples of other events include presentations to the Alaska Chapter of the Hearing Loss Association of America, the Anchorage Rotary Club, and the Mananushka Amateur Radio Association. As a result of our outreach in Alaska, we are working to translate our one-page flyer into the Alaskan Native language of Yupik by the end of the month.

While in Alaska, FCC officials also conducted broadcast interviews with station KTUU, KIMO and KTVA in Anchorage. In addition, the FCC conducted an interview with the *Anchorage Daily News*.

We also have forged a partnership with the Bureau of Indian Affairs. This collaboration has resulted in the distribution of DTV materials throughout Indian Country, utilizing all 50 of their nationwide area offices. Commission staff has attended and provided DTV

materials at the National Conference of American Indians, and the Rural TeleCon Conference, with many additional events planned for this year such as participation in the National Association of Development Organizations in Alaska Conference and the Affiliated Tribes of Northwest Indians Annual Conference.

So far this year, we have presented at a number of tribal conferences. In May 2008, we exhibited and presented at the National American Indian Housing Conference in Seattle, WA. In March, we distributed DTV materials at NCAI's Executive Council Meeting, in Washington, DC. In addition, in February we presented at United South and Eastern Tribes (USET) Annual Impact Week, in Arlington, VA . In November 2007, FCC staff presented DTV sessions at the National Conference of American Indians (NCAI) in Denver, CO. In support of our partnership, NCAI passed a resolution recognizing the importance of the DTV transition and the impact on consumers, and committing their organization to working with us on DTV consumer education. The FCC will also be sponsoring an Indian Telecommunications Initiative (ITI) in Salt Lake City, UT in July 2008. The event will include DTV outreach to numerous tribal communities.

In addition, The FCC partnered with the Appalachian Regional Commission (ARC) and the National Association of Development Organizations (NADO) to have an exhibit booth at a joint ARC/NADO legislative event in Washington in February 2008, and to work on other outreach opportunities with both organizations. The FCC also exhibited in May at the Iowa Medicare Rural Hospital Flex Program Conference in Des Moines, Iowa.

Finally, on January 31, 2008, we held a workshop at Commission headquarters focused on reaching rural consumers and consumers living on tribal lands. We received many useful suggestions at this workshop on how to better reach these communities. For instance, our DTV one page informational flyer is now available in Navajo, one of the most-spoken Native American languages in the United States.

THE EARLY TRANSITION IN WILMINGTON, NORTH CAROLINA

On March 3, 2008, my colleague, Commissioner Michael Copps, suggested that the Commission engage in real-world experience readying broadcasters and consumers in advance of the upcoming digital transition.

On May 8, 2008, I announced that Wilmington, North Carolina will be the first market in the country to make the transition to digital television (DTV). I commend the Wilmington broadcasters for their pioneer spirit to go first to help the entire country prepare for the final transition to digital.

The commercial broadcasters serving the Wilmington television market have agreed to step up to the challenges of premiering the nation's DTV transition. They will all turn off their analog signals at noon on September 8, 2008. Beginning at 12:00pm on September 8, 2008, these local stations, WWAY (ABC), WSFX-TV (FOX), WECT (NBC),WILM-

LP (CBS) and W51CW (Trinity Broadcasting), will broadcast only digital signals to their viewers in the five North Carolina counties that comprise this television market.

This test market will be an early transition that will give broadcasters and consumers a chance to experience in advance the upcoming DTV transition. The early transition in this area will provide the FCC, NTIA, and other key stakeholders an opportunity to assess the effectiveness of their outreach and education efforts, and provide ample time to modify these efforts based on lessons learned, to help prepare the rest of the nation for the DTV transition.

The Commission is coordinating with local officials and community groups to accelerate and broaden consumer education outreach efforts. The outreach will focus on the special transition date for Wilmington and the steps viewers may need to take to be ready by September.

The Commission will use the test market as an opportunity to work very closely in advance with broadcasters, viewers, cable companies and others who will be affected to anticipate and address any problems. The Commission is also coordinating with NTIA and local retailers to be sure that digital-to-analog converter boxes are readily available in local stores for consumers who rely on over-the-air service and have analog televisions.

The Wilmington PBS station, WUNJ, will continue broadcasting in both analog and digital. One other low power station that has its digital channel assignment will continue broadcasting an analog signal.

I'd like to take a few moments to summarize our efforts and results to date:

We are working closely with three key industry stakeholders in Wilmington, the broadcasters to ensure that they are technically ready to transition early, the cable and satellite providers, and the electronics retailers who are certified to sell digital-to-analog converter boxes.

A Wilmington team, comprised of FCC staffers, is on the ground and has already met with, presented to, or exhibited at over 100 events. Their initial outreach focus was to contact, educate, and engage local government officials in all 5 of the impacted counties. On May 27, we culminated the initial outreach phase with a government officials "Town Hall" that was hosted by the University of North Carolina, Wilmington. At this session we also invited and had in attendance our key industry stakeholders so that we could ensure regional coordination on our outreach efforts.

To date, partnerships have been formed with 70 organizations. These organizations have agreed to distribute our materials through their contact channels and we have trained staff at organizations to recognize the need of their clients with respect to the DTV transition and help their clients successfully complete the transition. These partnerships are key in reaching our "at risk" consumers.

To date, over 32,000 publications have been distributed. This total includes the disbursement of our Wilmington specific one-pagers in English and Spanish, NTIA coupon applications, and posters which will be displayed in hundreds of locations throughout the DMA.

Ketchum, our outside PR consultant created radio PSAs, and outside billboard advertising, specific to the Wilmington market, highlighting the early transition. Specifically, four billboards will go up this month in the following high traffic areas: by the USS Carolina Memorial, on I-40 on the Pender/New Hanover County border, on the east side of Highway 421 in the Carolina Beach area, and on Highway 421 near the I-140 interchange. In addition, Ketchum created six radio PSA's produced and distributed to all full power radio stations in the DMA.

To date, twenty local newspaper articles and television stories have ran on the transition in the Wilmington DMA. Initial coverage focused on Wilmington as the test market. Coverage is now moving to stories on outreach activities. Media outlets and county newsletter editors are requesting regular press releases highlighting outreach efforts in their specific locales.

USPS has agreed to showcase Wilmington specific DTV transition posters in all post offices throughout the DMA. They will be in place from early July through October 31.

We have created a dedicated website, have tailored posters and FCC publications for the Wilmington, NC market that we have and will continue to distribute to local county officials and city government officials, library systems, schools, faith-based organizations, hospitals, sports leagues, senior centers, and other local grass roots and community-based organizations.

I would also note that since the FCC made its announcement of the Wilmington test market on May 8, household coupon demand has increased by 78 percent in the DMA. This compares to 22 percent for the country as a whole.

CONCLUSION

The Commission is devoting significant resources to facilitate a smooth transition. Nearly every Bureau and Office at the Commission has been involved in this effort including our field offices throughout the country.

We intend to take whatever actions are necessary to minimize the potential burden the digital transition could impose on consumers and maximize their ability to benefit from it. The next 3 months for Wilmington, North Carolina and 9 months for the rest of the country will undoubtedly be challenging. Nevertheless, it is my hope that through the combined efforts of government, industry and advocacy groups American consumers will reap the rewards that the digital transition has to offer.

Summary of Written Statement of
The Honorable Kevin J. Martin
Chairman
Federal Communications Commission
June 10, 2008

On February 17, 2009, all full power television stations in this country will stop broadcasting in analog, and broadcast exclusively in digital, as mandated by Congress in the Digital Television and Public Safety Act of 2005. A successful digital transition will depend upon minimizing the burdens placed on consumers and maximizing their ability to benefit from it.

The DTV transition will be a historic moment in the evolution of TV. Television viewers will be able to enjoy movie quality picture and sound and potentially new programming choices. It also will allow us to significantly improve public safety communications and usher in a new era of advanced wireless services such as the widespread deployment of wireless broadband.

With a little less than nine months to go until the digital television transition nationally the industry and the Commission are actively reaching out to consumers to alert them of the coming transition and inform them about the steps they will need to be prepared for the transition.

On March 3, 2008, my colleague, Commissioner Michael Copps, suggested that the Commission engage in real-world experience readying broadcasters and consumers in advance of the upcoming digital transition.

On May 8, 2008, I announced that Wilmington, North Carolina will be the first market in the country to make the transition to digital television (DTV). I commend the Wilmington broadcasters for their pioneer spirit to go first to help the entire country prepare for the final transition to digital.

The commercial broadcasters serving the Wilmington television market have agreed to step up to the challenges of premiering the nation's DTV transition. They will all turn off their analog signals at noon on September 8, 2008 and will broadcast only digital signals to their viewers in the five North Carolina counties that comprise this television market.

This test market will be an early transition that will give broadcasters and consumers a chance to experience in advance the upcoming DTV transition. The early transition in this area will provide the FCC, NTIA, and other key stakeholders an opportunity to assess the effectiveness of their outreach and education efforts, and provide ample time to modify these efforts based on lessons learned, to help prepare the rest of the nation for the DTV transition.

Mr. MARKEY. Now we will hear from Bernadette McGuire-Rivera, who is the Associate Administrator of the National Telecommunications Administration, and she is here to speak about the redemption rates of the DTV converter box program. Welcome.

STATEMENT OF BERNADETTE MCGUIRE-RIVERA, PH.D., ASSOCIATE ADMINISTRATOR, OFFICE OF TELECOMMUNICATIONS AND INFORMATION APPLICATIONS, NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE

Ms. MCGUIRE-RIVERA. Thank you, Chairman Markey, Ranking Member Stearns. I appreciate the opportunity to testify today about the progress of the TV converter box coupon program.

When Acting Assistant Secretary Baker appeared before the subcommittee in February, we were off to a very strong start now, and its 6-month interest in the coupon program remains very high.

As many of you have noted, we have received 8½ million requests for 16 million coupons. Requests are now averaging approximately 104,000 a day. Half of the requesting households say they rely exclusively on over-the-air television. An initial backlog due to high demand has been eliminated, and now all coupons are processed timely and are mailed within 10 to 15 days after we receive the request.

NTIA recognizes the Committee and everyone interested in the coupon program was interested in the redemption rates. That really was our big news for this week. The first 800,000 coupons expired, and of those, 42 percent have been used. I want to caution everyone, though, that this is a very small sample. The first 800 really came in in the first few days, many in the wee hours of New Year's Day. And I have a funny feeling almost everyone in this room was in that first day's order. So these consumers may be a little different. We will be updating this data.

We have estimated that by July 1st, 3-1/2 million coupons will have completed the full cycle. By that time we should have a robust estimate of what redemption will actually be, but we will keep the committee up to date on redemption data as we get it, as we begin to analyze it.

Now, all the progress we have made to date is tied directly to the voluntary participation of NTIA partners in private industry, in the nonprofit sector and in government. Thanks to the consumer electronic manufacturers, certified converter boxes are widely available. NTIA has certified 87 models; 21 have analog pass-through capability. The retailers on the next panel will talk to you about we are getting those into the stores.

As of today 3 million boxes have been purchased using a coupon, and as you noted, people seem to be very happy with the performance of the boxes. Thanks to our 1,800 participating electronics retailers, we have 19,000 stores where boxes are available. This includes seven of the largest consumer electronics chains, hundreds of regional retailers and smaller local stores.

The program has retailers in all 50 States and every DMA as well as Guam, Puerto Rico, and the U.S. Virgin Islands. Consumers can also order from 19 online retailers or call 7 telephone retailers. Manufacturing organizations such as CEA and CERC continue to

be very helpful in providing information to consumers about how to use the boxes and helping the program.

Consumer education is our number one priority both for NTIA and the Commerce Department. Secretary Gutierrez and Acting Secretary Baker regularly make public appearances, give press interviews, and work closely with staff in planning and execution of the program.

In this next phase of our program, we want to move from just awareness to awareness and action. Our message, which should be at the end of this week on the front of the Commerce Department, is "Experience the Benefits." We right now want people to not only know about the coupon program and order the coupon, but go out and buy the box, because right now the majority of people can experience a much better television picture with the box. But also, our motivation behind that is we do not want a rush at the end of the year. It is important that people now start to buy the boxes, get them in place so we do not have people coming in waiting until February 1st to get their boxes.

The level of consumer participation, I think, is very strong evidence in the coupon orders that the program is working. We now have 272 nonprofit partners that are very helpful in spreading the word about the coupon program. We specifically look for partners that have close ties to the vulnerable populations; for example, AARP, the Leadership Conference on Civil Rights, The American Council of the Blind, Goodwill Industry, the National Council of La Raza, the National Congress of American Indians, and the National Grange.

Now, seniors, of course, are a very important audience. We are conducting the rulemaking to make residents of nursing homes and other senior facilities available, make them eligible for coupons. That comment period closed last night, and you have our commitment that we will work as quickly as possible to complete this rulemaking.

We are also keenly aware of the need to reach out to communities where the primary language may not be English. All of our materials are available in both English and Spanish, and we have 150 different languages that are available for people to order coupons with at the call center. About 40 percent of all the calls going into the call center right now are in Spanish. We are working very closely with Univision, Telemundo. We will be going to La Raza and doing a special event with Univision. I reinforce that these groups have done a terrific job. And everytime Univision does anything, we know to have that call center doubled up, because they really generate the calls.

We also participated in the beginning of the month with the congressional tricaucus meeting that was put together by Representative Solis, which focused on the needs of Black, Latino, and Asian-Pacific Americans.

NAB, NCTA and the media industries really have been outstanding partners. Every day television stations and cable channels across the country carry public service announcements about the coupon program. We believe they have a lot to do with our 104,000 calls a day.

NTIA has been working with other Federal agencies to educate other vulnerable populations. For example, the Veterans Administration, the USDA food stamp program, and HHS's Office of Community Service are all including information about the coupon program in publications and mailings to their constituencies. We also are working with the post office to place coupon applications in all the post offices.

Of course, one of our most important government partners is the FCC, and we will be collaborating very closely with the Commissioner.

Mr. MARKEY. If you could summarize.

Ms. MCGUIRE-RIVERA. We will be in Wilmington. We have adopted all our materials for Wilmington. In fact, we will be going down there tonight to do some special work on the seniors and nursing homes.

In closing, I want to remind you if you want to learn more about it, the box and the materials are in the Rayburn cafeteria. Thank you very much.

Mr. MARKEY. Thank you so much.

[The prepared statement of Ms. McGuire-Rivera follows:]

Testimony of Dr. Bernadette McGuire-Rivera
Associate Administrator
National Telecommunications and Information Administration
U.S. Department of Commerce

Before the

Subcommittee on Telecommunications and the Internet
Committee on Energy and Commerce
U. S. House of Representatives

Hearing on
"Status of the DTV Transition: 252 Days and Counting"

June 10, 2008

Chairman Markey, Ranking Member Stearns and Members of the Subcommittee, thank you for the opportunity to appear before you today to update you on the progress of the TV Converter Box Coupon Program (Coupon Program) administered by the National Telecommunications and Information Administration (NTIA). My name is Bernadette McGuire-Rivera and I am Associate Administrator of NTIA and head of the Office of Telecommunications and Information Applications. Our Office is responsible for administering the Coupon Program as well as the other NTIA financial assistance programs established by the Deficit Reduction Act, including the Conversion and Upgrade Programs for Low Power Television and Translator Stations, the Public Safety Interoperable Communications Grant Program, the NYC 9/11 Digital Transition Program, and the National Alert and Tsunami Warning Program. The Office also administers the Public Telecommunications Facilities Program. I have been a career staff member at NTIA since 1995 and am responsible for day-to-day operation of the program and supervision of the talented and dedicated NTIA staff team running the Coupon Program. In this statement, I will provide a snapshot of current coupon activity, an overview of NTIA's consumer outreach activities, and a brief discussion of several challenges being addressed.

Coupon Program Statistics and Operations

Coupon Program operations include coupon distribution, converter box certification, retailer certification, coupon redemption and payment, and consumer education. Each area of operations has made significant progress as we reach the 6th month of operation in this 15 month program. As Members of the Subcommittee are well aware, the Coupon Program began accepting requests for coupons on January 1, 2008. Since that date, consumers in every state and territory of the United States have been ordering coupons via a toll-free number (1-888-DTV-2009), online at www.DTV2009.gov, by mail and by fax. The level of consumer participation in the Coupon Program remains high. As of June 3, 2008, NTIA has received requests from 8,511,871 households for 16,038,539 coupons, representing 70 percent of the initial base

funding of $890 million. Coupon requests continue to average approximately 104,000 per day. Nearly half of the requesting households (49.7 percent) identify themselves as reliant exclusively on over-the-air (OTA) broadcasts to receive their television programming.

NTIA is very pleased that our contractor, IBM, has eliminated the backlog of coupon requests that originated with the significant spike of orders in the first few days of the Coupon Program. As of June 3rd, of the 16 million coupons requested, more than 14.6 million have been mailed to consumers. A coupon ordered today can be expected to be issued and mailed within 10 to 15 business days. NTIA continues to work closely with IBM to ensure that coupons are processed in a timely fashion.

As evidenced by the numbers of coupons requested to date, the Program has proven to be popular with consumers. As distributed but unredeemed coupons expire, funds otherwise obligated to those coupons will be returned to the Coupon Program. The Program currently has limited administrative funds to distribute additional numbers of coupons that might be issued from the returned funds. The Program is carefully watching its administrative funding limits so that it can distribute as many coupons as possible.

Consumers calling the phone line can speak with a live operator in English or in Spanish. The phone line can accommodate requests in 150 languages. A special assistance line for the hearing-impaired also is available – in English and Spanish – and coupon application forms are available in Braille for the visually impaired. Approximately 57.5 percent of the requests have been received through our Web site, 40.1 percent by telephone, and 2.4 percent by mail and fax. Approximately 88.4 percent of the household requests seek the maximum number of two coupons, each of which is worth $40.

As of June 3rd, consumers have redeemed more than 2.7 million coupons toward the purchase of a coupon-eligible converter box (CECB). Coupon redemption rates will be an important factor in calculating Coupon Program spending. The first coupons were mailed on February 21, 2008, so data is available for three weeks relating to coupons that have completed the 90-day "life cycle" – i.e., the coupon has either been redeemed or has expired. As of June 3rd, 839,966 coupons have reached the end of their 90-day life cycle. Of these, 350,419, or 41.7 percent, have been redeemed. While this early-stage redemption rate is consistent with our initial estimate that about 50 percent of the coupons ordered will be redeemed, NTIA recognizes that consumers ordering coupons in the first few days of the Coupon Program may not be representative of consumers in later program stages. NTIA expects that by July 1, 2008, we will have redemption data on approximately 3.5 million coupons that will have completed their 90-day life cycle. This should provide a more robust estimate of redemption rates.

NTIA is very pleased with the high level of participation in the Coupon Program by converter box manufacturers. As of today, NTIA has certified 87 converter boxes, each designed for the exclusive statutory purpose of enabling a consumer to view digital broadcast signals on an analog television.

NTIA is continuing to certify boxes and is expediting review of those that have the capability to pass-through the analog signals that will continue to be transmitted by many low-power and television translator stations after February 17, 2009. As of June 3, 2008, NTIA has certified 21 boxes with this "analog pass-through" capability. Manufacturers who have certified analog pass-through boxes include RCA, Craig, Philco, Magnavox, Memorex, Zenith, and others.

The response from America's retailers has likewise been outstanding. As of June 3, 2008, there are 1819 participating retailers in the Program, including seven of the largest consumer electronics retailers—Best Buy, Circuit City, Kmart, Radio Shack, Sears, Target and Wal-Mart—as well as hundreds of regional chains and smaller retailers. These retailers represent 19,440 participating outlets nationwide, including locations in all 50 states, Guam, Puerto Rico and the U.S. Virgin Islands. Additionally, consumers can choose from among 19 online retailers and 7 phone retailers. In short, consumers – even those in areas where the closest consumer electronics retailer is fifty or one hundred miles away – have ready access to coupon-eligible converter boxes. A list of all participating retail outlets, searchable by state and 5-digit zip code, can be found on www.DTV2009.gov under "Locate a Retailer Near You."

At the request of many of these retailers, NTIA is making coupon request data available on a per state basis, as well as based on 3- and 5-digit zip code. NTIA and IBM have made employee training materials available to all participating retailers so that they will be ready to answer consumers' questions about certified boxes and the use of the coupon for payment. Participating stores have completed certification in the Coupon Program have certified that their employees are trained, they have converter box inventory in their stores, and their systems are prepared to redeem coupons.

Wilmington, North Carolina Test Pilot Program

NTIA is participating actively with the Federal Communications Commission (FCC) in the September 8, 2008, "test pilot" switch to digital in the Designated Market Area (DMA) of Wilmington, North Carolina. NTIA has taken steps to monitor Coupon Program participation in the Wilmington area and create materials appropriate for the test market. NTIA participated in the May 27, 2008, FCC Town Hall Meeting to discuss the test pilot with local leaders and citizens. In addition, special NTIA brochures and applications have been created showing September 8, 2008, as the transition date, and NTIA's www.DTV2009.gov has a page devoted to the Wilmington test, including frequently asked questions and collateral materials. Because May 31, 2008, marked "100 Days Out" for Wilmington, NTIA will be testing more urgent messages, similar to what we would unveil for the nation 100 days prior to February 17, 2009. NTIA also is looking closely at the needs of nursing home residents and consumers receiving mail at a Post Office Box to assess their needs in this limited market and learn more about how to address these situations nationally. NTIA is working closely with the DTV Transition Coalition and other partners to coordinate and complement efforts.

As of June 3, 2008, NTIA has received requests for 28,193 coupons from 15,234 households in the Wilmington DMA. As of June 3rd, more than 21,866 coupons have been mailed to consumers in the Wilmington DMA and, of those, more than 3,867 have been redeemed for a converter box. Now that the coupon distribution backlog has been eliminated, Wilmington residents should expect coupons to be mailed within 10 to 15 days from the date of request.

Consumers living in the Wilmington area may purchase coupon-eligible converter boxes at 22 participating retail outlets, including Best Buy, Circuit City, Direct Depot, Kmart, RadioShack, Sears, Target and Wal-Mart, as well as through any of the participating online and phone retailers. Although the Coupon Program is aware that some participating retailer stores have occasionally run out of CECBs for a short time, we are not aware of any long-term national or regional shortages of CECBs, including in the Wilmington area. Viewers in Wilmington may not need converters with analog pass through since the DMA's low-power stations plan to begin digital transmissions on that day.

NTIA commends the broadcasters of Wilmington for stepping up to make this test pilot project possible. We also applaud the *citizens* of Wilmington – after all, while this may be a test, for the people of Wilmington, this is the *real thing*. NTIA stands ready to assist the FCC, our partners in Wilmington, and the people of Wilmington to ensure they are prepared for September 8th, and has been in touch with Wilmington area retailers to help ensure that they are prepared for a likely spike in consumer demand for converter boxes beginning this summer.

DTV Education Efforts

Consumer Education About the Coupon Program and the DTV Transition Is A Top Priority

Educating consumers about the Coupon Program is one of NTIA's – and the Commerce Department's – top-most priorities, and one in which both Commerce Secretary Gutierrez and NTIA Acting Assistant Secretary Baker are regularly and actively engaged. In particular, a key message we are delivering to consumers is that while the analog cut-off date will occur on February 17th, 2009, the time for consumers to experience the benefits of DTV is *now*. The time to order a coupon and purchase a converter box is *now*. This message has been delivered repeatedly by Secretary Gutierrez and Acting Assistant Secretary Baker, most recently at the conventions of the National Association of Broadcasters and the National Cable and Telecommunications Association. Additionally, in April, Secretary Gutierrez discussed the Coupon Program in an address to Radio Shack's annual vendor summit at its headquarters in Ft. Worth, Texas, and issued a statement urging consumers not to wait to request and redeem their coupons, saying "I encourage all Americans who have ordered a coupon to purchase your eligible converter box within the 90-day required timeframe."

NTIA's consumer education campaign is focused on educating U.S. residents who receive OTA broadcasts on analog television sets about the digital transition and the Coupon Program. NTIA places special emphasis on vulnerable audiences such as over-the-air senior, minority, disabled, low-income and rural households who are at a greater risk of losing all television service as a result of the digital transition.

NTIA is working with print, broadcast and online media, and engaging partners to disseminate information nationally, regionally and locally. To date, the Program has engaged 272 partners, many with ties to seniors, rural residents, lower-income, minorities, and disabled Americans. We are working with large institutions to get the word out about the Coupon Program, such as AARP, the NAACP, Leadership Conference on Civil Rights, Catholic Charities USA, Community Action Partnership, Goodwill Industries, National Congress of American Indians, and the National Grange. NTIA is also working with local and regional community organizations, such as the Fort Worth Hispanic Chamber of Commerce, Utah Eldercare Planning Council and JobStarts, Inc. in California, to reach vulnerable populations most likely to be affected by the transition.

Consistent with its focus on getting consumers activated *today,* NTIA kicked off the month of April by driving consumers to "Experience the Benefits" of digital television. During the first two weeks of April alone, NTIA worked with local partners to support ten events in communities across the country. These events highlight the commitment and creativity trusted local community organizations are demonstrating in reaching the people they serve. Community, Services, Employment, Training (CSET), a Community Action Agency, hosted an information session for three of the organization's English as a Second Language classes in Visalia, California; Philadelphia Responds/Mayor's Commission on Technology hosted its inaugural train-the-trainers session on the DTV transition and Coupon Program; and the Noel Wien Public Library and AlaskaOne TV hosted a "Digital Television: Experience the Benefits" DTV transition awareness event open to the Fairbanks, Alaska, residents. Other events were held in Fort Worth, Texas; Fayetteville, North Carolina; Leesville, Louisiana; Sioux City, Iowa; Norfolk, Virginia; Boise, Idaho; and Conway, South Carolina.

NTIA also is working with no fewer than 17 federal departments and agencies with direct communications to vulnerable populations, including the U.S. Department of Agriculture (USDA), the Department of Health and Human Services' Administration on Aging, and the Department of Veterans Affairs. Just to highlight several ways in which we've partnered with other Federal agencies:

- NTIA provided 54,000 mail stuffers to the USDA Food and Nutrition Service, which will be sent to families eligible for and requesting information about the Food Stamp Program.

- NTIA partners with USDA's Rural Development (RD) agency to host a Web-based training to educate RD employees across the county about the DTV transition and Coupon Program; More than 100 individuals participated in the training webinar.

- The Environmental Protection Agency's Aging Initiative included an article about the transition and the Coupon Program in their April 2008 newsletter that reaches approximately 4,000 individuals.

- The U.S. Department of Health and Human Services (HHS) - Administration for Children and Families - Office of Community Services distributed information about the transition and Coupon Program to 900 local social service agencies across the country.

- NTIA is in communication with the United States Postal Service to assess the feasibility of putting Coupon Program applications in all 32,000 post offices across the nation.

A complete list of NTIA's partners is included as an attachment to this statement.

NTIA's partners are responding with thoughtful and creative ways to spread the word to their constituencies about the transition and the Coupon Program. We thank them for their tireless efforts. A good example is the 4-H arm of the USDA's Cooperative State Research Education and Extension Service (CSREES). Collegiate 4-H, the college student 4-H organization, selected the DTV transition as its 2008 National Service Project topic. There are Collegiate 4-H clubs on at least 95 college campuses in 42 states. During the year, each chapter must carry out at least one DTV project based on lesson-plan material developed by NTIA.

NTIA is in dialogue with a coalition of aging organizations that includes the Administration on Aging, AARP, the National Association of Area Agencies on Aging, and others, who are exploring ways to assist our most vulnerable seniors with the Coupon Program. We conducted a senior focused train-the-trainer Webinar on February 26, 2008. Representatives from 12 senior organizations totaling nearly 200 individuals from 25 states participated—but more importantly the information gained has led to on-the-ground outreach. For example, the West Alabama Area Agency on Aging has already trained 28 Senior Center directors and coordinators, 7 case managers and 20 staff from local Area Agencies on Aging across the state so they can talk with older Americans about the Coupon Program; and the Uniontown, Ohio Area Agency on Aging is distributing 4,000 information sheets and 1,500 coupon applications to local clients through recently trained case managers.

NTIA is sensitive to concerns raised by these groups regarding the need by many seniors for technical assistance with their converter box. NTIA has worked with the Consumer Electronics Association to produce a generic "Quick Start Guide" and installation video, both of which are available at www.DigitalTips.org and linked to by DTV2009.gov. Additionally, NTIA worked with reporters from the *Washington Post* to tape an instructional video on converter box installation, which can be found on the Washingtonpost.com website.

Similarly, we are working with disabilities groups to raise awareness of the Coupon Program. For example, NTIA is participating in the Hearing Loss Association of America's (HLAA) convention in Reno, Nevada, next month, as well as the American Council of the Blind's annual event over the Fourth of July weekend in Louisville, Kentucky. At the HLAA event, we are partnering with the Consumer Electronics Association to demonstrate the captioning features of converter boxes. We are proud of the fact that the Coupon Program is 100 percent accessible for people with disabilities. For example, our TTY number is available in English as well as Spanish for the hearing impaired. In addition to making the Coupon Program application available in Braille, the actual coupon card is embossed with a unique 16-digit number sequence to assist visually impaired individuals distinguish it from a credit card mail offer.

NTIA is keenly aware of the need to reach out to communities in which the primary language may not be English. Official Coupon Program information is being made available in numerous languages – Spanish, French, Chinese, Vietnamese, Tagalog and Russian. As a result of feedback from our partners, we are also in the process of translating some of our materials, including the coupon application, into Korean, Cambodian, Traditional Chinese, Hmong and Laotian. On May 6th, NTIA participated in a congressional "Tri-Caucus" briefing sponsored by Representative Solis, which focused on the needs of Black, Latino and Asian Pacific Americans.

Also, last month, NTIA participated in an event in San Francisco as part of Asian Pacific American Heritage Month in which KTSF, an Asian-language commercial broadcaster in the Bay Area, and the California Public Utilities Commission brought together around 100 leaders in the Asian American community to raise Coupon Program awareness, especially among primary Chinese and Korean speakers. The event not only ignited outreach efforts to reach the Asian community, it also immediately resulted in coverage of the issue in publications that directly reach this community including Korea Daily, Philippine News and World Journal. Additionally, the toll-free National Multilingual Helpline of the National Asian Pacific Center on Aging in Seattle, Washington is assisting Asian Pacific elders with information about the upcoming transition in at least four Asian languages.

Secretary Gutierrez has taken a special interest in reaching out to Latino populations. For example, in December 2007, he was featured in the first of a series of public service programs entitled, "TV Digital…¿Que Tal?" which aired throughout the United States and Puerto Rico on the Spanish-language Univision Television Network. More recently, he has also conducted interviews with outlets that specifically reach Hispanic populations including La Voz, CNN en Espanol Radio, Univision, La Opinion, Washington Hispanic and El Tiempo Latino. HHS Assistant Secretary of Aging, Josefina G. Carbonell, is reaching out through targeted press across the country to inform Hispanic elders and their families of the DTV transition.

Consumer Awareness about the DTV Transition and the Coupon Program Is Growing

It is clear that these consumer education efforts are succeeding. The coupon application numbers speak for themselves. Multiple consumer surveys also bear this out: a survey released by the Association of Public Television Stations in March 2008 showed a 50 percent jump in consumer awareness about the DTV transition between November 2007 (51 percent) and March 2008 (76 percent). Similarly, a Consumer Electronics Association survey released in January 2008 revealed 74 percent consumer awareness about the transition. In late May, Nielsen Media Research released a new study analyzing the "digital readiness" of U.S. households. NTIA will be reviewing this data carefully to see what mid-course corrections in our outreach may be needed to reach key markets with large percentages of what Nielsen identifies as "completely unready" households—that is, those households that would lose their television service completely after February 17, 2009, unless they take some action.

Working with its communications contractor, Ketchum, NTIA continues to respond to media requests and inquiries concerning the Coupon Program. As such, the Program has garnered significant coverage of the Program in print publications, on the radio and on television. NTIA has tracked this coverage and the resulting media impressions regarding the Coupon Program since September 10, 2007. The following chart shows the cumulative number of print circulation, online unique visits and broadcast impressions through May 31, 2008:

Period	Print Circulation	Online Unique Visits	Broadcast Impressions
As of January 31, 2008	55,287,903	790,968,896	61,930,084
As of February 29, 2008	86,704,470	1,461,800,861	77,976,320
As of March 31, 2008	101,948,865	1,831,462,304	97,279,716
As of April 30, 2008	133,133,069	2,475,646,251	133,325,921
As of May 31, 2008	149,212,817	2,738,704,788	176,597,605

The print and broadcast media coverage of the Coupon Program alone has reached almost every DMA in the United States, most of them multiple times. Importantly, 40 of the 45 DMAs with the greatest concentration of OTA households and at-risk populations have seen more than ten media stories per market on the DTV transition and Coupon Program appearing in local print or broadcast media outlets. It is important to underscore that these impressions are in addition to the "action spots" and public service announcements being run by the nation's local broadcasters and cable operators. According to the National Association of Broadcasters (NAB), its digital transition campaign will lead to every household seeing, hearing, or otherwise being exposed to DTV transition-related messages approximately 642 times before the transition date.

Now that NTIA has data on Coupon Program requests by DMA, the Agency is able to fine tune its consumer education, reaching out to media in markets where Program participation is unexpectedly low to raise awareness. For example, NTIA has recently found success in Anchorage, Alaska, where we were on the Alaska Public Radio network live; and in Honolulu, Hawaii, where we conducted a radio interview and placed an Op-Ed from Secretary Gutierrez in The Hawaii Reporter.

One of the keys to the success of the Coupon Program is its voluntary nature, which has fostered strong public-private partnerships. NTIA is very impressed by the willingness of the stakeholder industry groups to work together to make the transition a success. The industries most directly affected by the transition – especially broadcasters and cable operators – have initiated significant educational efforts with real financial commitments to ensure that no household is caught unprepared on February 18, 2009. Both broadcasters and cable operators continue to include information about the Coupon Program in their on-air announcements, which we believe to be a significant factor in the continued high number of coupon requests. The DTV Coalition is also making great strides in educating the American public about their options for making the transition. We applaud those efforts.

The NTIA Toolkit

NTIA has worked with IBM and Ketchum to develop a comprehensive toolkit of information to help organizations that are playing a critical role in educating their members, constituents and customers about the Coupon Program. The Toolkit consists of a set of materials, including fact sheets, a poster, a mailer, sample presentations and other materials that many organizations are now using to help educate their members. The Toolkit also contains specific tools and strategies that can be used to reach the media to effectively deliver the Coupon Program message, and ideas and resources for informing consumers through community and in-store events or other activities.

The Toolkit also is an extremely useful resource for Members of Congress seeking to communicate to their constituents about the Coupon Program. Indeed, NTIA continues to work closely with many congressional offices, as well as the Committees of jurisdiction and the Congressional DTV Caucus, to brief staff and educate constituents about the Coupon Program, as well as to help prepare materials for local town hall meetings, franked mailings, and other outreach, including to senior centers and other critical-to-reach groups. NTIA staff has helped to coordinate, and participated in, many Members' town hall meetings and similar local education events, as well as several "Tele-Town Hall Meetings." For example, on May 29, 2008, NTIA participated in a town hall meeting put on by Senator Ted Stevens in Anchorage, Alaska, to get the word out in a community with a very large percentage of over-the-air households. Multiple congressional events are planned in the coming months.

In addition to the collection of English and Spanish materials NTIA has available to partners, we are providing additional tools as needed that may assist in our partners' efforts. Specifically, we developed a screen saver for distribution to libraries across the country so computers not in use could display information about the transition; we provided the National Grange with step-by-step instructions on setting up information and application completion stations at state and county fairs; and provided the Radio & TV News Directors Association a list of 12 items related to the transition and Coupon Program their members are using to discuss in radio and television broadcasts over the next 12 months.

Just recently, NTIA assisted Chairmen Markey and Dingell in setting up a TV Converter Box Program demonstration table in the Rayburn cafeteria, providing congressional staff with information about the Coupon Program and the Transition in a highly trafficked area of the House complex. NTIA also is working with Energy and Commerce Committee leadership, the DTV Caucus, the FCC and other groups to conduct a "DTV Education Day" in July. At this event, Members and staff will have an opportunity to hear presentations about the transition and the Coupon Program, ask questions of government and industry representatives, and get information about how best to educate constituents about the DTV transition and what resources are available to do so.

As mentioned earlier, NTIA is working with all of our partners involved in the Wilmington, North Carolina, test market to ensure that consumers there are fully prepared to take the early leap to all-digital broadcasts in September. We are focusing efforts, as well, on senior living facilities and nursing homes, in anticipation of proposed changes to our rules, which I will discuss momentarily, that would make residents of these facilities eligible to receive coupons.

Challenges

As with any new program as large, complex and time bound as the Coupon Program, challenges continually arise. NTIA currently faces several such challenges and is working diligently to address them quickly and in a manner that serves the best interests of the American people.

Eligibility of Nursing Home Residents and Persons Utilizing a P.O. Box

One such challenge involves the eligibility of residents of nursing homes and other senior care facilities, as well as persons receiving mail at a Post Office Box. Under its existing rules, residents of nursing homes and other senior care facilities are not eligible to receive coupons if they do not have a separate U.S. Postal Service mailing address. On April 24, 2008, NTIA released a Notice of Proposed Rulemaking (NPRM) in which the agency proposed to waive the "eligible household" and application requirements for individuals residing in nursing homes or other senior-care facilities, subject to certain alternative application requirements.

The Agency also proposed to permit an otherwise eligible household that utilizes a Post Office Box for mail receipt to apply for and receive coupons subject to providing satisfactory proof of physical residence, as specified in the proposed rule.

Yesterday (June 9, 2008) was the deadline for public comments on the NPRM. NTIA appreciates the concern expressed by several members of the Committee – including Chairman Markey and Reps. Schakowsky, Butterfield and Waxman – that NTIA move quickly on this rulemaking. We are now reviewing the comments we have received and hope to issue a final rule as expeditiously as possible.

With regard to the Coupon Program's funding needs, on April 25, 2008, as the members of the Subcommittee are aware, NTIA submitted a statement, as required under Section 3005(c)(3) of the Deficit Reduction Act of 2005, certifying our anticipation that the initial funds of $990 million will be insufficient to fulfill the requests for coupons for eligible households, specifically with respect to administrative resources. If proposed changes in the NPRM are adopted, NTIA anticipates that the administrative costs of the Coupon Program will increase, and that access to the contingent funds will be necessary to fully implement those changes.

Coupon Delivery Delays

Although the backlog of coupons has been eliminated, NTIA believes that maintaining timely distribution of coupons will remain a challenge. This challenge may become particularly acute if coupon demand rises in the weeks immediately preceding the February 17, 2009 cutoff date. Delivery time is affected by two factors: IBM's coupon creation and activation capacity and the time required for postal delivery. Currently, IBM has increased its production capability beyond what it had originally envisioned. NTIA continues to work closely with our contractor to ensure that coupon requests will be handled timely especially in the crucial last 100 days of the program.

As members of the Subcommittee are aware, the Program is required by statute to deliver coupons using the U.S. Postal Service. To keep administrative costs down, coupons are mailed by Standard Class, as opposed to the more costly First Class service. Given the statutory 90-day expiration date of each coupon and the resulting importance of timely delivery, NTIA is reaching out to the U.S. Postal Service to request that coupon mailings be given priority attention.

Meeting the Needs of Viewers of Class A, Low Power and TV Translator Stations

NTIA, like Congress, is focused on meeting the needs of viewers of Class A, low-power television and television translator stations. As this Committee is well aware, these stations are not subject to the February 17, 2009, analog broadcasting cutoff deadline, and viewers of these stations who wish to continue receiving these analog broadcasts as well as the new digital signals after that date may choose to get a converter box that includes an analog signal pass-through feature, or may choose to use a two-way splitter. As discussed earlier, NTIA currently has certified 21 boxes with an analog pass-

through capability. NTIA highlights boxes with the analog pass-through feature on the Program's website and in consumer mailings with the coupons. In addition, NTIA has sent helpful information to operators of Class A, low-power television and television translator stations so that they can inform their viewers of the options they have regarding the digital transition. Congress set aside a total of $75 million in auction proceeds to fund two grant programs that will assist eligible Class A, low-power television, and television translator stations to make the transition as quickly and smoothly as possible. The Low-Power Television and Translator Digital-to-Analog Conversion Program will provide $1,000 to eligible low-power stations that must purchase a digital-to-analog conversion device to convert the incoming digital signal of a full-power television station to analog for transmission on the low-power station's analog channel. To date, 452 grants have been awarded under this program. Applications will be accepted until February 17, 2009.

Of course, stations that operate at less than full power will eventually convert to digital broadcasts. The Low-Power Television and Television Translator Upgrade Program established by Congress directs NTIA to assist this effort through a program that provides $65 million for necessary equipment upgrades to stations in eligible rural communities. To implement this program in a timely manner, a technical correction to the program authorization is required to permit the agency to begin making funds available during fiscal year 2009. On April 24, 2008, the Senate Commerce Committee approved a bill introduced by Senator Snowe (S. 2607) that would make the necessary technical correction to the Program. NTIA urges the House to take favorable action on this legislation as soon as possible.

NTIA will continue to work with the FCC, industry and the broadcast community to assist low-power television stations and their viewers during the transition to digital broadcasting. To that end, on May 16 and 17, 2008, NTIA staff from the Low Power Television and Translator Station Conversion and Upgrade Programs attended the National Translator Association Meeting in Spokane, Washington. Staff discussed these broadcasters' transition needs related to NTIA programs, including public information for their viewers and how these stations can obtain financial assistance to make the transition to digital.

Waste, Fraud and Abuse

NTIA remains vigilant in monitoring for waste, fraud and abuse across all components of the project. The agency also meets regularly with the Inspector General, the Government Accountability Office (GAO) and Department of Commerce auditors to monitor all aspects of the program from coupon request to retailer payment.

To date no egregious instances of waste, fraud and abuse have been discovered. However, several retailers have been decertified from the program for a variety of violations of program rules. In these cases, NTIA has also taken swift action to the extent possible to ensure that retailers remedy any adverse effects suffered by consumers. While the number of decertified retailers is only a very small percentage of the 1,819 actively

participating retailers, these instances remind us of the importance of guarding against WFA. NTIA is also working closely with the Federal Trade Commission and the FCC to develop a "Tip Sheet" that will provide consumers with information on how to identify and avoid possible coupon abuses.

We are pleased with the progress that has been made in these first six months of the Coupon Program and we are confident our continued, combined and cooperative efforts with our partners in private industry and the public sector will only add to this success to the benefit of all Americans, as well as other stakeholders such as public safety entities.

Thank you again for this opportunity to testify before you today. I will be happy to answer your questions.

National Telecommunications and Information Administration

Organizations Engaged in DTV Coupon Program Education and Outreach	Demographic	National or Regional/Local	State
(updated 5/30/08)			
Philadelphia Responds (partnership between City of Philadelphia Mayor's Commission on Technology (MCOT), WHYY and the Free Library of Philadelphia)	Economically Disadvantaged	R/L	Pennsylvania
AARP	Senior	N	
Ada County Public Information Department		R/L	Idaho
AgeAdvantAge AAA in Wisconsin	Senior	R/L	Wisconsin
Alamo Area Agency on Aging	Senior	R/L	Texas
Alaska Department of Health and Social Services		R/L	Alaska
Alaska Special Education Office	Disabled	R/L	Alaska
Alaskan Federation of Natives	Minority	R/L	Alaska
Alliance of Information & Referral Systems		N	
American Association of People with Disabilities	Disabled	N	
American Council of the Blind	Disabled	N	
American Foundation for the Blind	Disabled	N	
American Library Associaion		N	
Appalachian Regional Commission	Rural	R/L	West Virginia, Alabama, New York, Georgia, Kentucky, Maryland, Virginia, Ohio, North Carolina, Pennsylvania, Mississippi, Tennessee, South Carolina
Area 12 Agency on Aging	Senior	R/L	California
Area 9 In-Home and Community Services	Senior	R/L	Indiana
Area Agency on Aging 10B, Inc.	Senior	R/L	Ohio
Area Agency on Aging 1-B	Senior	R/L	Michigan
Area Agency on Aging of Tarrant County	Senior	R/L	Texas
Area Agency on Aging of Western Michigan	Senior	R/L	Michigan
Area on Aging-Region IX	Senior	R/L	California
Asian Media Access	Minority	N	Minnesota
Asociacion Nacional Pro Personas Mayores (National Association for Hispanic Elderly)	Minority, Senior	N	
Association of Public TV Stations (APTS)		N	
Association on American Indian Affairs	Minority	N	
Austin Hispanic Chamber	Minority	R/L	Texas
Azteca America San Diego	Minority	R/L	California
Boise Public Library		R/L	Idaho
Burlington County Office on Aging	Senior	R/L	New Jersey
Cable and Telecommunications Marketing Association (CTAM)		N	
Cabletelevision Advertising Bureau		N	
Catholic Charities	Economically Disadvantaged	N	
Catholic Communications of the Diocese of Springfield (Massachusetts)		R/L	Massachusetts
Central Plains Area Agency on Aging	Senior	R/L	Kansas
Central Vermont Council on Aging	Senior	R/L	Vermont
City of El Paso's Department of Community and Human Development, Neighborhood Services Division	Economically Disadvantaged	R/L	Texas

Organizations Engaged in DTV Coupon Program Education and Outreach	Demographic	National or Regional/Local	State
City of Fort Collins Recreation	Senior	R/L	Colorado
City of Houston Housing and Community Development Department	Economically Disadvantaged	R/L	Texas
City of Las Cruces		R/L	New Mexico
Clinton County Office for the Aging	Senior	R/L	New York
Coalition of Organizations for Accessible Technology	Economically Disadvantaged	N	
Community Action Agency of Siouxland	Economically Disadvantaged	R/L	Iowa
Community Action Partnership	Economically Disadvantaged	N	
Consumer Action		N	
Consumer Electronics Association		N	
Consumer Union		N	
Coordinated Home Health of Las Cruces	Senior	R/L	New Mexico
Corportation for National and Community Service	Senior	N	
CSBG/HHS/Division of Family Assistance - Concord, NH		R/L	New Hampshire
CSET		R/L	California
Cumberland Community Action, Inc.	Economically Disadvantaged	R/L	North Carolina
D&K Global			
Dallas ACORN Housing Corp	Economically Disadvantaged	R/L	Texas
Dallas Area Agency on Aging	Senior	R/L	Texas
Davie County Senior Services	Senior	R/L	North Carolina
D.C. Department of Consumer and Regulatory Affairs		R/L	Washington DC
Delaware County Office of Services for the Aging	Senior	R/L	Pennsylvania
Department of Information Technology - Seattle, WA	Minority	R/L	Washington
DTV Transition Coalition		N	
E-copernicus			
Educational Broadcasting Corporation (EBC)		R/L	New York
Eight/KAET		R/L	Arizona
El-Ada Community Action Partnership	Economically Disadvantaged	R/L	Idaho
Esperanza	Minority	N	
Family Caregiver Support Center, Pikes Peak Area Agency on Aging	Senior	R/L	Colorado
Family, Career and Community Leaders of America		N	
Fairbanks Native Association	Minority	R/L	Alaska
Fairbanks North Star Borough Public Libraries		R/L	Alaska
Fort Worth Hispanic Chamber of Commerce	Minority	R/L	Texas
Friendship Trays	Senior	R/L	North Carolina
General Federation of Women's Clubs		N	
Generations - A Partner with Vincennes University	Senior	R/L	Indiana
Georgia Public Broadcasting (Georgia Public Telecommunications Commission)		R/L	Georgia
Golden Slipper Senior Center	Senior	R/L	Pennsylvania
Goodwil Industries International, Inc	Economically Disadvantaged	N	
Greater Cincinnati Television Educational Foundation (CET)		R/L	Ohio
Greater Dallas Hispanic Chamber of Commerce	Minority	R/L	Texas
Greater Dayton Public Television (ThinkTV)		R/L	Ohio
Greater Metro Telecom Consortium, Denver, CO		R/L	Colorado
Greater Nashville Regional Council Area Agency on Aging and Disability	Senior	R/L	Tennessee
Harleysville Senior Center	Senior	R/L	Pennsylvania
Harris County Area Agency on Aging	Senior	R/L	Texas
Hattie Holmes Wellness Center	Senior	R/L	Washington, D.C.
Henderson County Public Library		R/L	Kentucky

Organizations Engaged in DTV Coupon Program Education and Outreach	Demographic	National or Regional/Local	State
Hispanic Communications Network	Minority	N	
Houston ACORN Housing Corp	Economically Disadvantaged	R/L	Texas
Houston Galveston Area Agency on Aging	Senior	R/L	Texas
Institute of Rural Journalism and Community Issues	Rural	N	
JobStart, Inc.	Economically Disadvantaged	R/L	California
KBTC Public Television		R/L	Washington
KCBD		R/L	Texas
KEDT-TV		R/L	Texas
Kentucky Educational Television (KET)		R/L	Kentucky
KENW-TV		R/L	New Mexico
KMBH		R/L	Texas
KMOS-TV		R/L	Missouri
KNME		R/L	New Mexico
Koahnic Broadcast Corporation	Minority	R/L	Alaska
KQED		R/L	California
KSMQ		R/L	Minnesota
KSPS-TV		R/L	Washington, Idaho, Mont
KTSF-TV	Minority	R/L	California
KVIE		R/L	California
KVUE		R/L	Texas
KWBU-TV		R/L	Texas
LA 18 TV	Minority	R/L	California
La Voz Del Anciano (LVDA)	Minority	R/L	Texas
Leadership Conference on Civil Rights	Minority	N	
LifeTime Resources, Inc.	Senior	R/L	Indiana
Louisiana Public Broadcasting (LPB)		R/L	Louisiana
Lower Rio Grande Valley Development Council Area Agency on Aging (LRGVDC-AAA)	Senior	R/L	Texas
Lt. Governor's Office - Chicago, IL		R/L	Illinois
Mayor's Office of Hawaii		R/L	Hawaii
MCCSA Senior Citizen Nutrition Program	Senior	R/L	Michigan
Meals on Wheels Association of America	Senior	N	
Meals on Wheels of Rhode Island	Senior	R/L	Rhode Island
Meals On Wheels of Stark & Wayne Counties	Senior	R/L	Ohio
Meals on Wheels, Inc. of Tarrant County	Senior	R/L	Texas
Metropolitan Area Agency on Aging	Senior	R/L	Minnesota
Michigan Medicare and Medicaid Assistance Program	Senior	R/L	Michigan
Middleton Senior Center	Senior	R/L	Wisconsin
Minority Media and Telecommunications Council	Minority	N	
Mobile Meals of Toledo	Senior	R/L	Ohio
Monmouth County Office on Aging	Senior	R/L	New Jersey
Monona Senior Center	Senior	R/L	Wisconsin
Montgomery County Public Library		R/L	
NAACP	Minority	N	
National Asian Pacific Center on Aging	Minority	N	
National Association for Area Agencies on Aging (N4A)	Seniors	N	
National Association for the Advancement of Colored People (NAACP)	Minority	N	
National Association of Black Journalists	Minority	N	
National Association of Blacks in Criminal Justice (NABCJ)	Minority	N	
National Association of Broadcasters		N	
National Association of Counties	Rural	N	
National Association of Latino Elected and Appointed Officials	Minority	N	
National Association of Nutrition and Aging Services Programs (NANASP)	Seniors	N	
National Association of Regional Councils		N	
National Association of Regulatory Utility Commission		N	
National Association of Rural Health Clinics	Rural	N	
National Association of State Units on Aging (NASUA)	Seniors	N	
National Association of Telecommunications Officers and Advisers	Rural	N	
National Cable & Telecommunications Association		N	

Organizations Engaged in DTV Coupon Program Education and Outreach	Demographic	National or Regional/Local	State
National Caucus and Center on Black Aged, Inc.	Minority	N	
National Conference of State Legislatures		N	
National Council on Aging	Seniors	N	
National Energy Assistance Director's Association	Economically Disadvantaged	N	
National Forurm for Black Public Administrators (NBPA)	Minority	N	
National Hispanic Council On Aging	Minority	N	
National Hispanic Media Coalition	Minority	N	
National Indian Council On Aging, Inc.	Minority	N	
National League of Cities		N	
National Religious Broadcasters		N	
National Urban League	Minority	N	
Native American Journalists Association	Minority	N	
Native American Public Telecommunications	Minority	N	
Native Public Media	Minority	N	
NBC Weather Plus		N	
New Mexico Child Support Enforcement Services		R/L	New Mexico
New Mexico Higher Education Department		R/L	New Mexico
New Mexico State Library Association		R/L	New Mexico
New Tang Dynasty Television	Minority	N	
Next Generation Services L.L.C.			
Nonprofit Enterprise Center of El Paso	Economically Disadvantaged	R/L	Texas
North Attleboro, MA Library		R/L	Massachusetts
North Carolina Agency on Aging	Senior	R/L	North Carolina
North Shore Elder Services	Senior	R/L	Massachusetts
Northern California Public Broadcasting (NCPB)		R/L	California
Northwest Settlement House	Senior	R/L	Washington, D.C.
Northwest Piedmont Council of Governments, Agency on Aging, Winston Salem, NC	Senior	R/L	North Carolina
OASIS Portland	Senior	R/L	Oregon
OneStar Foundation	Economically Disadvantaged	R/L	Texas
Onondaga County Department of Aging & Youth	Senior	R/L	New York
Orange County Deaf Equal Access Foundation (OC DEAF)	Disabled	R/L	California
Oregon Public Television		R/L	Oregon
Passaic County Senior Services	Senior	R/L	New Jersey
PBS		N	
Petaluma People Services Center		R/L	California
Radio-Television News Directors Association		N	
RAINBOW PUSH Public Policy Institute	Minority	N	
Recording Artists, Actors & Athletes Against Drunk Driving (RADD)		N	
Rhode Island PBS		R/L	Rhode Island
Rio Grande Area Agency on Aging	Senior	R/L	Texas
Rochester, MN Senior Center	Senior	R/L	Minnesota
Rocky Mountain PBS		R/L	Colorado
Rotary Club of South Bend Indiana		R/L	Indiana
Rural Coalition/Coalicion Rural (DC)	Rural	N	
Salvation Army	Economically Disadvantaged	N	
SeniorsFirst (TX)	Senior	R/L	Texas
Senior Centers of Spartanburg County, INC.	Senior	R/L	South Carolina
Senior Citizens Services of Greater Tarrant County	Senior	R/L	Texas
Senior Solutions – Boise Senior Activities Center	Senior	R/L	Idaho
Southeast Asia Resource Action Center	Minority	N	
Southern Area Agency on Aging	Senior	R/L	Virginia

Organizations Engaged in DTV Coupon Program Education and Outreach	Demographic	National or Regional/Local	State
Southern Technology Council/Southern Growth Policy Board	Economically Disadvantaged	R/L	Alabama, Alaska, Georgia, Kentucky, Louisiana, Mississippi, Michigan, North Carolina, Oklahoma, South Carolina, Tennessee, Virginia, West Virginia
Special Olympics	Disabled	N	
State Higher Education Agency	Economically Disadvantaged	R/L	New Mexico
Tanana Valley Baptist Association		R/L	Alaska
Telecommunications for the Deaf and Hard of Hearing, Inc.	Disabled	N	
The Church of the Damascus Road Reentry AfterCare Ministry		R/L	Iowa
The H. Lawrence Patrick Senior Life and Conference Center	Senior	R/L	North Carolina
The National Grange	Rural	N	
The Satellite Doctor			
The Senior Source/Senior Citizens of Greater Dallas	Senior	R/L	Texas
The STOP Organization	Economically Disadvantaged	R/L	Virginia
Tulsa Area Agency on Aging	Senior	R/L	Oklahoma
Twin Cities Public Television		R/L	Minnesota
U.S. Administration on Aging, Region VI	Senior	R/L	Texas
U.S. Department of Commerce		N	
U.S. Department of Health and Human Services - Administration on Aging	Seniors	N	
U.S. Department of Health and Human Services -ACF/OCS	Economically Disadvantaged	N	
U.S. Department of Health and Human Services- Division of Senior Affairs	Seniors	N	
U.S. Department of Health and Human Services - Temporary Assistance for Needy Families/Child Care & Development Fund		N	
U.S. Department of Homeland Security-Federal Emergency Management Agency		N	
U.S. Department of Housing and Urban Development - Detroit Field Office	Economically Disadvantaged	R/L	Michigan
U.S. Department of Housing and Urban Development - Kentucky Office	Economically Disadvantaged	R/L	Kentucky
U.S. Department of Veterans Affairs	Economically Disadvantaged	N	
U.S. Environmental Protection Agency		N	
U.S. Federal Communications Commission		N	
U.S. Federal Trade Commission		N	
U.S. General Services Administration		N	
U.S. Office of Personnel Management		N	
University of Kentucky		R/L	Kentucky
Univision	Minority	N	
Urbandale Senior Center	Senior	R/L	Iowa
USDA - Food and Nutrition Services	Economically Disadvantaged	N	
USDA-National 4H	Rural	N	
USDA-Rural Development	Rural	N	
Utah Association for Home Care	Seinor	R/L	Utah
Utah Eldercare Planning Council	Senior	R/L	Utah
Valley Initiative for Development & Advancement	Economically Disadvantaged	R/L	Texas
Vegas PBS		R/L	Nevada
Vermont Public Television		R/L	Vermont
Vernon Community Action Council, Inc.	Economically Disadvantaged	R/L	Louisiana
Waccamaw EOC, Inc.	Economically Disadvantaged	R/L	South Carolina

Organizations Engaged in DTV Coupon Program Education and Outreach	Demographic	National or Regional/Local	State
Wavy TV		R/L	Virginia
WBGU-TV		R/L	Ohio
WDCW-TV/DT		R/L	Washington, DC
WDSE		R/L	Minnesota
WEDU		R/L	Florida
WEIU-TV		R/L	Illinois
West Alabama Area Agency on Aging	Senior	R/L	Alabama
West Connecticut Agency on Aging	Senior	R/L	Connecticut
West Virginia Public Broadcasting		R/L	West Virginia
WETP-TV		R/L	Tennessee
WFYI TelePlex		R/L	Indiana
WGTE Public Broadcasting		R/L	Ohio
WGVU/WGVK		R/L	Michigan
White House Faith Based Community Initiatives		N	
WHRO		R/L	Virginia
WIS Television		R/L	South Carolina
Wisconsin Public Television		R/L	Wisconsin
WITF	Senior	R/L	Pennsylvania
WLRN		R/L	Florida
WMHT Educational Telecommunications		R/L	New York
WNIN		R/L	Indiana
WOSU Public Media		R/L	Ohio
WOUB Center for Public Media		R/L	Ohio
WPBS-TV		R/L	New York
WQPT-TV		R/L	Iowa, Illinois
WSIU Public Broadcasting		R/L	Illinois
WSRE-TV		R/L	Florida
WTCI		R/L	Tennessee
WTIU		R/L	Indiana
WTTW11		R/L	Illinois
WTVI		R/L	North Carolina
WTVS Detroit Public Television		R/L	Michigan
WVPT-Virginia's Public Television		R/L	Virginia
WXEL		R/L	Florida
WXXI-TV		R/L	New York
WYES-TV		R/L	Louisiana
Wyoming PBS		R/L	Wyoming
YMCA		N	

PUBLIC INFORMATION

TV CONVERTER BOX COUPON PROGRAM
WEEKLY STATUS UPDATE *

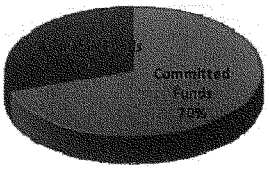
Wednesday, June 4, 2008– 4:00PM EDT

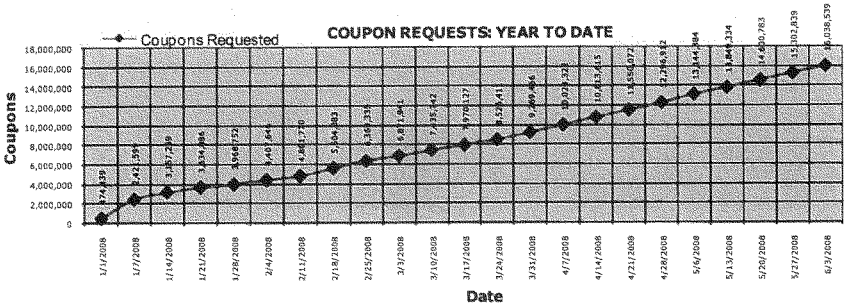
Households Approved	8,511,871
Coupons Requested	16,038,539
Coupons Mailed	14,661,319
Coupons Expired	489,873
Coupons Redeemed	2,780,316
Coupons Active	11,391,130
Funds Committed**	$621,910,527
Funds Available	$268,089,473
Average Daily Orders	104,146
Retailers/Locations	1,819/19,440
Converters/Pass-through	87/21

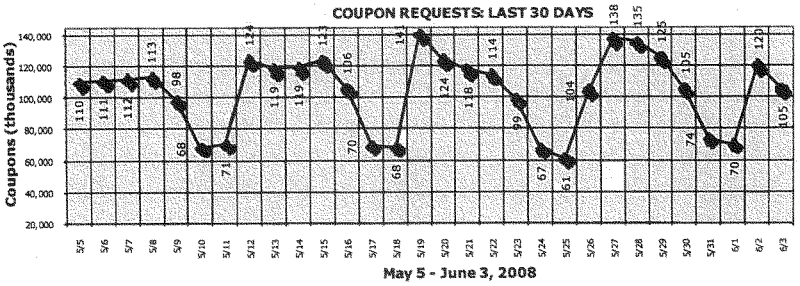
*Data thru 6/3/08

**Includes redemptions <$40

Initial Funding
($890 Million)







Mr. MARKEY. Our next witness is Mark Goldstein, who is the Director of Fiscal Infrastructure Issues from the GAO. He is here today to speak about the recent GAO report about broadcast preparedness for the DTV transition.

We welcome, you.

STATEMENT OF MARK L. GOLDSTEIN, DIRECTOR, PHYSICAL INFRASTRUCTURE ISSUES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. GOLDSTEIN. Thank you, Mr. Chairman and members of the subcommittee. I am pleased to be here today to discuss our recently issued report on technical issues arising from the digital television transition and our work on the extent of the consumer awareness about the transition. My comments are based on our work on the transition completed for this subcommittee. And we are continuing to review public- and private-sector efforts under way to implement the transition and plan to report on those issues later this year.

In my testimony today I will discuss, one, the progress that full-powered broadcast stations have made in transitioning to digital, as well as the technical and coordination issues they face; two, issues pertaining to low-power television stations and how they affect consumers; and three, the extent to which American households are aware of the DTV transition and likely to utilize a converter box subsidy program.

In summary, first, broadcasters have made significant progress in preparing for the DTV transition. Many stations are already broadcasting their digital signal in full power, with the only step remaining to turn off their analog signal.

Specifically as of the end of February 2008, 91 percent of broadcasters responding to our survey reported that they were already transmitting a digital signal. Nine percent of stations responding to our survey had yet to begin broadcasting a digital signal, but almost all of those stations expect to be broadcasting digitally by February 17th, 2009.

In finalizing the transition to digital, some stations must still resolve technical coordination and construction issues. Technical issues include relocating either digital or analog antennas, and in some cases constructing new broadcast towers. Some stations are bound by financial constraints related to the costs resolving these issues. In fact, at the time of our survey, 69 stations indicated they have yet to start construction on their final digital facilities due to financial constraints.

In addition, some stations have outstanding coordination issues such as the U.S. Government reaching agreements with the Canadian-Mexican Governments regarding signal interference issues and coordination with cable providers and satellite companies.

Second, since most low-power stations do not plan to transition to digital by February 2009, it is possible for some viewers to receive programming in analog and digital after the transition date. Potentially millions of viewers can receive low-power analog transmissions, including programming from the major networks, Spanish-language broadcasting and public television.

To have access to both analog and digital television signals after the DTV transition, viewers could purchase a special kind of con-

verter box that passes through an analog signal and a digital signal, often referred to as analog pass-through, and purchase other equipment. Currently converter boxes with analog pass-through are available for purchase on line and at two national retailers.

Public and private stakeholders have taken steps to educate the public about the low-power broadcast potentially remaining in analog, an option available to consumers. But some advocacy groups and others have expressed concerns that the messages intending to explain low-powered issues are instead confusing the public. Further complicating matters, many consumers do not know the difference between full-power and low-power stations or whether the signals they receive are full or low power.

Finally, according to our consumer survey results, most households will be unaffected by the DTV transition, and a vast majority have heard of the transition. About 84 percent of the people heard of the transition. A smaller number of people have more specific knowledge of the transition date and why the transition is taking place.

Those at higher risk of being affected by the transition, households viewing over-the-air television signals, have higher levels of awareness than those who will be unaffected. Over half of households have heard of the converter box subsidy program and those households at risk of losing television service who plan to take action reportedly are likely to utilize the program. However, only a third of those indicating plans to purchase boxes and utilize the coupons reported knowing how to obtain coupons.

While general awareness of the DTV transition is high, there are indications that some consumers are confused or unknowledgeable about the transition, as 45 percent of the households who are at risk plan no action or inadequate action to prepare for the transition. And among those unaffected by the transition, 30 percent indicated they have plans to ready themselves for the transition despite the fact that no action will be required of them to maintain service.

Thank you, Mr. Chairman. That concludes my statement. I will be pleased to answer any questions that you or members of the subcommittee have.

Mr. MARKEY. Thank you, Mr. Goldstein, very much.

[The prepared statement of Mr. Goldstein follows:]

United States Government Accountability Office

GAO

Testimony before the House Subcommittee on Telecommunications and the Internet

For Release on Delivery
Expected at 9:30 a.m. EDT
Tuesday, June 10, 2008

DIGITAL TELEVISION TRANSITION

Broadcasters' Transition Status, Low-Power Station Issues, and Information on Consumer Awareness of the DTV Transition

Statement of Mark L. Goldstein, Director
Physical Infrastructure Issues

GAO-08-881T

June 10, 2008

GAO
Accountability·Integrity·Reliability

Highlights

Highlights of GAO-08-881T, a testimony before the House Subcommittee on Telecommunications and the Internet

DIGITAL TELEVISION TRANSITION

Broadcasters' Transition Status, Low-Power Station Issues, and Information on Consumer Awareness of the DTV Transition

Why GAO Did This Study

The Digital Television (DTV) Transition and Public Safety Act of 2005, requires all full-power television station in the United States to cease analog broadcasting by February 17, 2009. Low-power stations are not required to cease analog transmissions and most will continue broadcasting in analog. Federal law also requires the National Telecommunications and Information Administration (NTIA) to subsidize consumers' purchases of digital-to-analog converter boxes. After the transition, households with analog sets that rely on over-the-air broadcasts must take action or they will lose television service, but some households might not be aware of this potential disruption. This testimony provides information on (1) technical and coordination issues facing full-power broadcast stations as they transition to digital, (2) issues pertaining to low-power broadcasting and how they affect consumers, and (3) the extent to which American households are aware of the DTV transition and likely to utilize the converter box subsidy program. GAO interviewed officials with the Federal Communications Commission (FCC) and NTIA and met with a wide variety of industry participants and other stakeholders. GAO conducted a Web-based survey of broadcasters to determine their status in transitioning to digital and issues they were encountering and commissioned a survey of the U.S. population on consumer awareness. This statement is based on GAO's body of work on the DTV transition.

To view the full product, including the scope and methodology, click on GAO-08-881T. For more information, contact Mark L. Goldstein at (202) 512-2834 or goldsteinm@gao.gov.

What GAO Found

Broadcasters have made significant progress in preparing for the DTV transition. In fact, many stations are already broadcasting their full digital signal with the only remaining step being to turn off their analog signal. As of February 2008, 91 percent of broadcasters responding to our survey reported that they were already transmitting a digital signal. Nine percent of stations in our survey had yet to begin broadcasting a digital signal, but almost all of those stations expected to be broadcasting digitally by the transition date. In finalizing the transition to digital, some stations still must resolve technical, coordination, and construction issues. Technical issues include relocating either digital or analog antennas and, in some cases, constructing new broadcast towers. Some stations are bound by financial constraints related to the costs of resolving these issues. In addition, some stations have outstanding coordination issues, such as the U.S. government reaching agreements with the Canadian and Mexican governments regarding signal interference issues and coordinating with cable and satellite providers.

Since most low-power stations will not transition to digital by February 2009, it is possible for viewers to receive programming in analog and digital after the transition. Potentially millions of viewers can receive low-power analog transmissions, including programming from the major networks, Spanish language broadcasting, and public television. To have access to both analog and digital television signals after the DTV transition, viewers could purchase a special kind of converter box that passes through an analog signal and a digital signal, or purchase other equipment. Public and private stakeholders have taken steps to educate the public about the low-power broadcasts potentially remaining in analog but some advocacy groups and others have expressed concerns that the messages intending to explain the low-power issue are instead confusing the public. Further complicating matters, many consumers do not know the difference between full-power and low-power stations or whether the signals they receive are full or low power.

Most people will be unaffected by the DTV transition and a vast majority have heard of the transition. About 84 percent of people have heard of the transition, but fewer have more specific knowledge about the transition. Those at higher risk of being affected by the transition—households viewing over-the-air television signals—have higher levels of awareness than those who will be unaffected. Over half of the population has heard of the converter box subsidy program and those households at risk of losing television service who plan to take action are likely to utilize the program. However, only a third of those indicating plans to purchase boxes and utilize the coupons know how to obtain coupons. In addition, there are indications that some consumers are confused about the transition, as 45 percent of those households who are at risk plan inadequate or no action to prepare for the transition. Conversely, amongst those unaffected by the transition, 30 percent indicated they have plans to ready themselves for the transition—despite the fact that no action will be required to maintain television service.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss our recently issued report on technical issues arising from the digital television (DTV) transition[1] — *Digital Television Transition: Majority of Broadcasters Are Prepared for the DTV Transition, but Some Technical and Coordination Issues Remain*—and our work on the extent of consumer awareness about the transition. My comments are based on our body of work on the DTV transition completed for this subcommittee.[2] We are continuing to review public and private sector efforts underway to implement the transition and plan to report on those issues later this year.

The Digital Television Transition and Public Safety Act of 2005 mandates that full-power analog television broadcast signals cease on February 17, 2009. After that date, households who view television on analog sets solely through the reception of over-the-air signals must take action to ensure that they have the necessary equipment, such as a digital-to-analog converter box, or subscription video service to be able to view the digital broadcast signals. If they do not take such action, they will not be able to watch television programs. The act also directed the National Telecommunications and Information Administration (NTIA) to establish a $1.5 billion program through which households can obtain coupons for the purchase of digital-to-analog converter boxes. Beginning January 1, 2008, households could request up to two $40 coupons toward the purchase of eligible[3] digital-to-analog converter boxes. While federal law mandates that all full-power stations must cease to broadcast in analog on February 17, 2009, low-power television broadcast stations are not covered by the law.[4] Low-power stations provide opportunities for locally-oriented television

[1]GAO-08-510.

[2]See appendix II for our related products on the DTV transition.

[3]NTIA established technical and performance specifications that converter boxes must meet to be eligible for the converter box subsidy program.

[4]In addition to low-power stations, there are other low-power facilities that are not required by law to transition to digital by February 17, 2009. These facilities include (1) Class A television stations, which are a type of low-power station that qualify for interference protection rights and must satisfy certain requirements; (2) television translator stations, which simultaneously rebroadcast the programs of a full-power broadcast station in communities that cannot receive the signals due to large geographic barriers; and (3) television booster stations, which are low-power facilities that retransmit programming from full-power stations and are intended to serve areas of low signal strength within full-power stations' contours.

service in small communities and these stations may continue to broadcast in analog after the DTV transition. Viewers who wish to continue watching low-power analog programming might need to take action to continue receiving analog signals after the transition. To help the public understand the DTV transition and the various options they have, FCC, NTIA, and industry stakeholders are conducting consumer education and awareness programs.

In my testimony today, I will discuss (1) the progress full-power broadcast stations have made in transitioning to digital, as well as the technical and coordination issues they face; (2) issues pertaining to low-power television stations and how they affect consumers; and (3) the extent to which American households are aware of the DTV transition and likely to utilize the converter box subsidy program.

To obtain information on the technical and coordination issues facing broadcast stations, we conducted a Web-based survey of the full-power commercial and noncommercial television broadcast stations. From a total of 1,747 broadcasters, we surveyed 1,682 stations located in the 50 states and the District of Columbia for which we could obtain contact information. To determine the extent of consumer awareness about the transition, we commissioned a telephone survey of the U.S. adult population. This survey followed a probability sampling procedure based on random selections of households and individuals. A total of 1,010 completed interviews were collected during late March and early April 2008. All percentage estimates presented have margins of error of plus or minus 6 percentage points or less. Further, we reviewed government documents and data and interviewed officials with the Federal Communications Commission (FCC) and NTIA, as well as a wide variety of industry and other private stakeholders, such as satellite and cable television providers, manufacturers, national retailers, industry associations, and consumer advocacy groups. See appendix I for more detailed information on our scope and methodology. We conducted our work in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In summary:

- Broadcasters have made significant progress in preparing for the DTV transition. Many stations are already broadcasting their digital signal in full power with the only remaining step being to turn off their analog signal. Specifically, as of February 2008, 91 percent of broadcasters responding to our survey reported that they were already transmitting a digital signal. Nine percent of stations responding to our survey had yet to begin broadcasting a digital signal, but almost all of those stations expected to be broadcasting digitally by February 17, 2009. In finalizing the transition to digital, some stations still must resolve technical, coordination, and construction issues. Technical issues include relocating either digital or analog antennas and, in some cases, constructing new broadcast towers. Some stations are bound by financial constraints related to the costs of resolving these issues. In fact, at the time of our survey, 69 stations indicated they have yet to start construction on their final digital facilities due to financial constraints. In addition, some stations have outstanding coordination issues, such as the U.S. government reaching agreements with the Canadian and Mexican governments regarding signal interference issues and coordinating with cable providers and satellite companies.

- Since most low-power stations do not plan to transition to digital by February 2009, it is possible for some viewers to receive programming in analog (from low-power stations) and digital (from full-power stations) after the transition date. Potentially millions of viewers can receive low-power analog transmissions, including programming from the major networks (ABC, CBS, NBC, and Fox), Spanish language broadcasting, and public television. To have access to both analog and digital television signals after the DTV transition, viewers could purchase a special kind of converter box that passes through an analog signal and a digital signal, often referred to as analog pass through, or purchase other equipment. Currently, converter boxes with analog pass through are available for purchase online and at two national retailers. Public and private stakeholders have taken steps to educate the public about the low-power broadcasts potentially remaining in analog and options available to consumers, but some advocacy groups and others have expressed concerns that the messages intending to explain the low-power issue are instead confusing the public. Further complicating matters, many consumers do not know the difference between full-power and low-power stations or whether the signals they receive are full or low power.

- According to our consumer survey results, most households will be unaffected by the DTV transition and a vast majority have heard of the transition. While about 84 percent of people have heard of the transition, a

smaller number of people have more specific knowledge of the transition date and why the transition is taking place. Those at higher risk of being affected by the transition—households viewing over-the-air television signals—have higher levels of awareness than those who will be unaffected. Over half of households have heard of the converter box subsidy program and those households at risk of losing television service who plan to take action reported that they are likely to utilize the program. However, only a third of those indicating plans to purchase boxes and utilize the coupons reported knowing how to obtain coupons. While general awareness of the DTV transition is high, there are indications that some consumers are confused or unknowledgeable about the transition, as 45 percent of those households who are at risk plan no action or inadequate action to prepare for the transition. Amongst those unaffected by the transition, 30 percent indicated they have plans to ready themselves for the transition—despite the fact that no action will be required to maintain television service.

Background

All full-power television broadcasters are required by law to cease broadcasting their analog signal by February 17, 2009. There are numerous benefits to transitioning to digital-only broadcast signals, such as enabling better quality television picture and sound reception and using the radiofrequency spectrum more efficiently than analog transmission. With traditional analog technology, pictures and sounds are converted into "waveform" electrical signals for transmission through the radiofrequency spectrum, while digital technology converts these pictures and sounds into a stream of digits consisting of zeros and ones for transmission. A digital receiver can make the digital picture and sound near perfect until significant fading occurs, at which point no picture can be seen.

To facilitate the digital transition, Congress and FCC temporarily provided each eligible full-power television station (both commercial and noncommercial educational stations, including public stations) with additional spectrum so they could begin broadcasting a digital signal. This companion, or paired, digital channel simulcasts the analog program content in digital format. Assignment of the paired digital channel began in 1997 and FCC completed the digital channel assignment for most stations in August 2007. A station's final digital channel could be (1) the same channel as its paired digital channel, (2) the same channel that its analog signal uses to broadcast, or (3) an entirely new channel.

The DTV transition involves preparation on the part of American households. This preparation will require citizens' understanding of the

transition and the actions that some might have to take to maintain television service. The specific equipment needs for each household to transition to DTV—that is, to be able to view broadcast digital signals—depends on certain key factors. The method through which a household watches television, and whether it has already upgraded its television equipment to be compatible with digital television, will factor into the equipment needs of the household. While many households may need to take specific actions to ensure that they continue to receive television signals, others may not need to take any action. As we have previously reported, households with analog televisions that rely solely on over-the-air television signals received through a rooftop antenna or indoor antenna must take action to be able to view digital broadcast signals after the termination of analog broadcasting. Options available to these households include (1) purchasing a digital television set that includes a tuner capable of receiving, processing, and displaying a digital signal; (2) purchasing a digital-to-analog converter box, which converts the digital broadcast signals to analog so they can be viewed on an existing analog set; or (3) subscribing to a cable, satellite, or other service that provides the necessary signal to eliminate the need to acquire a digital-to-analog converter box.

The Digital Television Transition and Public Safety Act directed NTIA to establish a $1.5 billion subsidy program through which households can obtain coupons for the purchase of digital-to-analog converter boxes. NTIA established that beginning January 1, 2008, households could request up to two $40 coupons toward the purchase of eligible digital-to-analog converter boxes. Households requesting coupons must submit the name of the person requesting the coupon and a valid United States Postal Service address. Initially, any household is eligible to request and receive the coupons, but once $890 million worth of coupons have been redeemed, and issued but not expired, NTIA must certify to Congress that the program's initial allocation of funds is insufficient to fulfill coupon requests. NTIA will then receive $510 million in additional program funds, but any households requesting coupons during this second phase must certify that they do not receive cable, satellite, or other pay television service. Total possible program funding, which includes coupons redeemed, and issued but not expired, is $1.5 billion. The last day for consumers to request coupons is March 31, 2009, and coupons can be redeemed through July 9, 2009. As required by law, all coupons expire 90 days after issuance. The fully funded program could provide 33.5 million coupons.

While all full-power broadcast stations must cease analog broadcasts, low-power stations may continue broadcasting in analog after February 17, 2009. FCC established low-power television service in 1982 to provide opportunities for locally-oriented television service in small communities. These communities may be in rural areas or may be individual communities within larger urban areas. Low-power stations provide programming from networks, syndicated programs, movies, and a wide range of locally-produced programs. According to FCC, there are more than 2,100 low-power stations in operation, some of which broadcast syndicated content of major commercial networks and public television and numerous other stations reaching a broad swath of the television viewing public. Low-power broadcast stations are not required to cease broadcasting in analog as of February 2009 and most will continue to broadcast in analog after the conclusion of the full-power transition. Because there is no mandated transition date for the low-power stations, it is unclear when these stations will transition to digital broadcasts.

The Vast Majority of Broadcasters are Transmitting a Digital Signal, but Some Broadcast Stations Face a Range of Technical, Coordination, or Other Issues in Completing Their DTV Transition

Most broadcasters have made significant progress in preparing their stations for the transition to digital, with approximately 91 percent of broadcasters responding to our survey reporting that they were already transmitting a digital signal. A small number of stations responding to our survey (9 percent) had yet to begin broadcasting a digital signal, but almost all of those stations expected to be broadcasting digitally by February 17, 2009. Before the transition to digital can be finalized, some stations still have to resolve (1) technical issues, such as the relocation of their digital or analog antenna; (2) coordination issues, such as the U.S. government reaching agreements with the Canadian and Mexican governments and coordinating with cable providers and satellite companies; or (3) other issues, such as the construction of broadcast towers or financial constraints that might hinder their ability to complete the steps necessary for the transition.

Almost All Stations are Transmitting a Digital Signal and the Majority are Operating at Full Power

Broadcast stations have made substantial progress in transitioning to DTV, with the vast majority already transmitting a digital signal. Information obtained from our survey of broadcast stations indicates that approximately 91 percent of full-power stations are currently transmitting a digital signal. Our survey further indicated that approximately 68 percent of respondents are transmitting their digital signal at full strength. In addition, 68 percent of survey respondents are currently transmitting their

digital signal on the channel from which they will broadcast after the transition date. Twenty-three percent of stations that responded to our survey indicated they will be moving their digital signal to their analog channel. In addition, other stations need to move to a completely new channel. While almost all full-power stations are already broadcasting a digital signal, 97 stations, or 9 percent of stations responding to our survey, are not currently broadcasting digitally. Almost all of these stations, however, indicated that they plan to have their digital signal operational by February 17, 2009. Three stations responded that they were not planning to broadcast a digital signal by February 2009. According to FCC, stations that are not currently transmitting a digital signal either (1) were granted a license to operate a digital signal along with their analog signal but have yet to begin broadcasting digitally or (2) were not given a companion, or paired, digital channel and plan to turn off their analog signal at the same time that they turn on their digital signal—known as "flash cutting." According to our survey, 5 percent of the stations (61 stations) indicated that they plan to flash cut to a digital-only broadcast. According to FCC, flash cutting may present challenges, since it will involve stations' ending their analog television operations and beginning their digital television operations on their current analog channel or, in some cases, will require that a station change to a new channel to be fully operational. Of those stations responding to our survey that plan to flash cut, only 21 percent had begun constructing final digital facilities at the time of our survey. Furthermore, 64 percent of the flash cutters responding to our survey noted that they need to order equipment to complete their digital facilities.

Some Broadcast Stations Need to Address Technical, Coordination, and Other Issues to Support a Smooth Transition

Some stations, including those already broadcasting a digital signal, still have technical, coordination, or other issues that need to be resolved before completing their transition. For example, over 13 percent of stations responding to our survey indicated that they have to install or relocate their digital or analog antennas in transitioning to digital. Some stations still needed to order equipment, such as antennas, to build their final digital facilities. According to an antenna manufacturer we contacted, it can take from 6 weeks to 9 months to design, order, and install an antenna, depending on the antenna's complexity. This manufacturer told us that stations need to have their orders placed by June 2008 to be assured of having the equipment installed prior to the transition date. Furthermore, stations may have coordination issues to address in completing their final digital facilities. For example, some stations are awaiting agreements with the Canadian and Mexican governments regarding their signals crossing the borders of these respective countries

before the stations can complete their digital facilities. Stations will also need to coordinate with cable providers and satellite companies to ensure that cable and satellite facilities can receive digital signals when the analog signals are turned off; most of those responding to our survey indicated that they are coordinating with or are planning to coordinate with cable providers and satellite companies. Lastly, stations that have to construct broadcast towers or have financial constraints might be affected during their transition. According to our survey, 47 stations indicated that they need to construct a broadcast tower or reinforce an existing tower to build their digital facilities. Another 69 stations responding to our survey indicated that due to financial constraints, they have not started construction on their final digital facilities or that they have not begun broadcasting a digital signal.

Viewers Have Options to Prevent Loss of Service from Low-Power Analog Broadcasts, but Concerns Remain About the Clarity of Information Pertaining to this Issue

Potentially millions of viewers can receive low-power analog transmissions, including programming from the major networks (ABC, CBS, NBC, and Fox), Spanish language broadcasting, and public television. According to FCC data, 296 low-power stations broadcast one of the four major networks, 109 low-power stations broadcast a Spanish language network, and 45 low-power stations are affiliated with the public broadcasting service. Since most low-power stations will not transition to digital in February 2009, it is possible for viewers to receive programming in analog (from low-power stations) and digital (from full-power stations) after the transition date. As previously noted, one of the options households have to prepare for the transition is purchasing a digital-to-analog converter box. However, such a box could prevent the television from receiving low-power analog signals. To have access to both analog and digital television signals after the DTV transition, viewers could use a special kind of converter box that passes through an analog signal and a digital signal, often referred to as analog pass through. Absent a converter box with analog pass through capability, viewers could obtain a small device called a "splitter."[5] According to the National Association of

[5]Households with digital televisions will also be able to receive both digital and analog signals.

Broadcasters (NAB), installing the splitter and new wiring is similar to connecting a television to a DVD player and VCR.[6]

Currently, converter boxes with analog pass through are available for purchase online, and two national retailers indicated the boxes are available in their stores now. The remaining national retailers we contacted told us they would begin stocking such boxes in mid June through early September.[7] At least one national retailer we spoke with is carrying items (such as the splitter) which would allow consumers to view both digital and analog signals without purchasing a converter box with analog pass through. The retailers we contacted said all of their stores will be selling converter boxes with analog pass through, regardless of location or prevalence of low-power stations. Some retailers said they are analyzing market data to help them understand which markets will have increased need for these boxes. For example, one retailer told us that it is analyzing data to determine which markets will need and therefore initially receive more boxes with analog pass through, with the goal of having boxes with analog pass through in all stores later in the summer of 2008.

Public and private stakeholders have taken steps to educate the public about the low-power issue and the options available to consumers. For example, FCC issued a consumer advisory which serves as a resource guide on low-power television.[8] Further, FCC is urging all low-power broadcasters to immediately begin educating their viewers about this issue. FCC noted that such stations could notify their viewers that they are watching a low-power broadcast station that will continue to offer analog service after the transition date and viewers that plan to purchase a converter box should purchase a model with analog pass through. NTIA also developed a resource guide.[9] According to NTIA, it has provided information to operators of low-power stations so they can inform their viewers of the options they have regarding the DTV transition. NTIA said it

[6]According to NAB, consumers who use an antenna splitter and/or an antenna A/B switch can then switch back and forth between analog reception directly with the television or digital through the converter box. An A/B switch and splitter and additional antenna cables are inexpensive and can be found at most consumer electronic retailers.

[7]We contacted all national retailers who are participating in the converter box subsidy program, except for one retailer who was unwilling to meet with us.

[8]The FCC guide is available online at http://www.fcc.gov/cgb/consumerfacts/DTVandLPTV.html.

[9]NTIA's resource guide is available online at https://www.dtv2009.gov/lowpower/.

has encouraged converter box manufacturers to consider the needs of all viewers, including viewers of low-power stations, in the development of converter boxes. NAB and others have added information about low-power stations to their Web sites and clarified that only full-power stations are transitioning in February 2009.[10] However, the Community Broadcasters Association, which represents low-power stations, believes public and private education efforts about the DTV transition focus on the end of analog broadcasts and are misleading to viewers.

While public and private efforts are ongoing to inform the public about low-power stations not transitioning to digital, some have expressed concerns that the messages intended to explain this issue are instead confusing the public. Further complicating matters, many consumers do not know the difference between full-power and low-power stations or whether the signals they receive are full or low power. We heard from advocacy groups for disadvantaged populations that the messages intending to explain the low-power issue could be overly confusing. For example, one group questioned how those watching low-power stations would understand that (1) they are viewing low-power broadcasts, (2) these stations are not transitioning to digital, and (3) what actions they need to take to maintain the ability to watch low-power broadcasts. This group said many Spanish speakers are reliant on low-power stations to view Spanish language broadcasts but many in that community are not aware of the issue with low-power stations or that they are reliant on low-power stations.

Most People are Aware of the DTV Transition, but Many are Unprepared or Have Inadequate Plans

Most households will be unaffected by the DTV transition and a vast majority have heard of the transition. According to our consumer survey results, about 84 percent of the population has heard of the transition, but smaller numbers of people have more specific knowledge of the transition date and why the transition is taking place. Those at higher risk of being affected by the transition—households viewing over-the-air television signals—have higher levels of awareness than those who will be unaffected. Over half of the population has heard of the converter box subsidy program and those in households at risk of losing television service who plan to take action are likely to utilize the program. However, only a third of those indicating plans to purchase boxes and utilize the coupons know how to obtain coupons. While general awareness of the

[10]NAB's initiative can be found at http://www.lptvanswers.com/.

DTV transition is high, there are indications that some consumers are confused or unknowledgeable about the transition, as 45 percent of those households who are at risk plan no action or inadequate action to prepare for the transition.

About 65 Percent of Households Have All Televisions Connected to a Subscription Service, but the Remaining 35 Percent are at Risk of Losing Some or All of Their Television Service After the Transition

Our survey categorized households into varying risk levels of being affected by the DTV transition, with most households (65 percent) unlikely to lose television service. According to our survey of consumers, approximately 15 percent of households are at risk of losing television service once the transition is complete because they rely solely on over-the-air television signals. We refer to this group as "high risk." An additional 21 percent of households have at least one television used to watch over-the-air signals. While this group of consumers has one or more televisions connected to a subscription service such as cable or satellite, they still have at least one television used to watch over-the-air television. We refer to this group as "medium risk" because unless they take action, they could lose television service on the set or sets not connected to cable, satellite, or other subscription service. Also, our survey found that 65 percent of households have all of their televisions used for watching programming connected to a subscription service. We refer to this group as "low risk" since they are unlikely to be adversely affected by the DTV transition.

Our survey suggests that while most Americans do not believe the transition will be disruptive, some do not fully understand the ramifications the transition could have on their ability to watch television. We asked respondents how disruptive they expected the change from analog to digital to be and found that 55 percent expect the transition will not be at all disruptive. Only 10 percent of the population expects the transition to be very disruptive and even among high risk households—those who most likely must take action or lose television service—only 20 percent expect the transition to be very disruptive. Nevertheless, while most households (69 percent) believe the transition will be either not at all disruptive or not too disruptive, of this segment of the population, 54 percent had inadequate or no plans for the transition despite being at medium or high risk of losing television service.

NTIA and FCC have identified a number of at-risk populations who might be more likely to be adversely affected by the transition. These groups include seniors, low-income, minority and non-English speaking, rural households, and persons with disabilities. Those most likely to be affected by the transition are spread across all types of households throughout the

country, but in some cases, there are particular characteristics of note regarding which types of households represent the high and medium risk groups. Our survey collected demographic information on households and found that certain subgroups of the population were more likely to be affected by the transition. For example, households at risk of losing all television service—those in the high risk group—were more likely to be in urban locations than households in the medium risk group. Households in the various income categories are spread across the different risk groups; however, the lower income group has a larger portion of high risk households. Specifically, those with income lower than $50,000 are composed of 19 percent high risk, whereas 14 percent of households with income from $50,000 to $99,999 are high-risk and only 7 percent of households with income of $100,000 and above are high risk.

General Awareness of the DTV Transition is High, but Detailed Knowledge is Much Lower

Overall, about 84 percent of Americans have heard of the DTV transition according to our survey results. To test the survey respondents' level of awareness, we asked if they had heard of the DTV transition and if they knew when and why the transition was taking place. We found the percentage of people with detailed knowledge about the transition declines with the specificity of information. For example, 62 percent knew the year (2009) that the transition would take place, but only 31 percent knew the month and year (February 2009). Additionally, only 35 percent of people who indicated they were aware of the transition—29 percent of the population as a whole—could explain why the transition is taking place. The most common responses on why the transition is taking place were related to technology improvements. Twenty percent indicated the transition would bring about general technological advancements and 30 percent cited better television picture quality as the reason for the transition. Much smaller percentages of the population indicated the transition was to free up airwaves for a variety of reasons, including improved emergency communications.

Those who may be more seriously affected by the transition have higher levels of knowledge about the transition and when it will take place than those who will be less seriously affected. To determine the awareness of the households that will be most affected by the transition, we segmented survey questions by risk group. Our survey indicates that consumer awareness was higher, in most cases, across a variety of questions, for the medium and high risk groups than for the population as a whole. In particular, for the medium risk group—the largest block of affected households—90 percent indicated they were aware of the transition. In the more detailed indicator of awareness, knowledge of the transition date, 40

percent of high risk households, 37 percent of medium risk households, and 27 percent of low risk households were aware of the month and year the transition will take place.

Our survey results indicate that some demographic groups show different levels of awareness from the overall population. We examined awareness of the transition across demographic factors, such as age, ethnicity, income, and disability and examined, additionally, the awareness of those households likely to be affected by the transition—the high and medium risk groups.

Age: Across various age categories, there were few differences in overall consumer awareness, but people in the middle-age group (45 to 64) have the highest rates of awareness of the DTV transition, its timing, and why it is occurring. Respondents who were 65 and older showed slightly lower levels of awareness. When looking specifically at awareness of the transition date for age groups, 29 percent of 18- to 44-year-olds, 36 percent of 45- to 64-year-olds, and 26 percent of those 65 and older knew the month and date of the transition. As for the reason for the transition, 18- to 44-year-olds had the lowest percentage of those aware of why the transition was taking place.

Ethnicity: By ethnicity, those self-described as white or Caucasian had higher general awareness (86 percent) than those nonwhite ethnic groups (78 percent). This trend in awareness followed for the additional specific questions about the transition and is more pronounced for the at-risk groups. When high and medium risk households were asked about why the transition was taking place, only 16 percent of nonwhite respondents were knowledgeable compared with 45 percent in the white/Caucasian group.

Income: Higher income was associated with greater awareness. For those individuals with incomes from $15,000 to $34,000, 84 percent were aware; for those with incomes ranging from $35,000 to $49,000, 90 percent were aware; $50,000 to $99,000, 90 percent were aware; and for those making over $100,000, 94 percent were aware. On the other hand, 69 percent of those making less than $15,000 per year were aware of the transition.

Disabilities: We found that 77 percent of those with disabilities were aware of the transition.

Community type: We found that awareness did not differ significantly in different community types. In urban, suburban, and rural/small-town groups, awareness was around 84 percent, similar to that of the

population. There was also little variance by region of the country: the Northeast, Midwest, West, and South regions all showed similar awareness.

Our results indicate that, across all risk groups, television is the most pervasive source of information about the transition. In particular, 82 percent of the population indicated they heard of the transition by television. In addition, 45 percent said they had heard about the transition by word-of-mouth and 30 percent from newspapers or magazines. Many fewer (17 percent) had heard about the transition from the Internet and 11 percent heard about the transition from retail stores.

Households Planning to Take Action for the DTV Transition are Likely to Utilize the Converter Box Subsidy Program, but Many Household Plan to Take No Action to Prepare for the Transition

Greater than half of the population is aware of the NTIA converter box subsidy program, but more detailed knowledge of the program is much weaker. Overall, awareness of the converter box subsidy program is at 55 percent. The high and medium risk groups have higher awareness, at 63 percent and 56 percent respectively, than the low risk group at 53 percent. While general awareness of the subsidy program itself is relatively high, of those households who intend to purchase a converter box and to request a coupon from the NTIA program, only 33 percent were aware of how to obtain a coupon.

Those households who indicated that they were likely to purchase a converter box reported very high rates of likelihood to request the coupons. In the high risk group, of those who intend to purchase a converter box, 100 percent of respondents said they were likely to request a coupon. In the medium risk group, 89 percent of these households said they were likely to request coupons. According to NTIA officials, the rate of those requesting two coupons is approximately 89 percent.

The intention of households to utilize the converter box subsidy program if they plan on purchasing converter boxes is clear. However, the percent of those who indicated they are likely to purchase a converter box in the first place is much lower. In the high risk group, 49 percent, and in the medium risk group, 32 percent of households are likely to purchase a converter box. Additionally, 15 percent of households in the low risk group said they would purchase a converter box when the transition takes place. This indicates not only that some households may be confused or unknowledgeable—low risk households should not need converter boxes—but that households with no need for converter boxes may utilize the subsidy program. Of the low risk households, 86 percent said they would utilize the NTIA program. Based on an analysis of our survey, we

estimate that households will request roughly 30.6 million coupons. This estimate assumes that households will follow through with their plans to request coupons.[11]

Despite high overall awareness of the DTV transition, many households were unprepared for the transition. We describe as unprepared for the DTV transition those in the medium or high risk groups who indicated that for the transition, they will do nothing, they do not know what they will do, or they specified some other action that will not prepare them for the transition. Our analysis determined that 35 percent in the high risk group were unprepared and 52 percent in the medium risk group were unprepared. Overall, these unprepared groups make up 16 percent of the total population. Amongst low risk households, 30 percent indicated they have plans to ready themselves for the transition—despite the fact that no action is required to maintain television service.

Thank you, Mr. Chairman, that concludes my statement. I will be pleased to answer any questions that you or other Members of the Subcommittee might have.

GAO Contact and Staff Acknowledgements

For further information about this testimony, please contact Mark L. Goldstein at (202) 512-2834. Other key contributors to this testimony include Andy Clinton, Colin Fallon, Ronald Fecso, Simon Galed, Eric Hudson, Bert Japikse, Aaron Kaminsky, Sally Moino, Karen O'Conor, and Andrew Stavisky.

[11]We estimate that households with a landline telephone will request approximately 30.6 million coupons, ranging from 25.6 million to 35.5 million coupons. This estimate does not include non-landline households or household where telephone status could not be determined. While we could not substantiate an assumption that these households would respond similarly to landline households, if they do, this could add another 11 million coupon requests to the estimate.

Appendix I: Scope and Methodology

To obtain information on the technical and coordination issues facing broadcast stations, we conducted a Web-based survey of the full-power commercial and noncommercial television broadcast stations. We asked the broadcasters questions related to their digital facilities, construction plans, and issues affecting the digital transition. From a total of 1,747 broadcasters, we surveyed 1,682 stations located in the 50 states and the District of Columbia for which we could obtain contact information. We conducted our survey from December 2007 through February 2008 and obtained completed questionnaires from 1,122 stations, for a response rate of 66.7 percent. Of those completed questionnaires, 72 percent were from commercial stations and 28 percent were from noncommercial stations.

To obtain information on issues pertaining to low-power television stations and how they affect consumers, we reviewed data from the Federal Communications Commission and interviewed a wide variety of industry and other private stakeholders, such as national retailers, industry associations, and consumer advocacy groups.

To determine the extent of consumer awareness about the transition, we commissioned a telephone survey of the U.S. adult population. Our objectives were to produce nationally representative estimates of (1) knowledge and awareness of the DTV transition and sources of that knowledge and awareness, (2) knowledge about the converter box coupon program and likelihood to request one or two coupons, and (3) attitudes about the impact of the conversion to digital television (e.g. level of disruption) Although the survey was designed to measure these issues at the population level, our intent was also to focus on several sub-populations, including (1) those most at risk of losing their television signal, (2) those with lower household incomes, (3) older Americans, (4) African Americans and Hispanics, and (5) those with disabilities. We analyzed the comparisons between these sub-populations and report on differences statistically significant at the 95 percent level. Percentage estimates have margins of error of less than 6 percent.

This survey of the American public was conducted from March 24, 2008 to April 7, 2008 by a private research firm. A total of 1,010 completed interviews were collected and calls were made to all 50 states.

Telephone surveys require assumptions regarding the disposition of non-contacted sample households that meet certain standards. For this survey the response rates were calculated using American Association of Public Opinion Research (AAPOR) Response Rate 3. Based on these assumptions, the response rate for the survey is 38 percent. A random digit

dial (RDD) sampling frame was used that includes both listed and unlisted numbers from working blocks of numbers in the United States. Technically, it provides a near 100 percent coverage of all households with landlines however; the RDD sampling frame approach cannot provide any coverage of the increasing number of cell phone only households. The 30.6 million estimate for coupon requests (which ranges from 25.6 million to 35.5 million coupons) does not include 13.1 percent of the households that are cell phone only households or 13.3 percent of the households for which there was no telephone service or no reported telephone status. While we could not substantiate an assumption that these households would respond similarly to landline households, if they do, this could add another 11 million coupon requests to the estimate. Additionally, the number of households that decide to replace their television rather than add the converter box could increase, which may decrease the demand for converter boxes.

Because many households contain more than one potential respondent, obtaining an unbiased sample from an RDD frame requires the random selection of the individual respondent from among all potential respondents within the sampled household (as opposed to always interviewing the individual who initially answers the phone). This was accomplished using the most recent birthday method, in which the interviewer requests to speak to the household member aged 18 or older who had the most recent birthday. If the selected respondent was not reachable after three call attempts, a substitute respondent was selected from among household members 18 years of age or older who were available at the time of the call, or an appointment was set for a household member who was willing to participate at a later time.

The results of this survey reflect an estimated awareness of the DTV transition for the time frame of the survey only. Some questions in the survey ask about the respondent's knowledge or awareness of the transition and the coupon program. As consumer education about the transition and the coupon program increases, the number of people aware of the transition and the coupon program will probably increase. Additionally, the respondent may not be the person in the household responsible for obtaining a coupon or deciding how to handle the transition. As a result, the individual response may indicate that the person is unaware, but someone else in the household could be planning to take care of the issue. As a result, we may overestimate the percentage of unaware households.

Finally, in the survey we asked respondents about likely behavior once the transition occurred. Only those who said they were likely to purchase a converter box were asked if they would request a coupon and then were asked whether they would request one or two government coupons. In our calculation of coupon demand we assume that those who do not say they are likely to purchase a coupon box will not request a coupon.

Appendix II: Related GAO Products

Digital Television Transition: Majority of Broadcasters Are Prepared for the DTV Transition, but Some Technical and Coordination Issues Remain. GAO-08-510. Washington, D.C.: April 30, 2008

Digital Television Transition: Increased Federal Planning and Risk Management Could Further Facilitate the DTV Transition. GAO-08-43. Washington, D.C.: November 19, 2007.

Digital Television Transition: Preliminary Information on Progress of the DTV Transition. GAO-08-191T. Washington, D.C.: October 17, 2007.

Digital Television Transition: Preliminary Information on Initial Consumer Education Efforts. GAO-07-1248T. Washington, D.C.: September 19, 2007.

Digital Television Transition: Issues Related to an Information Campaign Regarding the Transition. GAO-05-940R. Washington, D.C.: September 6, 2005.

Digital Television Transition: Questions on Administrative Costs of an Equipment Subsidy Program. GAO-05-837R. Washington, D.C.: June 20, 2005.

Digital Broadcast Television Transition: Several Challenges Could Arise in Administering a Subsidy Program for DTV Equipment. GAO-05-623T. Washington, D.C.: May 26, 2005.

Digital Broadcast Television Transition: Estimated Cost of Supporting Set-Top Boxes to Help Advance the DTV Transition. GAO-05-258T. Washington, D.C.: February 17, 2005.

Telecommunications: German DTV Transition Differs from U.S. Transition in Many Respects, but Certain Key Challenges Are Similar. GAO-04-926T. Washington, D.C.: July 21, 2004.

Telecommunications: Additional Federal Efforts Could Help Advance Digital Television Transition. GAO-03-7. Washington, D.C.: November 8, 2002.

Telecommunications: Many Broadcasters Will Not Meet May 2002 Digital Television Deadline. GAO-02-466. Washington, D.C.: April 23, 2002

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Mr. MARKEY. And we thank the panel, and the Chair now recognizes himself for a round of questions. We are going to begin with you, Dr. McGuire-Rivera.

In your testimony you state, "As distributed but unredeemed coupons expire, funds otherwise obligated to those coupons will be returned to the coupon program. The program currently has limited administrative funds to distribute additional numbers of coupons that might be issued for the return funds. The program is carefully watching its administrative funding limits so that it can distribute as many coupons as possible." This sounds like money might be returned to the pool so that additional eligible consumers apply and obtain needed converter boxes, but that a lack of administrative funds might prevent the program from mailing them out to the people in America that need these converter boxes.

Please explain. This sounds like there could be a big problem here.

Ms. MCGUIRE-RIVERA. We asked for the contention funds. One of the reasons we asked for it is we thought not so much that you would need money for coupons, but we could in fact need money for administration due to mid changes that we are going to be making in the program from the rulemakings and because there is going to be a lot of recycling. And I think when the administrative funds were established, there was never enough money for endless recycling of the coupons.

Mr. MARKEY. Is this potentially a big problem, that you won't have the funding?

Ms. MCGUIRE-RIVERA. I would say it would be a midsized problem.

Mr. MARKEY. A midsized problem might entail having a million people not being able to make the commercial—I am wondering, how do you define midsized? Do you need more administrative funds, in other words? Or does IBM need to do something here? Tell us what the solution is.

Ms. MCGUIRE-RIVERA. The funds would go to IBM.

Mr. MARKEY. What do you need us to do?

Ms. MCGUIRE-RIVERA. We need you to work with us as we figure out what is actually going on with the redemption rates and with the demand rates. If demand stays high and redemption stays where it is, about 30 to 40 percent, it looks like we will be able to redistribute more coupons than we ordinarily thought. So we would have to get more money basically to buy more stamps to send out coupons.

Mr. MARKEY. So you are going to need more money, though? Is that what you are saying?

Ms. MCGUIRE-RIVERA. Possibly for stamps.

Mr. MARKEY. Possibly stamps. OK. So we won't think of that as money. But there is a price on that.

Ms. MCGUIRE-RIVERA. There is a price on that.

Mr. MARKEY. And you will pay for those stamps with money maybe?

Ms. MCGUIRE-RIVERA. We will need money.

Mr. MARKEY. OK. Thank you.

Mr. Goldstein, what data point in the initial survey results would you highlight as particularly concerning to you?

Mr. GOLDSTEIN. I think there are several. We think there is a fair amount of confusion still out there as I indicated. Number one, of the—roughly 45 percent of households that are in the high-risk group do not plan to take action. They seem to be unprepared to know what it is they need to do in terms of getting a converter box or a coupon. Of those who do understand what the program is and that they need to take some action, 100 percent of them said that they would actually redeem a coupon.

But there are other confusion points as well. As you indicated in your opening statement, 30 percent of households that are in the low-risk group that really don't have to take any action at all still plan to take action to get a converter box and therefore might also get a coupon and therefore be a drain on the treasury. There are a number of sort of anomalies and a lot of confusion still out there that have——

Mr. MARKEY. Let me ask you this. I think we heard from Dr. McGuire-Rivera that 40 percent of the calls coming into the call center are in Spanish. Can you talk about that issue and how well the program is working in terms of addressing that community?

Mr. GOLDSTEIN. We didn't specifically look for this particular report of those issues. We are doing some ongoing work now to continue to look at the consumer——

Mr. MARKEY. Could you do me a favor, Mr. Goldstein? Could you put aside a special focus on that issue of how the Hispanic community is going to ultimately be dealt with with this program? If 40 percent of the calls coming in are in Spanish, there is obviously an issue here because it only represents maybe 10 or 11 percent of our population. So to the extent to which something is popping up like that, I would appreciate it if GAO would focus on it.

And in fact if I can go back to you, Chairman Martin, how do you respond to these concerns that are being raised here at NTIA in terms of its administrative funding and over here with regard to the awareness but yet these gaps that exist in terms of individuals' response?

Mr. MARTIN. I certainly support NTIA if they needed extra administrative funding to be able to mail out the coupons, then I think that that is a critical thing that we will need to make sure everyone gets to take advantage of the coupon program. I think that the Hispanic and Spanish speaking homes are twice as likely to not subscribe to cable or satellite. So they are a particularly at-risk population. The potential problem is compounded by the fact that it is even harder to get the message out to them. I think that is one of the reasons why they have been certainly one of our top target groups. And I think that what we need to do is continue to try to work with the organizations who understand how to get a message out at a grassroots level to them. We have—I think both NTIA and the Commission translated all of our information so that it is available in Spanish, but we really are trying to work at the grassroots level like what we are doing with Univision for town hall meetings, like what we are doing with the Hispanic Chamber of Commerce for town hall meetings and in cities with high Spanish speaking populations. I think it is going to be critical to make sure that they understand this transition is going to impact them as well.

Mr. MARKEY. Thank you. My time has expired. The Chair recognizes the gentleman from Florida, Mr. Stearns.

Mr. STEARNS. Thank you, Mr. Chairman. Dr. McGuire-Rivera, I just want to clarify a little of what Chairman Markey mentioned. If you get access to the second set of funds that in fact have been allocated through Congress and made available to you, as the statute has stipulated, will you then have enough money for the administrative expenses and coupons?

Ms. MCGUIRE-RIVERA. We are being very cautionary about that.

Mr. STEARNS. Can you bring your mic a little closer?

Ms. MCGUIRE-RIVERA. We are being very cautious about that because we may in fact need a little bit more to continue to recycle coupons. And also we won't really have a firm answer on that until we get a better sense of what it is going to cost to do the rulemaking changes. So we may, we may not. I don't think it is a huge alarm at this point. But I also don't want to be in a situation where we would come back to you in July and surprise you.

Mr. STEARNS. Yeah. But we have allocated $60 million additional money for you. Do you think you will need more than that in addition—if we give you access to that funding, do you suspect you will need more than $60 million?

Ms. MCGUIRE-RIVERA. We could depending on the redemption rates and——

Mr. STEARNS. Give me a worst case scenario. How much more money will you need?

Ms. MCGUIRE-RIVERA. I really couldn't give you that number right now.

Mr. STEARNS. OK.

Ms. MCGUIRE-RIVERA. We will get back to you and provide you more detail. We have done studies of how the coupons would cycle through, and I would be happy to have the people who worked on that sit down with the staff and go through that.

Mr. STEARNS. Is it possible that the administrative charges could be more efficiently implemented so that you wouldn't need more than the——

Ms. MCGUIRE-RIVERA. We are looking at that, too.

Mr. STEARNS. I think you should look at that, too, at this point.

Ms. MCGUIRE-RIVERA. My preference would be not to have to ask for money, quite frankly.

Mr. STEARNS. OK. Chairman Martin, thank you for being here and let me compliment you again, as I did in the opening statement, for this demonstration, just quickly how you feel about the demonstration. Do you think there is going to be any problem or are you going to take heat for something that is a great idea that didn't work perfectly when you were actually just—we all suspect there are going to be problems, so that is why we are doing a demonstration.

Mr. MARTIN. Sure, I am anxious about both the experiment in Wilmington and about the ultimate transition. I think both of them face the same kind of challenges in making sure that we have informed everyone to the maximum extent possible and that we have gotten everyone as prepared as possible. So I am anxious about both. But I do think that we will be able to take and learn some important lessons about what is most effective in educating con-

sumers and also some of the technical questions that have been asked about things like the antenna reach—I mean the power—the reach of the digital broadcast stations and whether people need new antennas or not. I think both of those will be able to be informed by the experiment that we are undergoing.

So, sure, I am anxious about it, but I think it is an important effort.

Mr. STEARNS. Mr. Chairman, if you are looking for another city after Wilmington, North Carolina, you can go to Jacksonville, Florida. It is a little larger city, but I think they would be willing to take that opportunity, too.

Mr. MARTIN. We have—I believe there were seven or eight markets we identified as being prepared, and we actually contacted them and we actually contacted several markets in Florida. I would be happy to share that with you. I think Jacksonville may have been one of them. But there was actually no other market that was willing to at the time. But we would be happy to work with you. If we can get them to go through it as well, we would be happy to.

Mr. STEARNS. OK. Well, I will contact them. I have a little longer question. I am glad you pulled the AWS-3 item from tomorrow's FCC open meeting. I think I am concerned that you are perhaps moving down a path that is similar to what I talked about with the 700 megahertz auction. I think at least the people I have talked to acknowledge that by conditioning some of the 700 megahertz spectrum largely on a business model, and many of us think these business models were implemented or proposed by Google or Frontline, and I think you decrease the revenue by doing that as much as $10 billion and perhaps hurt our goal of finding a private partner to build out a public safety network spectrum cleared by the DTV legislation, as we predicted in our letter that at that time Chairman Barton—or Mr. Barton of Texas, the ranking member on our committee, sent to you and which I signed. In the AWS-3 auction, you were once again considering conditions largely tailored to one business model this time as proposed by M2Z. We don't think this is necessarily appropriate. It sets up winners and losers. It will reduce revenue. What we need to do is to help build out a public safety network, especially if the D-block re-auction fails again.

So I guess the question is, do you agree? If you do, will you commit to move on the AWS-3 spectrum until we—will you commit not to move, not to move on the AWS-3 spectrum until we see what happens in the D-block re-auction?

Mr. MARTIN. I think that in the last few years, we have made significant strides in broadband deployment. But I do think that we should also recognize that there are additional things we could end up doing to try to make sure we are facilitating the broadband availability and broadband affordability to people throughout the country. I think that to the extent that there were companies that were willing to bid on and off for our broadband service in this spectrum and at the same time reserve a piece of that spectrum to offer free broadband throughout the country, I think that would have a significant public interest benefit and be able to be a lifeline broadband service. It would be at slower speeds than you might be able to get otherwise. It would be more like the dial-up speeds

probably of today in comparison to what the commercial providers would be offering. But I think if someone was willing to make that kind of a commitment as part of their going forward, I think that is a significant public interest benefit that I don't—I think the Commission should take into account.

I think it is also important to recognize that while the people who are proposing that as their—that we should include that as a condition. That is being opposed by the traditional industry players but the traditional industry players are actually wanting us to encumber the spectrum in other ways that actually make it conducive to their business model. They want us to put certain power limits on it and make it just basically available only for one-way distribution of service. So the only people that would be able to really take advantage of the AWS spectrum would be whoever owned the spectrum right next door in that geographic area. So whoever owned the frequency right next door. They really want it to be reserved to be able to offer mobile video services, the kind of media flow, Qualcomm kind of services.

So I think that you have got the traditional industry players who are also advocating that basically we only have one business model for this piece of spectrum. I think that the business model that we should be advocating is trying to take into account some kind of a lifeline broadband service for consumers. I think that is important, and I continue to believe it is an important policy.

Mr. MARKEY. The gentleman's time has expired. The Chair recognizes the gentleman from San Antonio, Mr. Gonzalez.

Mr. GONZALEZ. Thank you very much, Mr. Chairman. And again, I commend you for keeping on top of this situation because I think we really need to be prepared for it. I anticipate there will be a real avalanche of activity as we move closer to February 17, 2009. And if any of the witnesses disagree with me, in a minute I would like your opinion as to why you think this situation is not going to get worse before it gets better.

Dr. McGuire-Rivera, you indicated that 42 percent of the first 800,000 or so of the coupons had been redeemed, less than half. And so I want you to kind of walk me through this because my understanding is we are having difficulty stocking some of these converters, especially the pass-through converters, let us say in San Antonio where I have one of my local grocery store chains, H-E-B, which is a huge, huge presence in Central and South Texas. H-E-B alone has sold nearly 19,000 converter boxes. This is a quote. About 100 boxes will arrive at the store on Sunday afternoon and by Monday afternoon they are gone. Now, they are only selling analog pass-through boxes for the obvious reasons in our area, and I really do commend them.

The other thing that I want to also point out to you—and I point this out at every hearing—the one thing that all these households have in common is electricity. So we have our municipally-owned utility company. It is my understanding at this point that they will be providing inserts in the monthly bills. So we will be getting into those households probably like no other communication will be getting to those households. And so I am strongly encouraging these partnerships. I have no idea if we have other areas that are doing this. The avalanche of activity is going to be real obvious. If we

only have half of those that you have already granted the coupons, you can imagine what is going to happen. People procrastinate. This is human nature. So even those that have applied, have the coupons, aren't acting. Can you imagine the activity come November and December and January?

So you should be prepared and I don't want you to be hedging that you are going to utilize additional funds and maybe even requesting others. Walk me through this particular scenario. We don't have analog pass-through boxes available like we should, people are behind, they are waiting for the coupons to expire. And I think Mr. Stearns may have referred to this. I am not real sure if this is what he was describing. I am just looking at the timing of redemption. And so they go to the retailer, they don't have the box. They come back, they still don't have the box. Can the retailer accept the coupon, which I believe is a card or whatever? Do they go ahead and swipe that at that point in time, even though they don't have a box, but they will in the future deliver the box? And do they then get credit and reimbursement for merchandise which has not been delivered or do they wait until they have the box, which may go beyond the expiration date? What do we do in those circumstances? How do you understand it? Let us start off with the proposition, when do they swipe the coupon card?

Ms. MCGUIRE-RIVERA. OK. I am glad you asked this question because this is an issue and there are some very important problems associated with this. At this point, we encourage a retailer to create a, quote, waiting list. We would prefer that they not swipe the card or ask for their $40 from the government until a box is actually available in stock, and I will tell you why. As Representative Stupak talked about a vendor mysteriously disappearing from the list, we have had to pull about a dozen bad apples out of the barrel. And these were retailers that were decertified for essentially doing this, taking a coupon, swiping it, essentially taking the consumer captive. These boxes never appeared as we looked into it. It was clear that the boxes are never going to appear.

Mr. GONZALEZ. So your answer is you don't swipe that until you have the box in hand and you deliver it?

Ms. MCGUIRE-RIVERA. We prefer that they not swipe until they have a box in hand, and certainly we do not want the government to give somebody $40 to——

Mr. GONZALEZ. And that makes perfect sense and we would probably be all over you if you were doing it otherwise. The problem in the practical application is that we don't have the boxes available in those locations that are being frequented and the redemption is really taking place. It may not be RadioShack or Best Buy in San Antonio or in south Texas. That is a very real concern. The other thing is those individuals whose coupons have expired, they cannot reapply; is that correct?

Ms. MCGUIRE-RIVERA. That is correct, yes.

Mr. GONZALEZ. So they have lost their chances. Now, I have a sense that that is probably not going to happen throughout. I mean, I think if we have 58 percent of 800,000 that did not, they are now ineligible for any kind of governmental assistance. And I don't—I am not real sure that is going to play out all the way

through the 17th of February. I think we are going to run into some real serious problems.

Chairman Martin, the other issue. I think we are going to have the avalanche of activity. If you all disagree, tell me that it is only going to lessen in number and scope as we go along the process. There is the other issue. And if I can find my newspaper article that I wanted to read—from which I wanted to read, and that was regarding the quality of the signal and the other problem that we are going to have. And this is from a May 20, 2008, Washington Post story by Kim Hart. And you are very familiar because I believe that you may be cited—that you are cited here. What new digital audiences have to fear is the digital cliff or the all or nothing quality of digital reception. The picture is excellent until the signal weakens or is interrupted, causing the picture to disappear. And it is more sensitive to interference from hills, trees, buildings and bad weather than traditional analog reception. An analog picture degrades gradually. You get more static and snow as signals weaken. Then we have a quote—consumer advocates say the Federal agencies in charge of the digital transition have not informed consumers of potential reception gaps which will cause more frustration when the switch happens. What is of great concern to me is a quote from Mr. Oded Bendov, who is President of TV Transmission Antenna Group, who said that about half of the viewers who now receive analog channels will not reliably receive all of their digital replacements and that viewers more than 40 miles from a broadcast tower would probably need new equipment.

Now, I do want to concentrate on the avalanche of activity—don't get me wrong—but then we are going to have this secondary issue that is going to be huge once people do get the converter boxes and we are trying to respond to these complaints. And I would like your views and comments regarding this particular story.

Mr. MARTIN. Well, first I would say that our engineers estimate that there will only be about 5 percent of the population that would currently be able to receive the analog signals who might be adversely impacted by that digital—by the transition to a digital signal. So it is not nearly the percentage they are talking about in that article. And that even then, of those 5 percent, it would only be that percentage of the population that doesn't subscribe to cable or satellite. So it would really be somewhere closer to 15 percent of 5 percent, or less than 1 percent of the people who would be adversely impacted.

The other—when you refer to the Kim Hart article that you did, if you actually go back and look at the hard copy of that article, the picture that was associated with it, with the—describing the person who was not able to receive their signal, his antenna is covered with tin foil and the reason why their antenna is covered with tin foil is probably because they really couldn't receive very well the analog signal. When you are talking about the impact of the digital transition, you have to compare what their analog signal is today to what their digital signal will be tomorrow using the same antenna. Many of the studies that estimate—for example, the centrist study, that estimates it will have a much more significant impact, change antennas in the middle of the study. They say if there is a rooftop antenna with an—receiving an analog signal and if you

take a rabbit ear type of antenna and put it on the roof, what will be the impact? Well, of course, if you change antennas in the middle of the study, a significantly less number of viewers will be able to watch the television. But our engineers do not estimate that it will be like that. Again, if you go back and look at the picture in that article, you can see the tin foil covering that antenna.

Mr. GONZALEZ. Thank you, Mr. Chairman.

Mr. MARKEY. The gentleman's time has expired. The Chair recognizes the gentleman from Michigan, Mr. Upton.

Mr. UPTON. Thank you, Mr. Chairman. Again, I appreciate the testimony of all of our witnesses and I would have to say that every member on this subcommittee certainly knows something about customer relations as we deal with the 650,000 people that we represent and as we try to walk them through issues, particularly on casework where they might feel wronged and we try to lend a helping hand to correct things. And I am just interested, Dr. McGuire-Rivera, about how are the consumers themselves feeling about the process? What type of feedback have you heard from folks that are using the coupons? Are things going relatively smoothly? Have you had a number of major inquiries from the retailers or the customers saying that the system is broken and needs to be fixed? Are folks generally happy? Is it working fairly well? What is your—what is the happy quotient here?

Ms. MCGUIRE-RIVERA. I think the happy quotient is pretty good. When they call us, of course, they are not calling us to tell us they are happy. But we really get very few complaints and a lot of the consumer problems frankly that get funneled to us get funneled through your offices. Thank you very much, though. So I would say while we do get some complaints, I think we had about 100 complaints called in to us over a 2-month period and considering we are getting 104,000 coupon requests a day, the happy quotient is pretty good, and we are doing everything we can to take care of the consumer complaints.

Mr. UPTON. Those 100 complaints or so that you have gotten, are they more on the retailer end, they don't have the right box or don't know how to hook it up?

Ms. MCGUIRE-RIVERA. No. Most of them really when they call us, they either had some problems with getting their application through basically. We do not get a lot of complaining about the box.

Mr. UPTON. Now, what happens to someone that applied for that coupon early and for whatever reason didn't go to the retailer, perhaps the retailer didn't have a box. But let us say they didn't go and the coupon is expired and they said, well, this is my opportunity now to go and, gosh, maybe I wasn't aware that it was going to expire and I wouldn't have the chance to reapply for another coupon? Have you received any calls or complaints from folks that might be a little angry about that?

Ms. MCGUIRE-RIVERA. We get a few, but there is not a ground swell of that.

Mr. UPTON. And how many of those are there of the 100 or so?

Ms. MCGUIRE-RIVERA. Of the 100 or so? Twenty, probably.

Mr. UPTON. And is there a routine or standard that you go through with the folks?

Ms. MCGUIRE-RIVERA. At this point, we are not allowing reissues. And a lot of this has to do with the fact that we really are pushing for people to buy their boxes now. I think if we told people now, oh, if you forgot to use your coupon, that doesn't matter because we will get you another coupon. First, the cost of reissuing coupons—I can't give you an exact dollar figure, but I can guarantee you it is breathtaking because we have talked to IBM about that. But it is very important that people get out there now and not wait until February. And allowing a reissue would have a backup in January and February that I think would create probably more problems than what we are trying to solve with the reissue. We are looking at it, but right now we are holding back on saying whether or not we would reissue a coupon.

Mr. UPTON. Mr. Martin and Mr. Goldstein, I don't know if you looked at this at all, but of the folks that will require a new box or a box to be able to get a signal, do we know what percentage of those folks have decided instead of going to look for—to make application for the card and go to a retailer, how many folks in terms of numbers would actually say, well, maybe this is the time to sign up for cable or satellite and just forget this rabbit ears thing? Do we have any estimate in terms of the migration from folks into those two services?

Mr. MARTIN. We don't yet. I mean, we know approximately how many households today do not subscribe to cable or satellite. It is about 15 percent. But we don't know—we haven't seen any change in that, but we will be on the look for it as we go forward. But we don't have any estimates of that yet.

Mr. UPTON. And, Mr. Goldstein, when you did your study—I know it was done at the end of February. So it was really a little bit before the word really got out.

Mr. GOLDSTEIN. That is right. This particular edition of the survey, we did not ask that question. It is a very good question, though.

Mr. MARKEY. The gentleman's time has expired. You just used the word "breathtaking" in terms of the amount of money it would cost.

Ms. MCGUIRE-RIVERA. To reissue, yes, sir.

Mr. MARKEY. What is the number next to breathtaking?

Ms. MCGUIRE-RIVERA. Maybe two or three times what it costs to do an average coupon, because you have to go in and rebuild the system.

Mr. MARKEY. Very interesting. The Chair recognizes the gentlelady from California, Ms. Eshoo.

Ms. ESHOO. Thank you, Mr. Chairman. Ms. McGuire-Rivera, given the last line of questioning and the number of people that have participated and what you said earlier about having to request more money, at what point will NTIA make an assessment that there is some trigger mechanism to have this occur?

Ms. MCGUIRE-RIVERA. My estimate is that we will know—we will have firm figures in July. I mean, this is not something that we are going to be coming back to you in November.

Ms. ESHOO. Don't come back in August, because we won't be here. Wait until September.

Ms. MCGUIRE-RIVERA. During the summer, I think all of us will have worked through this. We are working very closely with IBM on what we can do to make changes in the system. I believe at the last hearing they said everything is technically possible, but there is a cost both in terms of time and money at this point in the program. So we are considering everything. We will work with you to make sure that we can make as many consumers happy as we can.

Ms. ESHOO. I don't recall the rationale for setting up the coupons to expire and some of the downsides that have been pointed out to that. What was the rationale for setting it up that way?

Ms. MCGUIRE-RIVERA. Well, it is statutory. It was in the statute. I don't pretend to speak—but I have a feeling that it was set up along with the early start in January to move people through the process of getting coupons and getting boxes and being ready long before February 17, 2009.

Ms. ESHOO. Can you remind us how many have applied for a coupon and the coupons have expired because they haven't gotten the goods? Do you have any sense of that or does——

Ms. MCGUIRE-RIVERA. We have 800,000 that have expired. And so there would be what—my math is not so good anymore. 58 percent of those people decided not to use the coupon for one reason or another.

Ms. ESHOO. I see. Chairman Martin, there has been a lot of news on the AWS-3 auction and the rules that are on circulation at the Commission and our colleague from Florida made mention of it. I would like to point out a couple of things here. And that is that 70 percent of the spectrum, the 700 megawatts auction went to two companies. Two, not 20. Verizon and AT&T. And I think that what it points out is that we need competition. We need real competition. In order for broadband to be broad and deep and pervasive in the country, I think that we need competition. So my only question to you is, when do you expect the rules to be voted on at the Commission?

Mr. MARTIN. Well, I had originally put them on for the vote for tomorrow's meeting. Some of the commissioners continue to have some questions about it. So I would like to move forward with that in July. I think it is important for us to try to move forward and put the spectrum out and available. And I would like to try to move forward in July as soon as I can get the support of at least a majority of the Commission.

Ms. ESHOO. Well, I think that is good news for the country. To the Chairman again, do you think that broadcasters—I made a statement about the—what broadcasters had promised. And in my view, the promise that they made is really an overstatement of their vision of how broadcasting would change after the digital transition. Do you think that they overstated their vision?

Mr. MARTIN. Well, I certainly think that our policies haven't as a total—and we haven't encouraged the broadcasters to take full advantage of the multicasting opportunities. You know, if you look at the transition and what has occurred abroad in the Berlin example for—that GAO had done a study on it originally and that—when we focused on some of the lessons learned from there, one of the significant benefits from the consumer perspective was broadcasters beginning to do multicasting. And that would mean that

consumers even without buying a new TV, if they just got a converter box, would be able to receive multiple channels. I think that that was the emphasis or lack of emphasis on trying to facilitate multicasting. I think it hasn't achieved all of the benefits from the consumer perspective.

Ms. ESHOO. Are you open to examining public interest obligations relative to licenses?

Mr. MARTIN. Well, I think that the Commission has taken steps on the public interest obligations in general. I mean—so I certainly am open to it. We adopted new rules last fall on the enhanced disclosure of exactly what they were doing from the local public affairs programming. We actually adopted an MPRM that said we were going to require them to do more local content and a certain significant amount of local public affairs content.

Ms. ESHOO. It is tied to their licenses?

Mr. MARTIN. It would be tied to their licenses. That has been very controversial. There are many Members of Congress who have written to me opposing that. But I have said that I feel like we should have some minimum amount of localism that they should be required to do. I am concerned that—I would say the one area that concerns me is when you talk about getting into election law or free time for candidates. That has been very controversial. I was at the Commission when the Commission actually talked about doing that before. There were many Members of Congress very upset about that, including the chairman of this committee at the time. So certainly on the localism front, I have been open to reopening that issue.

Ms. ESHOO. Thank you

Mr. MARKEY. The gentlelady's time has expired. The Chair recognizes the gentleman from Oregon, Mr. Walden.

Mr. WALDEN. Thank you very much, Mr. Chairman. I have a couple of questions. One following up, Dr. McGuire-Rivera, about this notion of retailers swiping the card but not having the boxes. Do you have regulatory authority to prohibit that by rule?

Ms. MCGUIRE-RIVERA. I don't believe we do.

Mr. WALDEN. Would you like that authority? I mean, it is kind of a swipe and run.

Ms. MCGUIRE-RIVERA. It wouldn't hurt.

Mr. WALDEN. All right. If you could, because that troubles me that——

Ms. MCGUIRE-RIVERA. I also want you to know that this is not a huge problem. The vast majority of the retailers are great citizens, but there are a small number——

Mr. WALDEN. That is always the issue. It is that 10 or 5 percent that cause a bad name for everybody. But it just seems like if they are able to hold that constituent—consumer hostage and not deliver, that is not fair either. And perhaps it is a rule that says if the consumer can go back and unswipe or something. I don't know how the technology works. They ought to be able to be freed from their bondage from a retailer who is not participating properly.

I want to follow up, too, on the issue of translators. I have a very rural district, lots of mountains and hills. And Chairman Martin and Mr. Goldstein, perhaps you can talk about any issues you are seeing out there. A lot of the viewers of television in Oregon—and

rural Oregon, especially—rely on translators. Can you give me an assurance that on February 17, 2009, they are still going to be able to get a signal the way they are today? And if not, why and what do we need to do about it?

Mr. MARTIN. As you even mentioned in your opening statement, these are low power issues and the translator issues were something that—and the fact that there was some of—initially some of the boxes did not have that capability and actually all of the boxes did not have the capability is a significant problem. There are certainly about—I think the estimate is around 24 boxes or almost 2 dozen boxes that now have that pass-through capability. It will be important for consumers in your areas to make sure they are getting the pass-through boxes.

Mr. WALDEN. Because they will need that to receive——

Mr. MARTIN. They will need it in order to still receive those analog signals. Now, we are working with both the translators and with the low power community to try to put forth rules that say how are they going to make the transition. As you know, they are allowed to transition over to digital, but they are not required to. The Commission does need to start focusing on the rules and the requirements for making sure that they move in the digital era as well. But that will take several years to ultimately require them to do that. So we are making some progress.

Mr. WALDEN. So there is going to still be analog broadcasting going on via translator signals?

Mr. MARTIN. All of the forms of low power television, which includes the translators.

Mr. WALDEN. And that includes translators. And given the concern raised by my colleague from Texas, Mr. Gonzalez, about the way digital just drops off, with an analog signal you can continue to get it even when it is not good. You get the ghosting and the shadowing and everything else. With digital, you either have it or you don't, right?

Mr. MARTIN. That is right.

Mr. WALDEN. So have your certified smart engineers done studies to indicate where people are going to have problems and where they are not, digital versus analog, especially in this environment?

Mr. MARTIN. They have. That is why they have come up with it should impact less than 1 percent of the people. It is about 5 percent of the population. But then of course—of those 5 percent, which ones subscribe to cable? But those are just the best engineering estimates from our models. We are—one of the benefits of the Wilmington transition is we will be able to actually go and make sure we understand the full impact of the transaction from analog to digital. We have engineers actually down there now. And we will—to be able to study that——

Mr. WALDEN. Mr. Chairman, if your engineers have any of those sorts of shadowing maps or whatever they call them in the digital environment for Oregon, for example, that would be really helpful for me to see. I would be curious to know where the calls are going to start coming.

Mr. MARTIN. I have asked the engineers to try to put together those kind of maps. We would be prepared to provide them to everyone. So I have already asked them to start trying to study that.

I do think we want to make sure that we understand the exact technical parameters, and I think Wilmington will help us do that. But we will provide that information.

Mr. WALDEN. Doctor, did you——

Ms. MCGUIRE-RIVERA. I just wanted to note we have another program, a $65 million upgrade program for low power and translator stations which we know—we attended the national translator meeting, and many of these operators are very eager to make the transition. We have a technical correction that we have proposed that would allow us to give money out earlier, give it out in 2009 to help these people actually make the transition. So we are asking people to——

Mr. WALDEN. What is the status of that technical correction? Because I think that takes an act of Congress to fix.

Ms. MCGUIRE-RIVERA. Yes, it was in the Senate. I don't think anyone has offered anything in the House yet.

Mr. WALDEN. Mr. Chairman, is there opportunity in this community to fix that problem?

Mr. MARKEY. Could you state the problem?

Mr. WALDEN. Yeah. The problem is in the original bill, there was $65 million set aside to help with the transition for translators and low power broadcasters. But in a deft budgetary move, it takes place in a different year than when it is needed. It actually needs to be moved back into a year where it will make sense for the transition.

Mr. MARKEY. I think that it is important for you and I and the other members to work together on that issue. You are right. You have put your finger on a problem.

Mr. WALDEN. All right. Thank you. Thank you. I guess my time has expired.

Mr. MARKEY. The gentleman's time has expired. The Chair recognizes the gentleman from Michigan, Mr. Stupak.

Mr. STUPAK. Thank you, Mr. Chairman. Dr. McGuire-Rivera, if I may, right now, as I said in my opening, I have stores in my district that are out of converter boxes, have no idea when they will get new ones. This is particularly frustrating because the stores don't know when they will get a new converter box in. Isn't the NTIA supposed to coordinate the distribution of coupons with the inventory in stock to the areas that receive them? Do you coordinate at all with the stores?

Ms. MCGUIRE-RIVERA. Initially in the initial release of the coupons—in fact, we waited until the end of February to make sure boxes were available. We have not heard from retailers except on an anecdotal and incidental basis. And unfortunately in your district, that—boxes are unavailable. We do understand that over the summer there may be some problems. And I believe some of the retailers will talk about——

Mr. STUPAK. There are problems right now. We don't have to wait until summer. They are occurring right now in my district.

Ms. MCGUIRE-RIVERA. And I have a feeling that boxes are being sent to Petoskey now.

Mr. STUPAK. To stores that don't exist.

Ms. MCGUIRE-RIVERA. We had talked about that. The stores that don't exist and vendors that were on the list, we had decertified about a dozen bad apple retailers just for that type of action.

Mr. STUPAK. So what are you saying now, you are sending out information that has bad apples on it? When you send a converter box program—coupon program you list right here on the bottom part the stores. And how are these stores making it on there if they don't exist?

Ms. MCGUIRE-RIVERA. The stores—when you get on the list, you are certified. You certify that you are going to participate.

Mr. STUPAK. How do you certify a store that doesn't exit?

Ms. MCGUIRE-RIVERA. When we hear a complaint from someone that in fact this retailer no longer exists or this retailer took my coupon and no box ever materialized and there is not one in sight, the enforcement action that we have is to decertify them from the program.

Mr. STUPAK. OK. But it doesn't help the consumer. We wrote to you back in February.

Ms. MCGUIRE-RIVERA. The ones we have decertified, we have tried to help make the consumers whole because they have been—they are essentially——

Mr. STUPAK. Why don't you have the retailers do as RadioShack was willing to do for the gentleman in my district and just accept the coupons and then when they get the converter boxes they can send the converter boxes to the constituent.

Ms. MCGUIRE-RIVERA. That is why we have recommended that they not swipe the cards. Unfortunately, some have been bold enough to ask for reimbursement for boxes that never existed.

Mr. STUPAK. We are not asking for reimbursement. We are asking for the box which doesn't exist in our district. So why can't a store take your little coupon here that you send them and hold it until a converter box comes and then the constituent can go back instead of getting the run around?

Ms. MCGUIRE-RIVERA. What happens—I mean, there is no reason why the merchant cannot put that person on a waiting list. The unfortunate problem that we have had is of people swiping the boxes and then holding the consumer hostage for a box that never appears, which is why we discourage merchants from swiping the coupon.

Mr. STUPAK. Why do they have to swipe it? Why can't they just hold the coupon——

Ms. MCGUIRE-RIVERA. They can put the consumer's name on a list and the consumer can hold the coupon. We still want them—the consumer—we are seeing instances where people are taking the coupons and holding the consumer hostage.

Mr. STUPAK. A coupon is only good for 90 days. So If you can't get a box within that 90-day period, what good is this? Why don't we just extend the expiration date past that 90 days? You certainly—NTIA certainly has discretion underneath the law as written.

Ms. MCGUIRE-RIVERA. Well, we have some lawyers who might argue that. In fact, we had just discussed that. We right now are looking into the issue of reissuing. It is a situation that, one, it is——

Mr. STUPAK. Well, I and Mr. Engel and this committee wrote to you in February asking you to extend the expiration date because we are seeing problems. It is now June, almost 4 months later. When are we going to get an answer on extending the expiration date so we don't run into trouble, especially since we know stores don't have enough converter boxes available?

Ms. MCGUIRE-RIVERA. OK. We will have firm redemption rates——

Mr. STUPAK. When will you have that?

Ms. MCGUIRE-RIVERA. In July 1st.

Mr. STUPAK. So this one expires June 30th. So you are going to have an order out. So this individual will know on July 1st that his coupon has been extended so he can get his box?

Ms. MCGUIRE-RIVERA. But—an order, most likely not.

Mr. STUPAK. No, you are not going to have it ready for July 1st. When are you going to have it ready?

Ms. MCGUIRE-RIVERA. What I think what we can do is in your district is make sure those boxes are there.

Mr. STUPAK. Not just my district, but the rest of the country. And I appreciate your willingness to make sure my district is taken care of. But if Mr. Markey holds his sixth hearing in 90 days from now, I will be back here asking you the same question. So when are you going to make a decision on extending the coupons past the 90-day period?

Ms. MCGUIRE-RIVERA. When we look at the redemption rates. And most likely we will make the decision——

Mr. STUPAK. When will that be? When can we expect that decision? We know it won't be July 1st. When can we expect that decision to be made?

Ms. MCGUIRE-RIVERA. I would say later in the summer.

Mr. STUPAK. And later in the summer, can you narrow that down, August, September, September 20th, last day of summer. Can you give me something a little more definite?

Ms. MCGUIRE-RIVERA. Nope. I will get back to Mr. Baker and we will give you a date.

Mr. STUPAK. I was just warming up, Mr. Chairman.

Mr. MARKEY. Listen, you have got us all warming up here. You are hitting on a very sensitive hot point and we thank you for that. The gentleman's time has expired.

The Chair recognizes the gentleman from Nebraska, Mr. Terry.

Mr. TERRY. Thank you. I appreciate that. I am going to be all over and I have got different questions for different folks here. And I will try to use my time wisely. First of all, I just want to start off by making an observation that I thought was interesting back when Tom Osborne, three national championships in Nebraska, decided to run for Congress and he did a poll and found out that he had 94 percent name recognition. Most of us in the political world would love to have 94 percent. But in the State of Nebraska, for 6 percent not to know who Tom Osborne is, is really incredible. I mean, this is a State where every schoolchild gives the pledge of allegiance to start the schoolday and then goes into the pledge to Tom Osborne. And——

Mr. GREEN. Or at least to the Corn Huskers.

Mr. TERRY. Well, we made it more specific after the second national championship. So my point with this analogy is no matter how hard we try, we are simply—we could spend billions and trillions and we are still not going to get to 100 percent. But I would have to say my observation is that at least in my area, there are as many DTV commercial—DTV transition PSAs and commercials—as there are car ads. Now, if you watch TV, there is no way not to know of this DTV transition.

Now, Dr. McGuire-Rivera and Mr. Goldstein hit on two subgroups that I think we really need to focus on. When I talked to Rotaries and asked them to raise hands, 100 percent raised hands that they know the details of the transition. But how about with seniors and minorities? Now, obviously there is more going on than just what the FCC is doing. So I am going to ask all three of you, starting with the Chairman, are you calculating what the local broadcasters are doing by way of outreach to the two communities that are most at risk, which is the foreign speaking and the elderly? And do you know what they are doing on the grassroots local level?

Mr. MARTIN. Well, we certainly—we are aware that all of the broadcasters have to either opt into the NAB's plan for what they are going to be doing at their local level, which involves certain kind of requirements or our own specific requirements. But neither of those two platforms require anything for foreign language—for Spanish speakers or foreign languages at the local level. So we know that they have one of two options in terms of educating consumers in terms of the number of PSAs. And under ours, it increases over time. They also have got 100-day countdown under the NAB plan. But we don't—and we know that goes on at the grassroots level, but we don't know that as far as——

Mr. TERRY. So you don't know that the broadcasters in Omaha, Nebraska, have done Spanish town hall meetings, that they do advertising in Spanish on the Spanish speaking radio and low-power broadcaster?

Mr. MARTIN. We know if there are Spanish language broadcasters they are required to be doing that, including in Spanish. But we don't know if the ones that are broadcasting in English have also run a Spanish PSA as opposed to just an English PSA.

Mr. TERRY. Well, they are doing a great job. And my guess is that—was it you, Dr. McGuire-Rivera, that said that 42 percent of the calls coming in are Spanish speaking?

Ms. MCGUIRE-RIVERA. Yes. About 40 percent are Spanish speaking.

Mr. TERRY. To me that says we were probably making an impact into that community, that if 42 percent of the calls—are you able to gauge the impact that all of these efforts are having within a specific community?

Ms. MCGUIRE-RIVERA. Well, we looked within each DMA and we can tell when coupon requests will go up. I think I had mentioned before, we work very closely with Univision that does not just do PSAs, but they do specials. And, in fact, we have to know about their specials because the call center volume——

Mr. TERRY. Does that mean no? I don't want to be rude. I just asked if you are able to quantify.

Ms. MCGUIRE-RIVERA. Yes, we can look within each DMA and see if coupon requests go up. That is sort of the——

Mr. TERRY. So that is your marker. Mr. Goldstein, have you guys looked into that specifically?

Mr. GOLDSTEIN. Not this report, but the ongoing work that we are still doing for the committee, we are looking at consumer awareness and consumer education programs and how effective they are, and we are looking at a variety of different avenues that——

Mr. TERRY. Any preliminary thoughts then?

Mr. GOLDSTEIN. At this point, I don't. We haven't analyzed it sufficiently. But we will get back to the committee obviously later—probably early this fall—with that information.

Mr. TERRY. OK. I appreciate that.

Mr. MARKEY. The gentleman's time has expired.

The Chair recognizes the gentleman from Texas, Mr. Green.

Mr. GREEN. Thank you, Mr. Chairman. Dr. Rivera, you heard my opening statement, both the Chair of the FCC and Chairwoman Martin, that tropical storm hurricane issue and emergencies, has that come up either at the FCC or at NTIA about what we can do about battery-operated and digital?

Ms. MCGUIRE-RIVERA. We have talked about that a lot. It is a great concern. Right now my understanding is that there is not a converter for a battery-operated television. When you think about the practicality of hooking a converter—a big converter on a little TV—now perhaps by next year there would be one, although—I think this is important. FEMA is one of the organizations that we work with, because I think the word needs to get out that people who are really dependent on these battery-operated televisions need to look into getting a digital one. I know that sounds—but right now, particularly with the hurricane season coming up—and I think this is going to be one of the things that we are going to learn a lot about in Wilmington, because they will make the transition in September and that will be hurricane season.

Mr. GREEN. And I appreciate my colleague from Nebraska concerning the large percentage of calls that seem to be regarding the coupon program are non-English. Do you have information on the actual numbers and does NTIA have sufficient staff to assist these individuals?

Ms. MCGUIRE-RIVERA. I don't have exact figures on the number of calls. I can get those for you. As I noted, we have backup call centers. And particularly when Univision does a special, we will have additional Spanish speaking callers. In the very beginning of the program, we were really surprised at how many of them were. And I realized at that time that we did not have enough and now we are up to speed and staffed up on the Spanish call center.

Mr. GREEN. Because I know not only from Nebraska, but California and of course in Texas we have the same situation. And I know last Saturday there was a huge event in Houston. Univision has been doing very well. In fact, Univision, Telemundo, and our Spanish stations, along with my English stations, are trying to make—get that word out for folks. So I am glad to hear that that is happening.

One other question. Under the bill that passed in Congress in 2004, the first 990 million dedicated to the coupon program is open enrollment where the final 510 million is dedicated to coupons exclusively for broadcast-only households. Would NTIA be basing the eligibility cut-off on the 990 million applications or the actual redemptions? I guess that is the issue, the percentage of nonredemption. I know it is still out there for that—what is left of the 90 days for those particular cards, but is that going to be an issue and has that been contemplated?

Ms. MCGUIRE-RIVERA. We are looking at that very closely. Basically it would be when the first $890 million is gone as redeemed coupons is when it would start. There will be periods we believe—we should get toward the end of the year—where there will be enough redeemed and some out in the street that we might have to go into that contingent pool while we are waiting for some other ones to come back in. And we will get back with you as our plans become more final on this. And again we are doing this now. We will be back to you soon on exactly how—we would like to do it in a way that is seamless so the consumer doesn't really know if the redemption rates stay the same.

Mr. GREEN. And I know you haven't decided yet because the public comment period just ended. But on the issue of dealing with P.O. boxes and nursing homes or senior citizen centers, assisted living locations, things like that that may have one address, but is that something that will be dealt with fairly quickly?

Ms. MCGUIRE-RIVERA. That will be dealt with absolutely as quickly as we can. The rulemaking closed last night.

Mr. GREEN. OK. Mr. Chairman, I hate to not address the Chair of the FCC, but welcome back before our subcommittee.

Mr. MARTIN. Thank you. I appreciate it. I certainly think of the issues that you raise. I think the one that relates to battery-operated portable televisions is one we have heard significant concern about. There are no boxes yet that can be battery operated so that the only option for consumers today would be able to go buy a new digital portable television. Apparently there are some of the boxes that can operate from an external car battery, 12-volt car battery. You can plug it in the car, but then you have to put the TV in the car and working. I think today consumers would have to go get a new digital battery-operated television. I think that is one of the things we have heard a lot of concern from consumers and particularly in Wilmington as well.

Mr. GREEN. Mr. Chairman, I would hope at our next hearing we could discuss that. Between now and then, we will find out from our information what is available in the market for both the hopefully lower priced battery-operated DTVs for the next hurricane season, not this one. Thank you, Mr. Chairman.

Mr. MARKEY. The gentleman's time has expired. The Chair recognizes the gentleman from California, Mr. Radanovich.

Mr. RADANOVICH. Mr. Chairman, thank you very much for this hearing. And to you, panel, welcome to the Committee hearing. I do have a question for Dr. McGuire-Rivera. Doctor, can you explain—I know you went into this a little bit earlier in your opening remarks and such—but what the NTIA is doing to prepare for the September 8th Wilmington test?

Ms. MCGUIRE-RIVERA. We are working actively with the FCC to get ready for that test and learn all we can about what will happen the last 100 days. We have reworked a set of materials that is on our Web site and the materials we ordinarily use changing the date from February 17th to September 8, 2008. We are going to start working the messages down there that we would use in the 100 days before February 17th to fine-tune those. And we are also using that to get some hands-on experience. For example, we are going down this week to meet directly with senior groups and visit nursing homes on how to handle those situations there.

Mr. RADANOVICH. Thank you. And on a national level, just let me know if these numbers are correct because I have got a list of things that the NTIA has certified. At least according to my information, the NTIA has certified 1,800 retailers with more than 19,000 store locations to accept your coupons?

Ms. MCGUIRE-RIVERA. That is correct.

Mr. RADANOVICH. And the coupons can also—consumers can redeem the coupons from 19 online retailers?

Ms. MCGUIRE-RIVERA. Correct.

Mr. RADANOVICH. And also 7 telephone retailers as well?

Ms. MCGUIRE-RIVERA. Yes.

Mr. RADANOVICH. All right. Thank you very much. I have no more questions.

Mr. MARKEY. The gentleman's time has expired.

The Chair recognizes the gentlelady from California, Ms. Harman.

Ms. HARMAN. Thank you, Mr. Chairman. And thank you to our witnesses.

Mr. Martin, in my opening remarks I mentioned H.R. 6055, which is a bill I introduced really to be a marker to talk about whether we should set up a fully transparent relationship between the public safety broadband licensee and the Commission. I just wonder what your reaction is to the legislation.

Mr. MARTIN. I certainly think it is important that we have more transparency in the broadband public safety licensee. And I think it was a concern—when I testified before, I was concerned about the fact they could end up having private sector interests with some of the money that has been focused on them and with also some of their potential partners. So I think that anything would end up being helpful. I still believe that a public/private partnership is the only option the Commission has to try to achieve the public safety interoperable spectrum build-out that is going to be necessary from a public safety standpoint. And as a result, I think that that legislation would be helpful.

Ms. HARMAN. Well, thank you. I also wonder whether just in terms of your own rulemaking you could enact a rule that would get us to the same place and perhaps reprogram some money or whether this is not possible.

Mr. MARTIN. I think that we can adopt rules that would restrict and make transparent their relationship with any private entity, but I don't think we can directly provide them the resources or the money. I don't think that we are allowed to do that. We don't have money that we would be able to provide to anything like that.

Ms. HARMAN. Well, let me say, Mr. Chairman, that I hope our subcommittee will look at this. I know there is interest on a bipartisan basis. I have talked to Mr. Pickering at some length about this point because I think it had a lot to do with why—or something to do with why the first auction failed. I would be happy to yield.

Mr. MARKEY. We will do that, yes.

Ms. HARMAN. Thank you. Moving along, I encourage you to move to a second auction. I know you are thinking about many of the things I and others have suggested. I wonder if you agree with me that without that second auction and without the public/private partnership, we won't get to a place where our public safety providers have a true national interoperable network. What is your view?

Mr. MARTIN. I do agree. I think that without Congress appropriating the direct resources to build a public safety network, the only other option I believe is to have a public/private partnership where we auction off this spectrum of the requirement that whoever wins this particular piece also be required to build out and allow for people to be able to use it. I also agree that I think it is important that we try to finish the auction by the date of the transition. At the end of the date of the transition, that spectrum will become available and we should make sure that the entities are in the position to begin trying to build on it and be able to take advantage of it as quickly as possible.

Ms. HARMAN. Well, let me just respond to that. My problem with plan B, as you just described it, is I don't think we will get to the place we need to get to. I think we need a list of technical specifications, hopefully on the front end so people know what they are bidding on.

My question to you is, does the FCC have the in-house expertise to work on this list of technical specifications as part perhaps of the second auction?

Mr. MARTIN. Well, I think that we do have it from a technical perspective just understanding technically what is required. Many of the proposals that have come in to us the last time encouraged us to defer on what the technical requirements would end up being.

One of the commitments I made and am dying to move forward in the last notice is that we would reach out and try to hire a chief technologist to come on board. We have already been in negotiations with trying to end up hiring someone, but I am not sure whether we will be successfully able to or not get someone on board to take that position. I don't know in the short run.

Ms. HARMAN. I hope you are successful. There are other ways to do this. Commissioner Copps suggested we set up an outside commission, but I worry that all those ideas will delay us. If working in partnership we can come up with the right specifications, come up with a transparent system, come up with clear bidding guidelines, I think we can succeed and I feel strongly that we only have one more shot at this to get it right. Do you agree with that?

Mr. MARTIN. I agree and I also think that if we set up a whole separate commission to study I think I could end up delaying this for quite too long.

Ms. HARMAN. Well, I thank you, Mr. Martin, and I thank you to the other witnesses. Mr. Chairman, the set top boxes and transition rules are very important for consumers, but the most important thing to me and I think many of us is making sure that we have one national interoperable communications network, so that the next time there is anatural or man-made disaster our communities are safer.

I yield back.

Mr. MARKEY. The gentlelady's time has expired.

The Chair recognizes the gentleman from Georgia, Mr. Deal.

Mr. DEAL. Thank you, Mr. Chairman. One thing is clear. As we have had this series of hearings on the digital transition we have moved from theoretical to actual, and many of the questions that we heard today are actual problems that we are now hearing from constituents about. And I would like to follow up on a question that Mr. Gonzalez initiated. This relates to an actual complaint I received from a constituent of mine. It deals with the digital cliff.

Much of my congressional district is in the mountains of north Georgia, most of the over air analog signals are received either from Atlanta or Chattanooga. The complaint was an individual who received his signal from Atlanta. He got his box, he hooked it up and he got nothing. Now, I guess my question is similar to some of the ones that have already been asked on this issue, but I would like to maybe understand how that plays out a little better. He may have been receiving marginal over-the-air signals to begin with. I understand that. If it was marginal, I understand he may be in that category that would receive nothing. But let me ask you about the question that you responded to Mr. Walden about the translators. Now, as I understand translators, they are primarily associated with low power television transmission; is that correct?

Mr. MARTIN. That's right. Translators are a form of the low powered television broadcast.

Mr. DEAL. Do any of the full power over-the-air stations use the translators as a booster or an additional way to bump up their signal in mountainous areas, for example?

Mr. MARTIN. The TV translators themselves are low powered, but they oftentimes are maybe affiliated with providing content on other full powered stations. They could be, yes.

Mr. DEAL. I am back to Mr. Walden's question about maps. Do you have maps that would show areas that might be in those situations?

Mr. MARTIN. We absolutely do have maps and lists of all of the communities that have low powered stations. So we can end up providing that. We provided that to the subcommittee staff in the past. And we will be happy to provide that specifically for you in your district so you can see what low power stations are in your district.

And in reference to the concern that your customer raised in the mountain area, in part it may be that the broadcast signals that he was receiving from Atlanta in analog, they haven't completed their final construction of their antenna or gone to maximizing their power on the digital side. In other words, between now and the end of the transition, lots of broadcasters are going to have to move their digital antenna from the side where they send out the

signal from the side of their antenna to the top where the current analog is, because they get a better coverage. In particular, if you are on the edge of that coverage you may not be getting what you are going to get at the end of the transition in terms of the full digital capability.

So it could be that they bought that box and they hooked it up, but if they were on the edge of that signal, the digital signal may ultimately replicate that analog signal, but it may not have done that just yet. And that could be why. Just because they are not receiving it now doesn't mean they necessarily won't by the end of the transition.

Mr. DEAL. Do you have any information as to how far along that progression has been made by various stations?

Mr. MARTIN. Absolutely. We actually know it station by station, market by market. When we ask, as I testified before, there were about eight markets that were ready to undergo a DTV transition test. The rest of the markets all have at least some of their broadcast stations that aren't yet technically in a position to either have all of their facilities or are capable of broadcasting at full power. So we do want a market by market, and will be happy to provide that to you.

Mr. DEAL. We will be contacting you to address our constituents' concerns. I presume in spite of all our best efforts there will probably be some individuals that just fall off the edge of that digital cliff, am I correct?

Mr. MARTIN. That is right. There will be some percentage of them. We estimate it could impact about 5 percent of the people and of course only about 15 percent of the people on average who subscribe don't subscribe to cable or satellite that would be impacted. But yes, there will be some people who will be impacted.

Mr. DEAL. Thank you, Mr. Chairman.

Mr. MARKEY. The gentleman's time has expired. All time for questions of this panel by the subcommittee has been completed. We welcome your continued interaction with this subcommittee on this issue. You can, I think, sense from the interest level of the members that they are now beginning to translate consumer/voter interest in this issue and the success with which this program is going to be implemented. Time is of the essence. We will be back again with another hearing. We really do hope that you have solved all the problems before the next hearing so that we can just give you all a big pat on the back for the excellent job which you are doing. But understand that there is going to be a direct correlation between the numbers of problems solved and the level of intensity which you are going to feel from this side of the panel in the next hearing. Congress is a stimulus response institution and there is nothing more stimulating than the thought that millions of their constituents will not have TV. You almost can't imagine anything short of nuclear war that would draw the attention of the American voter.

So please make sure that you have done everything you can before the next hearing to solve the problems. We thank you all so much.

I now would ask our second panel to come up to the witness table. Again, we reconvene the hearing for the purpose of hearing

from our extremely distinguished second panel. And we are going to begin with a return visitor to the subcommittee, somebody who has obviously a very, very important job. Mr. Tom Romeo is the Director of Federal Services for Global Business Service for IBM. We welcome you back Mr. Romeo and whenever you are ready, please begin.

STATEMENT OF TOM ROMEO, DIRECTOR, FEDERAL SERVICES, GLOBAL BUSINESS SERVICE, IBM CORPORATION

Mr. ROMEO. Thank you, Mr. Chairman and members of the subcommittee. Thank you for the opportunity to testify before you today on the progress the IBM team is making implementing the NTIA TV Converter Box Coupon Program.

Earlier this morning you heard from NTIA Associate Administrator, Dr. McGuire-Rivera, about the continued high level of interest consumers are showing in the coupon program. Over 16 million coupons have been ordered as of June 3rd, representing an average of 3 million coupons ordered on a monthly basis.

While the statute allows for coupon requests to be taken between January 1st, 2008, and March 31st, 2009, at the current rate of public demand we expect to have accepted requests for the initial round of 22.25 million coupons by early August of 2008.

When this milestone is reached a decision needs to be made as to whether the program boosts the shipping contingent coupons or whether coupons not redeemed during the base funding period will be recycled to offer more coupons as part of the base funding period.

We have made great progress recruiting the voluntary participation of both large national retailers and smaller local retailers, including 19 online retailers and 7 retailers offering a phone order option. As of June 3rd there are over 1,800 retailers representing more than 19,000 stores nationwide, currently certified in participating in the program.

Consumer education continues to be a focal point of the program. We believe the strong demand for coupons indicates we are on the right track. Our partner, Ketchum Public Affairs, continues to lead and refine our messaging with particular focus on communities with the largest estimated number of over-the-air reliant households.

Now I would like to take a moment to talk about some of the challenges we have faced and important future steps. The accelerated pace of consumer demand has required our team to react quickly to pinpoint needed adjustments and implement alternative solutions when necessary. For example, when the program launched at the start of this year consumers ordered 2.1 million coupons during the first week of January. By February 21st, 2008, when the first coupons were shipped to consumers, the program had processed requests for more than 6 million coupons. These numbers far exceeded initial projections. We increased daily and weekly coupon distribution capacity to allow for far greater numbers than planned and have now issued more than 15.1 million coupons.

Today a consumer can expect to have their coupons ordered, processed, and mailed within 10 to 15 days and to receive the cou-

pon within 3 to 4 weeks of placing their order. Continued strong consumer interest in the coupon program and the DTV transition generally has translated to continued high call volumes into the consumer call center. The call center handled more than 2 million calls during the month of May, with approximately 40 percent of those coming from Spanish speakers.

The Interactive Voice Response, or IVR, system has been able to support between 50 to 60 percent of the callers without need for a live agent. A very high IVR resolution rate by industry standards.

Recently, more of the public is calling with questions about the program or about the digital transition rather than to request a coupon, increasing our need for live operators. We continue to adjust messaging in the IVR system to expedite the coupon ordering process, answer as many questions as possible, offer recorded information while callers wait for an agent, and provide a positive experience for the consumers.

As we plan for the coming months we have identified several challenges that need to be addressed. The majority of consumer messaging is focused on making sure that consumers understand the transition to digital broadcasting will occur on February 17th, 2009. Consumers who wait until February 17th or later to request coupons may not realize that it will take several weeks for the coupons to arrive by mail. Further, if even 1 percent of the public were to attempt to order their coupons that day, our telephone and computer systems would be stretched beyond current capacity.

In light of these sobering scenarios, we are working with our partners to adjust public messaging to encourage consumers back well in advance of February 17th's transition date. We will also work with NTIA to determine what capacity enhancements are prudent in anticipation of spikes in demand for the first quarter of 2009.

We are also exploring feasible alternative solutions for consumers who request coupons after the transition date. The IBM team is pleased to be part of implementing this vital program and recognizes that many challenges remain on the way to February 17th, 2009.

Our team continues to be ready to meet those challenges and work to ensure that consumers across the United States have continued access to free television broadcasting, including educational, entertainment, emergency, and Homeland Security information.

Thank you for the opportunity to testify today and I will be happy to answer any questions.

[The prepared statement of Mr. Romeo follows:]

STATEMENT OF TOM ROMEO

Mr. Chairman and Members of the Subcommittee, thank you for this opportunity to testify before you again on the status of the DTV Transition. My name is Tom Romeo and I am Director of Federal Services for IBM's Global Business Services, Public Sector. I am here today to update you on the progress the IBM Team is making implementing the National Telecommunications and Information Administration (NTIA) TV Converter Box Coupon Program.

BACKGROUND

The Coupon Program, authorized by the Digital Television Transition and Public Safety Act of 2005, provides for distribution and redemption of coupons that consumers may apply toward the purchase of certified digital-to-analog converter boxes from participating retailers. As you know, this act allows U.S. households to request one or two coupons, worth $40 each, to be used toward the purchase of a certified converter box.

Between January 1, 2008 and March 31, 2009, all U.S. households may request up to two coupons, worth $40 each to be used toward the purchase of up to two digital-to-analog converter boxes until all of the 22.25 million coupons allocated under the initial phase of the program have been issued. The program then moves to the "contingent period" which requires 11.25 million coupons to be available exclusively to households that rely on over-the-air broadcasting as their sole source of television programming.

PROGRAM GOALS

NTIA awarded IBM the contract to provide services for the TV Converter Box Coupon Program on August, 15, 2007. Working within the program parameters, IBM designed the NTIA TV Converter Box Coupon Program to be consumer-focused, easy to use, and provide maximum choice and access for both consumers and retailers. IBM and its business partners, Ketchum Public Affairs, Epiq Systems, and Corporate Lodging Consultants are providing services in four areas:

- Consumer education;
- Coupon distribution to consumers and redemption;
- Support for retail store participation;
- Financial processing to reimburse retailers, and to maintain records.

Ensuring high retailer participation and satisfaction are essential elements to the overall success of the program. Our goal continues to be to successfully communicate the details of the TV Converter Box Coupon Program to targeted consumers, distribute coupons, and complete the redemption process efficiently.

PROGRAM METRICS AND STATUS

On January 1, 2008, the Consumer Support Center opened for business and began to take orders from consumers across the Nation for their TV Converter Box Coupons. Consumers are able to order coupons using any of four available options. The toll-free phone number (1–888–DTV–2009) is operational 24x7 with live agents available to callers. Operators can accommodate requests in more than 150 languages. The toll-free phone option also provides a TTY solution in Spanish and English for use by the hearing impaired. Other options to apply for coupons include online at www.DTV2009.gov, by mail (P.O. Box 2000, Portland, OR 97208–2000), and via fax (1–888–DTV–4ME2). Coupon application forms are also available in Braille for the visually impaired.

As we reported to you in February, consumers continue to show great interest in the Coupon Program with over 16,038,539 coupons ordered as of June 3, representing an average of more than 3,000,000 coupons ordered on a monthly basis. To date, approximately 88.4% of the requesting households have ordered the maximum of two coupons.

Although the statute allows for coupon requests to be taken between January 1, 2008 and March 31, 2009, at the current rate of public demand we expect to have accepted requests for the initial round of 22,250,000 coupons from the program's base funding of $890 million by early August 2008. When this milestone is reached, a decision needs to be made as to whether the program moves to shipping contingent coupons, or whether coupons not redeemed during the base funding period will be recycled to offer more than the initial 22,250,000 coupons designated for the base funding period.

In the 118 days since I last came before this committee, I am pleased to report that we continued our progress in recruiting the voluntary participation of both large national retailers and smaller, local retailers. As of June 3, 2008, 1,819 retailers representing more than 19,440 stores nationwide are currently certified and participating in the program. Seven of the largest consumer electronics retailers—Best Buy, Circuit City, K-mart, Radio Shack, Sears, Target, and Wal-Mart are among the retailers participating in the Coupon Program. This includes locations in all 50 states, Guam, Puerto Rico, and the U.S. Virgin Islands. These stores have completed certification in the Coupon Program, indicated that their employees are trained, have converter box inventory in their stores, and have their point-of-sale systems prepared to redeem coupons. Consumers are also able to order converter boxes from

19 online retailers, or from any of the 7 retailers offering a phone order option. A list of all participating retail outlets, searchable by state and 5-digit zip code, can be found on www.DTV2009.gov under "Locate a Retailer Near You."

We believe the strong demand for coupons indicates we are on the right track educating consumers about the Coupon Program, and we remain focused on intensifying consumer education as we head toward February 2009. Our partner, Ketchum Public Affairs, continues to lead the consumer education effort focused on the five communities who most likely rely more heavily on over-the-air broadcasting than the general population: 1) senior and older Americans; 2) the economically disadvantaged; 3) rural residents; 4) people with disabilities; and 5) minorities. We continue to build and leverage a network of committed partners who already have access to many of the population segments we are targeting, and currently work with over 300 public and private sector partners with ties to senior citizen, rural, and disability communities. The Partnership Toolkit, which includes DTV and Coupon Program background material, fact sheets, posters, sample public service announcements, and presentations, is co-branded for use by partners at a variety of events. Also included and used by our partners are specific strategies on how to reach the media to effectively deliver the Coupon Program message, and ideas and resources for informing consumers through community and in-store events. In addition, our work with the media to place stories about the Coupon Program is heavily focused not only on national media, but also the television markets that have the largest estimated number and percentage of over-the-air reliant households.

Challenges and Future Steps

The accelerated pace of consumer demand has required our team to react quickly to pinpoint needed adjustments and implement alternative solutions when necessary. For example, when the program launched at the start of this year, consumers ordered 2,144,632 coupons during the first week of January, representing 10% of the base funding. By February 21, 2008, when the first coupons were shipped to consumers, the program had processed requests for more than 6 million coupons. These numbers far exceeded initial projections. We increased our daily and weekly coupon distribution capacity to allow for far greater numbers than planned, and have now issued more than 14.6 million coupons. Today, a consumer can expect to have their coupon order processed and mailed within 10-15 days, and to receive their coupon within 3-4 weeks of placing their order.

Continued strong consumer interest in the Coupon Program (and the DTV Transition generally) has translated to continued high call volumes into the Consumer Support Center. The Internet remains the most popular channel, with approximately 57.5% of the requests received via the Internet, followed by 40.1% via the telephone, and 2.4% for the mail and fax channels combined. This breakdown has remained relatively constant since the program launched in January. The Call Center handled more than 2 million calls during the month of May, with approximately 40% of those coming from Spanish speakers. The Interactive Voice Response (IVR) system has been able to support between 50 and 60% of the callers without the need for a live agent, a very high IVR resolution rate by industry standards. Most recently, more of the public is calling with questions about the program or about the digital transition rather than to request a coupon, increasing our need for live operators. We continue to adjust messaging on the automated Interactive Voice Response (IVR) system to expedite the coupon ordering process, answer as many questions as possible, offer recorded information while callers wait for an agent, and provide a positive experience for the consumer.

As we plan for the coming months, we have identified several challenges that need to be addressed. The majority of consumer messaging is focused on making sure consumers understand the transition to digital broadcasting will occur on February 17, 2009. Consumers who wait until February 17 or after that date to request their coupons may not realize that it will take several weeks for their coupons to arrive by mail. Further, if even 1% of the public were to attempt to order their coupons that day, our telephone and computer systems would be stretched beyond current capacity. In light of these sobering scenarios, we are working with our partners to adjust public messaging to encourage consumers to act well in advance of the February 17 transition date. We will also work with NTIA to determine what capacity enhancements are prudent in anticipation of spikes in demand in the first quarter of 2009. We are also exploring feasible alternative solutions for consumers who request coupons after the transition date

The IBM Team is pleased to be part of implementing this vital program and recognizes that many challenges remain on the way to February 17, 2009. Our team continues to be ready to meet those challenges and work to ensure that consumers

across the United States have continued access to free television broadcasting, including educational, entertainment, emergency, and homeland-security information.

Thank you for the opportunity to testify today and I will be happy to answer any questions.

SUMMARY

Consumers continue to show great interest in the Coupon Program with over 16,038,539 coupons ordered as of June 3, representing an average of more than 3,000,000 coupons ordered on a monthly basis. To date, approximately 88.4% of the requesting households have ordered the maximum of two coupons.

Although the statute allows for coupon requests to be taken between January 1, 2008 and March 31, 2009, at the current rate of public demand we expect to have accepted requests for the initial round of 22,250,000 coupons from the Program's base funding of $890 million by early August 2008.

As of June 3, 2008, 1,819 retailers representing more than 19,440 stores nationwide are currently certified and participating in the program. Consumers are also able to order converter boxes from 19 online retailers, or from any of the 7 retailers offering a phone order option.

We believe the strong demand for coupons indicates we are on the right track educating consumers about the Coupon Program, and remain focused on intensifying consumer education as we head toward February 2009.

As we plan for the coming months, we have identified several challenges that need to be addressed. The majority of consumer messaging is focused on making sure consumers understand the transition to digital broadcasting will occur on February 17, 2009. Consumers who wait until February 17 or after that date to request their coupons may not realize that it will take several weeks for their coupons to arrive by mail. Further, if even 1% of the public were to attempt to order their coupons that day, our telephone and computer systems would be stretched beyond current capacity. In light of these sobering scenarios, we are working with our partners to adjust public messaging to encourage consumers to act well in advance of the February 17 transition date. We will also work with NTIA to determine what capacity enhancements are prudent in anticipation of spikes in demand in the first quarter of 2009. We are also exploring feasible alternative solutions for consumers who request coupons after the transition date.

Mr. MARKEY. Thank you, sir. The next is Ms. Kim Cannon, who is the Vice President and General Manager for Fayetteville and Wilmington, North Carolina Markets for Time Warner Cable. Welcome.

STATEMENT OF KIM CANNON, VICE PRESIDENT, GENERAL MANAGER, FAYETTEVILLE/WILMINGTON, NORTH CAROLINA MARKETS, TIME WARNER CABLE

Ms. CANNON. Good morning, Mr. Chairman, Ranking Member Stearns, and members of the subcommittee. My name is Kim Cannon, and I am Vice President and General Manager for Time Warner Cable's Wilmington, North Carolina Cable Systems. As you know, the FCC has chosen the Wilmington market as a location for the early digital transition trial. Time Warner Cable is the largest cable operator in the Wilmington area, serving more than 96,000 subscribers. I am pleased to have the opportunity to describe for you how Time Warner Cable is helping to ensure that the digital transition, both nationally and in Wilmington, is successful.

Today's hearing is entitled the "Status of the DTV Transition: 252 Days and Counting." Of course, for those of us in the Wilmington area it should be only 90 days and counting. Being the leading cable operator and the first broadcast television market to switch from analog to digital presents some challenges, but Time Warner Cable is ready to meet them head on.

The good news is that television viewers who are connected to cable are at no risk of losing access to broadcast television stations. Some cable homes have additional sets that rely on over-the-air reception. For that reason last September Time Warner Cable and other cable operators launched a $200 million advertising campaign to educate the public about the upcoming broadcast transition and the NTIA's Converter Box Coupon Program.

Time Warner Cable itself is devoting over $30 million in resources to promoting the digital transition by running television, radio, and print advertisements, posting information on our system Web sites, and participating in community events designed to draw attention to the transition. Ironically, the success of this information campaign has created one of our biggest challenges in the Wilmington area. Having spent nearly a year telling people that the transition will occur on February 17th, 2009, we now have to make sure that everyone in the Wilmington market understands that for them the transition will occur 5 months earlier.

In order to meet this challenge, Time Warner Cable is committing additional resources to Wilmington-specific educational efforts. The Web site for Wilmington area systems has been updated to highlight the new transition date, alternate billing inserts, television spots, radio scripts, newspaper ads, and in-store displays have been prepared, trumpeting the fact that the transition will occur on September 8th. On-screen crawls directing viewers to our Web site for more information about the transition are running on various channels, and we have plans to use billboards to inform the community as well. In addition, system personnel are participating in media interviews and other outreach efforts. For example, our Wilmington cable store will be hosting workshops specifically targeting the elderly and minority communities where local broadcasters are invited to participate.

Time Warner Cable representatives also are running information booths at area festivals and events such as the health fair at the Wilmington Senior Center. Moreover, because most of our customers in the Wilmington area are served by upgraded, state-of-the-art facilities, we don't expect any technical issues to arise as a result of the transition. Nevertheless, to be safe we are coordinating with the local broadcasters to make certain everything goes smoothly. We are also making sure that the Wilmington area systems have the equipment and personnel necessary to hook up new service for customers and to connect additional sets for those viewers that decide to switch from over-the-air reception.

In conclusion, I again want to stress that Time Warner Cable is dedicated to ensuring, both through its individual efforts and through cooperative actions with broadcasters and others, that the broadcast television digital transition is a good experience for consumers who are up in Wilmington and around the Nation. And I would be happy to respond to any questions you might have.

[The prepared statement of Ms. Cannon follows:]

TESTIMONY OF KIM CANNON
VICE PRESIDENT AND GENERAL MANAGER
TIME WARNER CABLE
WILMINGTON, NORTH CAROLINA

STATUS OF THE DTV TRANSITION: 252 DAYS AND COUNTING

before the

SUBCOMMITTEE ON TELECOMMUNICATIONS AND THE INTERNET
COMMITTEE ON ENERGY AND COMMERCE
U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, DC

JUNE 10, 2008

Good morning Mr. Chairman, Ranking Member Stearns, and members of the Subcommittee. My name is Kim Cannon, and I am Vice President and General Manager for Time Warner Cable's Wilmington, North Carolina area cable systems. As you know, the FCC has chosen the Wilmington market as the location for its early digital transition trial. Time Warner Cable is the largest cable operator in the Wilmington area, serving more than 96,000 subscribers. I am pleased to have this opportunity to describe for you how Time Warner Cable is working to ensure that the service that we provide to our customers is not interrupted by the transition of broadcast television from analog to digital.

I note that the title of today's hearing is the "Status of the DTV Transition: 252 Days and Counting." Of course, for those of us in the Wilmington area it actually should read: "only 90 days and counting." That's right, in just three months – on September 8, 2008 – television viewers in the Wilmington area, along with the broadcasters, cable operators, satellite companies, and electronics retailers that serve those viewers, will make the leap from analog broadcast television to digital. While there are challenges associated with being the leading cable operator in the first broadcast television market to switch from analog to digital, it also is very exciting and we at Time Warner Cable are fully prepared to do our part to make the broadcasters' transition seamless for our customers.

While the broadcast digital transition will soon be upon us, the cable industry has been engaged in its own digital transition for a number of years. Time Warner Cable has been a leader in introducing new digital services such as high definition television, digital video recorders, video-on-demand, high-speed Internet access, and Internet protocol

based telephony. Time Warner Cable has invested over $5 billion in upgrading its cable systems so that they can provide the widest range of services made possible by the digital revolution. And subscribers are enthusiastically responding. As of December 31, 2007, approximately 8 million (or 61%) of Time Warner Cable's 13.3 million basic video customers were subscribing to digital video services.

But the cable industry has not been focused only on its own deployment of digital technology. Cable operators in general, and Time Warner Cable in particular, have played an active and leading role in publicizing the broadcasters' digital transition. Television viewers who are connected to cable television are at no risk of losing access to broadcast television stations. However, some cable homes have additional sets that rely on over-the-air reception. For that reason, last September, the cable industry launched a $200 million advertising campaign, featuring spots in both English and Spanish, to inform television viewers about the upcoming broadcast digital transition and NTIA's digital-to-analog converter box coupon program. In addition, even before the FCC adopted its digital transition consumer education rules, Time Warner Cable and other cable operators voluntarily began inserting written information about the transition in their billing statements.

Moreover, the cable industry has engaged in collaborative efforts with other affected industries. For example, in February 2007, NCTA and other interested industry and consumer groups joined together to create the DTV Transition Coalition – a privately-funded initiative that is using marketing and public education strategies to help educate television viewers about the change from analog broadcasting to digital. More recently, cable and broadcast industry groups partnered to create a "Coordination

Reference Handbook" to guide cable operators and broadcast stations as they work together to resolve any engineering issues that might arise in connection with the transition of broadcast television from analog to digital in a timely fashion in advance of the actual transition deadline.

Time Warner Cable has supported and participated in all of these efforts to prepare for and inform the public about the broadcast digital transition. Company-wide, Time Warner Cable is devoting over $30 million in resources to transition-related actions. Beginning last fall, Time Warner Cable outlined an internal DTV transition action plan that involves educating employees, disseminating information to the public, and communicating with local broadcasters.

One of the first steps Time Warner Cable took was to update all of its division websites to include detailed information about the digital transition, including links to relevant government websites and the DTV Transition Coalition's website. Time Warner Cable also is using a variety of media to educate and inform consumers about the DTV transition. The creative materials being used in this effort include:

- Television spots (including both the NCTA-produced spots and spots produced by Time Warner Cable).
- Radio spots.
- Internet banners.
- Direct mail and email messages.
- Posters and brochures (available at payment centers and given to subscribers by technicians on service calls).

Time Warner Cable personnel also are participating in community events aimed at drawing attention to and informing the public about the upcoming broadcast digital transition.

The aggressive educational efforts undertaken by cable operators such as Time Warner Cable have helped raise the public's awareness of the broadcast digital transition. Ironically, however, the very success of this information campaign is the source of one of our biggest challenges in the Wilmington area. Having spent nearly a year informing people that the broadcast digital transition is scheduled to occur on February 17, 2009, we now face the task of letting the people in the Wilmington market know that, for them, the transition will occur five months earlier.

In order to meet this challenge, Time Warner Cable is devoting additional resources to its educational efforts in our Wilmington service territory. We have updated the website for the Wilmington-area systems to highlight the new transition date and prepared alternate billing inserts, television spots, radio scripts, and newspaper ads that trumpet the fact that the transition will occur on September 8 in the Wilmington area. Each of our customer services centers and the "Cable Store" in Wilmington have digital transition displays with Wilmington-specific brochures available for the taking. On-screen crawls directing viewers to our website for more information about the transition are running on various channels and we have plans to use billboards to inform the community as well.

In addition, Time Warner Cable personnel are engaged in outreach efforts, often together with community leaders and local broadcasters, to get out the message about the new transition deadline. Many of these outreach efforts are specifically aimed at groups

such as seniors and Spanish-speaking viewers. For example, our Wilmington Cable Store will be hosting workshops specifically targeting the elderly and minority communities, with local broadcasters invited to participate. Time Warner Cable representatives also are manning information booths at area festivals and events such as a health fair at the Wilmington Senior Center, the Water Festival in Bladen County, the Cherry Point Airshow, and the Blueberry Festival in Pender County (to be held later this month).

Other examples of outreach efforts include the participation of system officials in media interviews regarding the transition and Time Warner Cable's attendance at the May 27 FCC Public Forum hosted by Chairman Martin and the May 20 presentation by the FCC to the Wilmington City Council.

Moreover, from a technical perspective, the vast majority of the work has been completed to ensure that our customers continue to receive the broadcast stations participating in the trial after those stations discontinue analog broadcasts. Of the participating stations that we currently carry, three [WWAY (ABC); WSFX (FOX); WECT (NBC)] already are operating their digital facilities at full, post-transition power levels. We are currently delivering those stations in both digital and analog formats to the vast majority of our subscribers. A fourth participating station that we carry [WILM-LP (CBS)] has not yet constructed facilities for broadcasting its digital signal over-the-air, but currently provides us with a fiber feed of its digital signal so that where we carry that station, we carry it in both analog and digital.

It is our expectation that when the Wilmington-area transition occurs at midnight September 8, all of the television sets connected to our cable systems in the area will be able to receive all of the local broadcast stations that they are now receiving. Of course,

we will continue to coordinate with these stations as September 8th approaches and will do whatever additional work may be necessary to make sure that this is the case. We also are taking steps in the Wilmington area to ensure that we have available the necessary equipment and personnel to hook up service for new customers and to connect additional sets for those viewers that decide to switch from over-the-air reception.

In conclusion, I again want to stress that Time Warner Cable is dedicated to ensuring, both through its individual efforts and through cooperative actions with broadcasters and others, that the broadcast television digital transition is a good experience for consumers, both in Wilmington and around the nation. I would be happy to respond to any questions you may have.

Executive Summary of Written Testimony of Kim Cannon
Vice President and General Manager, Time Warner Cable, Wilmington, NC
June 10, 2008

The FCC has selected the Wilmington, North Carolina market as the location for an early test of the broadcast digital transition, moving up the date of the transition for that market from February 17, 2009 to September 8, 2008. Time Warner Cable is the leading provider of cable television service in the Wilmington DMA, with over 96,000 subscribers.

Television viewers who are connected to cable are at no risk of losing access to broadcast television stations as a result of the broadcasters' transition from analog to digital. However, some cable homes have additional sets that rely on over-the-air reception. For that reason, Time Warner Cable has taken a leading role in publicizing the broadcasters' digital transition and the NTIA coupon program.

Company-wide, Time Warner Cable is devoting over $30 million in resources to transition-related actions that include educating employees, disseminating information to the public, and communicating with local broadcasters.

The aggressive educational efforts undertaken by Time Warner Cable and others have helped raise the public's awareness of the broadcast digital transition. Ironically, however, the very success of this information campaign is the source of one of our biggest challenges in the Wilmington-area: letting people know that the date of the transition has been moved up by five months.

In order to meet this challenge, Time Warner Cable is devoting additional resources to its educational efforts in the Wilmington area. We have updated our website to highlight the new transition date and have prepared new billing inserts, television spots, radio scripts, brochures and newspaper ads that trumpet the early transition. On-air crawls directing viewers to our website are running on various channels and we have plans to use billboards to inform the community as well.

Time Warner Cable personnel also are engaged in outreach efforts, often with community leaders and local broadcasters. Many of these efforts are specifically aimed at seniors and Spanish-speaking viewers.

From a technical perspective, most of the work is done and it is our expectation that when the Wilmington-area transition occurs at midnight, September 8, all of the television sets connected to our cable systems in the area will be able to receive all of the local broadcast stations that they are now receiving. We also are taking steps to ensure that we have the equipment and personnel needed to connect new customers and hook-up additional sets for customers who decide to switch from over-the-air reception.

Mr. MARKEY. Thank you, Ms. Cannon, very much.

Our next witness is Mark Lloyd. He is the Vice President for Strategic Initiatives for the Leadership Conference on Civil Rights. Mr. Lloyd is here today to speak about the different challenges from affected communities facing this transition. We thank you, Mr. Lloyd, and we look forward to your testimony.

STATEMENT OF MARK LLOYD, VICE PRESIDENT, STRATEGIC INITIATIVES, LEADERSHIP CONFERENCE ON CIVIL RIGHTS

Mr. LLOYD. Chairman Markey, great to see you again and members of the subcommittee. On behalf of the Leadership Conference on Civil Rights and the Leadership Conference on Civil Rights Education Fund, again thank you for the opportunity to testify at today's hearing on the status of digital television.

LCCR is the Nation's oldest and most diverse coalition of organizations working to protect the civil rights of all Americans through legislative advocacy. And the LCCR Ed Fund works to establish further the goal of equality under laws through public education.

Mr. Chairman, despite the valiant volunteer work of our members and the DTV Transition Coalition, the Nation is simply not prepared at present for the shut-off of full power analog television broadcasting. There is, in brief, too little funding for research, education, and outreach to ensure that when February 17th, 2009 arrives all Americans will continue to receive over-the-air broadcast service.

We are concerned the disproportionate impact of this transition on our constituents will result in a greater divide between those who have access to vital information and those who do not. Later this month our Leadership Conference will complete an extensive report on the challenges regarding the transition to digital television. We look forward to submitting that report to this committee.

The serious problems of the transition identified by the Leadership Conference include lack of viewer awareness regarding significance of the transition, and continuing viewer confusion, retailer confusion, unnecessarily retailer upselling, TV converter box program problems and complexities, confusion over low power community television stations, and the continued need for analog passthrough, no rapid response plan to deal with the problems after February 17th.

While the Federal agencies most responsible for managing this transition, the NTIA and FCC and a wide range of private stakeholders are working hard to address the impact of the transition. LCCR believes that the challenges involved in preparing Americans for the digital TV transition are of such magnitude that while active congressional oversight is important, strong congressional response is required.

We strongly support the subsidy program and the coupon program designed to help Americans make this transition to digital television. But our work on the ground indicates a variety of problems. The coupon program began well before there were sufficient converter boxes on the shelves. Many who rushed looking at Good Morning America and other programs to get their coupons went to the stores to find out the converter boxes weren't there or the low

cost converter boxes weren't there or the analog pass-through converter boxes weren't there. As Congressman Stupak noted earlier, converter boxes still are not available or are in short supply in many communities.

Many, we have found, large retail manufacturers, or retailers rather, refuse to accept coupons from mail order or Internet purchases of converter boxes. Not all boxes eligible for the coupon program support video description services so needed by members of the our community or provide an easy analog pass-through for community broadcasters.

Again, we applaud NTIA for showing flexibility with some of the other problematic provisions of the program, but we hope this committee will adopt the recommendations of Senator Inouye and Senator Stevens of the Senate Commerce Committee. Consumers should be able to use their converter box coupons to preorder so they might obtain boxes that are out of stock or in limited supply without running up against the expiration date. Also consumers should be able to reapply for coupons only if they have found that their coupons have expired. Too many Americans, as I said, responded earlier before the market was ready.

First and foremost, we are deeply concerned the $5 million that Congress has allocated NTIA to educate consumers about the coupons program will be woefully inadequate to support the kind of public education effort that the transition process requires. I know that you know that other countries are spending much more than the United States in preparing their citizens for the transition to digital.

Given the $20 billion raised in the 700 megahertz auction, maybe 1 percent of that could be used to actually help American consumers make this transition. A public education campaign is not merely airing a series of public service announcements that digital television is coming; it is much more complicated here, as the testimony so far has suggested.

The important services of low power and other community broadcasters will continue to send along signals. Full powered television service is not being exchanged simply for digital service. Many full powered broadcasters will be sending multiple digital signals. Some of those signals will be high definition, some will not. The contour of the reach of the digital signal will not exactly match the reach of the old analog signal. These are not simple messages to convey. And that does not even take into account the educational effort regarding the complicated coupon program.

We at the Leadership Conference are working with the Southeast Asian Action Resource Center, the National Council of La Raza, the NAACP, National Urban League, the National Congress of American Indians, the American Association of People With Disabilities, and others to reach deep into communities and to work with direct service providers to get the word out.

We know that one of our members, AARP, and others of our members are also extending themselves to get the word out. We have received no financial assistance from the FCC or NTIA to prepare our communities for this major transition, and our resources are limited.

Again, we applaud the public service announcements of NAB and PBS, but again these efforts are simply not sufficient.

Mr. MARKEY. If you could summarize.

Mr. LLOYD. My final note is simply that we need an aggressive ongoing monitor effort, and there must be plans in place to respond rapidly to those most vulnerable populations who end up losing service.

Again, thank you very much.

[The prepared statement of Mr. Lloyd follows:]

STATEMENT OF
MARK LLOYD, VICE PRESIDENT OF STRATEGIC INITIATIVES,
LEADERSHIP CONFERENCE ON CIVIL RIGHTS &
LEADERSHIP CONFERENCE ON CIVIL RIGHTS EDUCATION FUND

U.S. HOUSE COMMITTEE ON ENERGY AND COMMERCE
SUBCOMMITTEE ON TELECOMMUNICATIONS AND THE INTERNET
"STATUS OF THE DTV TRANSITION: 252 DAYS AND COUNTING"

JUNE 10, 2008

Chairman Markey, Ranking Member Upton, and members of the Committee: I am Mark Lloyd, vice president of strategic initiatives of the Leadership Conference on Civil Rights (LCCR) and the Leadership Conference on Civil Rights Education Fund. Thank you for the opportunity to testify in today's hearing on the status of the digital television transition.

LCCR is the nation's oldest and most diverse coalition of organizations working to protect the civil rights of all Americans through legislative advocacy. And the LCCR Education Fund is the sister organization established to further the goal of equality under law through public education. LCCR consists of approximately 200 national organizations representing persons of color, women, children, organized labor, persons with disabilities, seniors, gays and lesbians, and major religious groups. Given the fact that we represent a very broad coalition of organizations, I would not suggest here that my testimony fully represents the concerns of all our coalition members. With that said, we have consulted and are actively working on the DTV transition with several members of our coalition both in Washington and in the field. In addition, LCCR is a founding member and a steering committee member of the DTV Transition Coalition, a large coalition that includes the Federal Communications Commission, the National

Telecommunications and Information Administration of the U.S. Department of Commerce, industry groups, grassroots and membership organizations, manufacturers, retailers, trade associations, civil rights organizations, and community groups. I am a former broadcaster and communications attorney and I teach the public policy of communications at Georgetown University. It is a privilege to come before you to speak on an issue I have been engaged in for over ten years.

Despite the valiant volunteer work of our members and the DTV transition coalition, the nation is not prepared for the shut-off of full-power analog television broadcasting. There is, in brief, too little funding for research, education and outreach to ensure that when February 17, 2009 arrives all Americans will continue to receive over-the-air broadcasting service. As this committee knows, millions rely on broadcasting for emergency information, school closings and the news and public affairs programming so necessary for local democratic engagement. We are concerned that the disproportionate impact of this transition will result in a greater divide between those who have access to vital information and those who do not. We at the Leadership Conference are concerned that the working poor, that senior citizens, that a disproportionate number of African-Americans, Latinos, and Asian-Americans, that people with hearing or visual limitations, and that Americans living in rural areas will lose access to the vital lifeline of over-the-air television.

Later this month the Leadership Conference will complete an extensive report on the challenges regarding the transition to digital television. We look forward to submitting that report to this committee. The serious problems with the transition identified by the Leadership Conference include:

- Lack of viewer awareness;
- Viewer and retailer confusion;
- TV converter box coupon program problems and complexities;
- Excessive and unanticipated costs and burdens to viewers to make the transition;
- Confusion over low-power and community television stations;
- Unnecessary retailer upselling;
- Difficulties in procuring digital converters;
- Difficulties with the pass-through by digital converters, cable, or satellite of captioning and any available video description;
- No rapid response plan to deal with problems after February 17, 2009

While the federal agencies most responsible for managing this transition—the National Telecommunications and Information Administration (NTIA) and the Federal Communications Commission—and a wide range of private stakeholders in the broadcasting, cable, retail, and manufacturing industries are already working hard to address the impact of the transition, LCCR believes that the challenges involved in preparing Americans for the digital television transition are of such magnitude that while active Congressional oversight is important, strong Congressional response is required.

What's at Stake

Making the transition to digital is not simply a matter of being able to watch wrestling, or *American Idol,* or reruns of *Friends.* At stake in the transition to digital television is the ability of the nation's most vulnerable populations to maintain

uninterrupted access to their key source of news and information and emergency warnings: free, over-the-air television.

The loss of this important service is especially acute for the communities that LCCR member organizations represent. In 2005, the GAO found that up to 19 percent, or roughly 21 million American households, rely exclusively on over-the-air, free television. According to the GAO, 48 percent of households that rely solely on over-the-air television have incomes under $30,000.

These consumers will face an expensive choice to continue to receive a television signal: subscribe to cable or satellite, buy a digital television set, or purchase a digital-to-analog converter box without assistance from the government through its coupon program. All of these options cost money. Even an inexpensive converter box can cost more than a week's food budget for many low-income families and for many elderly persons living alone and on Social Security.

We are especially concerned because minority and aging households are disproportionately affected by the transition.

- According to the GAO, non-white and Hispanic households are more likely to rely on over-the-air television than are white and non-Hispanic households.
- Of the 21 million over-the-air households, one-third (or seven million people) are Spanish-language speakers, according to the testimony of Alex Nogales, President and CEO of the National Hispanic Media Coalition, before the House Subcommittee on Telecommunications and the Internet in March 2007.
- Eight million of the 21 million over-the-air households include at least one person over 50 years of age, according to the March 2005 testimony of Lavada DeSalles

on behalf of AARP, before the House Subcommittee on Telecommunications and the Internet.

- One-third or more of over-the-air television viewers have disabilities, according to the American Association of People with Disabilities.
- African Americans make up 23 percent of over-the-air households, according to the National Association of Broadcasters.

LCCR believes that access to communications is a fundamental right of every American. Given the impact the transition will have on all our most vulnerable communities, LCCR applauds Congress for recognizing the need for a government compensation program to be administered by NTIA to assist with the transition. But the process that has been created raises a number of troubling concerns.

Problems with the Coupon Program

We strongly support the subsidies to American consumers to assist with the transition to digital. And the coupon program in the main seems a sensible way to provide these subsidies to all Americans. But our work on the ground indicates a variety of problems. The coupon program began well before there were sufficient converter boxes on the shelves. Many who rushed to get their coupons have felt compelled to either purchase the more expensive converter boxes or to watch their coupons expire. Converter boxes are not available or are in short supply in many rural areas. We have been told that many large national retailers refuse to accept coupons for mail-order or Internet purchases of converter boxes. And not all boxes eligible for the coupon program

support video description, or provide an easy pass-through of analog signals from community broadcasters.

We applaud NTIA for showing flexibility with other problematic provisions of the program. For example, in response to widely held concerns, NTIA appears to be willing to modify the coupon program to allow nursing homes with multiple residents to apply for multiple coupons, and to show flexibility in issuing coupons to those who receive mail at a post office box.

We support the recommendations of Senators Inouye and Stevens of the Senate Commerce Committee. They want consumers to be able to use their converter box coupons to preorder the boxes so that they might order boxes that are out of stock or in limited supply and not run afoul of the expiration date. Also, they want consumers to be able to reapply for coupons if their coupons have expired, as the coupons presently have no ability to replace or reapply for expired coupons. Another problem with the 90-day expiration date is the inability of those who applied early for coupons to purchase lower priced converter boxes, such as the boxes marketed by Echostar, which will not come to market until summer.

Funding the Educational Effort

First and foremost, we are deeply concerned that the $5 million that Congress has allocated to NTIA to educate consumers about the coupon program will be woefully inadequate to support the kind of public education effort that the transition requires. In a 2007 letter to members of the FCC, House Energy and Commerce Chairman John Dingell and Rep. Edward Markey noted that the German city of Berlin spent nearly $1

million to educate its 3.4 million citizens about the transition to digital. The United Kingdom, a country of a little over 60 million, plans to spend $400 million on its public education campaign. While we do not advocate spending an equivalent $100 million to $2 billion dollars to prepare the 300 million American consumers about the digital television transition, we do not think that the $5 million allocated by Congress in 2005 was ever adequate to the task.

A public education campaign is not merely airing a series of public service announcement that digital television is coming. It is much more complicated here. As this committee knows, not all analog broadcasts will shut down. The important services of low power and other community broadcasters will continue to sent analog signals. The full-power television service is not simply being exchanged for a digital service. Many full power broadcasters will be sending multiple digital signals – some of those signals will be High Definition and some will not. Nor will the contour, the reach of the digital signal, exactly match the reach of the old analog signal. These are not simple messages. And that does not even take into account the educational effort about a two-stage program involving a government coupon subsidizing a digital converter box. Some consumers will need to be gently reminded that a transition will take place. Others will need more help through the process.

We at the Leadership Conference are working with the Southeast Asian Resource Action Center and the National Council of La Raza and the NAACP and the National Urban League and the National Congress of American Indians and the American Association of People with Disabilities and others to reach deep into communities, to work with direct service providers, to get the word out. We know that AARP and others

are also extending themselves to help in getting the word out. We have received no financial assistance from the FCC or NTIA to prepare our communities for this major transition and our resources are limited.

Again, the public service announcements of the National Association of Broadcasters and PBS and others are great contributions, the educational seminars of the FCC and the NTIA website are all impressive educational efforts, but they are not enough. The lack of sufficient resources within the digital television transition consumer education effort for support of nonprofit, social justice, or community-based organizations further limits the scope of much needed direct, hands on public education efforts in communities at risk. The effort to ensure that all Americans have access to over-the-air digital television should not be left to government and industry alone; the private charitable organizations that work directly with the populations most at risk need to be engaged, but they need support.

More specifically, what is needed are efforts that fund and engage grassroots groups to conduct the training workshops; develop and disseminate the informational materials that are language appropriate and in alternate forms (Braille, audiotapes, ASCII disk, large font, closed captioned); and provide the technical assistance that will help the low-income households, minorities, limited English-speaking families, seniors, and persons with disabilities who are most dependent on television make the transition.

LCCR is committed to working with our community-based member organizations, including groups that serve populations who speak languages other than English, and those that assist working families such as unions and religious organizations, to make sure their members know about the transition and the coupon program. But we

are skeptical about the success of these efforts without additional resources. We believe that the costs of the digital transition to U.S. could be paid for by a small fraction of the 20 billion dollars generated by the auctions of reclaimed spectrum.

If Congress wants the digital television transition and coupon program to succeed, it must adequately invest in an educational program that involves all relevant sectors and that truly leaves no community behind. We strongly urge Congress to supplement the amount of funding for consumer education efforts. In the end, voters will look to Congress if their televisions go dark.

Research, Oversight, and Rapid Response

In addition to our concerns that those populations most in need will be least likely to know about the coupon program, LCCR is concerned that low-income and minority communities, seniors, and people with disabilities will be least likely to receive the first-come, first-served limited number of coupons.

NTIA's Digital-to-Analog Converter Box Coupon Program currently contemplates what is essentially a two-phase process. Under the first phase, while the initial $990 million allocated for the program is available, all U.S. households—including cable and satellite customers—will be eligible to request up to two $40 coupons to purchase up to two, digital-to-analog converter boxes. Under the second phase, if NTIA requests the additional $510 million already authorized by Congress, then households that certify in writing they rely on over-the-air reception will be eligible for coupons.

LCCR urges Congress to ensure that the transition to digital television serves to benefit all Americans. In order to do so, there must be a way for Congress to determine that coupons are going to those who most need them.

- It is clear that we will need sufficient independent research to make sure that messages about the coupon program are effective for these populations. We will need to know who is taking advantage of the coupon program during the first phase of the process, so that NTIA knows how to respond or whether and where to deploy additional funds.
- The government can play an important role in conducting this research through the General Accounting Office, with Congress tracking the progress.

In addition to an aggressive ongoing monitoring effort, there must be plans in place to respond rapidly to those most vulnerable populations who end up losing service, so that they get the education and assistance they need. If low-income households, seniors, minorities, or persons with disabilities are cut off because funds run out, Congress must allocate additional funds to ensure that all Americans can make the transition to digital TV.

Conclusion

I want to acknowledge that despite the great challenges in making sure that all Americans know about the digital television transition and the coupon program, the transition presents great opportunities. Digital TV offers viewers better quality transmission and a wider range of programming options. DTV can deliver more services to those who speak languages other than English and to people with disabilities (such as enhanced closed captioning and video description services). And by freeing up valuable spectrum the transition has the potential to open the door for more Americans to participate fully in the digital age. We at the Leadership Conference are convinced that the transition to digital television has the potential for extending the benefits of advanced telecommunications services to all Americans. We believe this is the civil rights issue of the digital age.

Thank you for both the opportunity to speak today and for your leadership as we move forward in addressing the digital television transition. I look forward to answering any questions you may have.

Mr. MARKEY. Thank you, Mr. Lloyd, very, very much.

Our next witness is Mr. Paul McTear. He is the President and Chief Executive Officer of Raycom Media. Welcome, sir.

STATEMENT OF PAUL MCTEAR, PRESIDENT AND CHIEF EXECUTIVE OFFICER, RAYCOM MEDIA, INC.

Mr. MCTEAR. Chairman Markey, Ranking Member Stearns, and members of the subcommittee, my name is Paul McTear and I am the President and——

Mr. MARKEY. If you could use a microphone. It is a new technology in the media world. Oh, beautiful, thank you.

Mr. MCTEAR. Chairman Markey, Ranking Member Stearns, and members of the subcommittee, my name is Paul McTear and I am the President and Chief Executive Officer of Raycom Media. Raycom owns 38 full power television stations serving communities across the country, including Station WECT in Wilmington, North Carolina. The Wilmington market has been chosen for an early cut-over from analog to digital television service on September 8th, 2008, while the rest of the country will make the transition on February the 17th, 2009.

The focus of my testimony today is on the efforts of Raycom and our government and private sector partners in the five-county Wilmington area. A cornerstone of Raycom's operation philosophy is our commitment to strong local service. We believe that this is good for the public and good for our business. Our participation in the Wilmington area experiment is consistent with this commitment to public service.

The cut-over to digital only operations that the country will undertake on February 17th, 2009, poses various risks and challenges. The FCC asked the Wilmington area stations to take this step more than 5 months earlier than the rest of the country on September 8th, 2008, so that the country can assess those risks and challenges on the basis of the Wilmington experience and better prepare for the February 17th cut-over. Not only does Wilmington have 5 fewer months than the rest of the country to prepare for this transition, it also must accomplish the transition in an environment where the entire rest of the country, including television markets adjacent to Wilmington, will be emphasizing the February 17th digital cut-over date.

There will be problems and some will continue after September 8th. Through intense news coverage, heavy doses of PSAs and numerous over-air and off-air activities, WECT and our sister stations will be engaged in a vigorous, multi-faceted campaign to anticipate and overcome these problems. Many of our efforts will be devoted to practical issues, where to obtain converter boxes, how to install them, antenna issues, and the like.

We are also working intensely with cable and satellite operators, equipment retailers, local government, local civic groups, and other groups especially well-suited to outreach to an at-risk population like the elderly, rural viewers, seasonal residents, and minorities. For example, 3 weeks ago Wilmington held a town hall meeting devoted to the digital transition experiment and we expect to participate in similar gatherings and numerous communities within the market.

In these efforts we frequently stress the pioneering role that the Wilmington area is playing. We are also working with the FCC, which is providing exceptional support, and with NTIA and the NAB. I am proud of the way our industry has responded to the challenges of the transition.

One attachment to my written statement catalogues the industry's strenuous efforts under NAB's leadership. I am also proud of Raycom's localized efforts across the 38 markets as described in another attachment to my written testimony. As the attachment reflects, Raycom stations have broadcast more than 50,000 transition education announcements since April of last year, as well as 1,400 news items related to the transition.

I am hopeful that with the help of many others the Wilmington experiment will succeed and that later the full nationwide transition will also succeed. The result will be the greatest breakthrough in television since the introduction of color—crystal clear pictures, vastly improved sound, and the opportunity for more services.

There is one issue that I am told that only Congress can fix. The Satellite Home Viewer Extension and Reauthorization Act provides television stations with exclusivity rights for their analog signals, but through an oversight it was never updated to take into account the cut-over to digital only operations. Without a fix to this inadvertent loophole, the integrity of local markets could be destroyed and local service jeopardized.

In closing, we would especially like to thank Chairman Martin and Commissioner Copps for their leadership in connection with this experiment. I also want to acknowledge the role of this committee in advancing the transition and protecting consumer interests as we make our way through this challenging transition.

Thank you.

[The prepared statement of Mr. McTear follows:]

Written Testimony of Paul McTear
President and Chief Executive Officer
Raycom Media, Inc.

Before the
Subcommittee on Telecommunications and the Internet
of the
Committee on Energy and Commerce
United States House of Representatives

"Status of the DTV Transition: The Wilmington Experiment"

June 10, 2008

Chairman Markey, Ranking Member Stearns, and Members of the Subcommittee, my name is Paul McTear and I am the President and Chief Executive Officer of Raycom Media, Inc. Raycom owns 38 full-power television stations currently serving communities across the country, including station WECT in Wilmington, North Carolina. The Wilmington market has been chosen for an early transition from analog to digital television service on September 8, 2008, while the rest of the country will transition on February 17, 2009. We are working to prepare the communities we serve nationwide for this transition, but the focus of my testimony today is on the efforts of Raycom and our private and public partners in Wilmington. I appreciate the opportunity to speak today about this important initiative.

Raycom is an employee-owned company that receives substantial investment from the Retirement Systems of Alabama, which provides retirement and other benefits to the employees of Alabama's state government and public education systems. One of the cornerstones of our business philosophy is our commitment to strong local service wherever we operate stations. We believe this commitment to serving our local communities is both good for the public and good for our business. By participating in the Wilmington experiment, consistent with this commitment, we felt that we could assist the digital

transition not only for our stations and their markets but also for the broadcast community and the public generally.

In addition to my position at Raycom, I serve on the Board of Directors of the National Association of Broadcasters, as treasurer of the NBC Television Affiliates, and as an Executive Committee member of the Association for Maximum Service Television. In each of these roles, I have worked with broadcasters from across the country to ensure that, as a nation, we are prepared to make the historic transition to digital television in February 2009. I am proud of the unprecedented and localized efforts our industry is undertaking to minimize consumer disruption during this process. Examples of these efforts are included in the attachments to this testimony, which describe outreach by Raycom and by the National Association of Broadcasters.

One of Raycom's most important efforts in this area is the early transition of our station in Wilmington, WECT, to digital-only broadcasting. At the FCC's request, we have agreed to participate in this market-wide experiment, which we hope will give guidance in other parts of the country for meeting the challenges of transitioning to digital television. With the support of the FCC, community organizations in the Wilmington area, and other partnering industries, WECT and Wilmington's other local commercial television stations will turn off their analog signals on September 8, 2008, and will then broadcast only in digital.

The successful completion of the Wilmington transition requires close coordination with many of our partners, including the cable and satellite operators serving the Wilmington area. Since many households in the Wilmington market receive television programming by cable or satellite, we have been working with the carriers that serve these

viewers to ensure that residents continue to have access to local broadcast television service after analog signals are shut off.

We have also made our engineering personnel available to educate local consumer electronic retailers and have encouraged them to stock a sufficient number of converter boxes and digital television receivers in their Wilmington-area stores.

In collaboration with the FCC, we have also been working with the Wilmington Chamber of Commerce and other stakeholders in Wilmington and the surrounding communities to ensure that all of our viewers know about the early transition. Wilmington-area broadcasters are coordinating with Representative Mike McIntyre, Mayor Bill Saffo, and Wilmington's city government – including local emergency management officials – as well as with local citizens groups to increase preparation and awareness. We participated several weeks ago in an FCC town hall meeting toward that goal. At the town hall meeting and in our other public events, we have discussed the importance of Wilmington's early transition and explained how viewers, who will no longer receive analog service, can continue to receive television signals after the transition. This August, we will be holding a DTV Expo in Wilmington to give residents information about the transition and the opportunity to meet with experts to ask questions, solve problems, and purchase necessary equipment. We are similarly working with other local governments and organizations in other communities within the five-county Wilmington market.

In addition to in-person events, WECT, under the leadership of General Manager Gary McNair, has begun a campaign of news segments and editorials and printed publications designed to educate viewers about the September 8 transition and what steps they need to take to maintain their over-the-air service. We air Wilmington-specific public service announcements in place of the national transition messages aired by stations in other

markets. Our publicity also informs viewers how they can obtain converter boxes – supported through NTIA's coupon program – so that their analog television sets can receive our programming after September 8. WECT has published a guide on this topic that is available from the station and on its website. And it is broadcasting a daily "Countdown to DTV," which today announced that we are 90 days away from Wilmington's switch to digital.

In collaboration with the National Association of Broadcasters, we are also reaching out to specific groups within the region, including senior citizens and viewers who are not year-round residents of the five-county Wilmington area. For example, NAB is sending its DTV Road Show to the Wilmington area for the two weeks preceding September 8. In addition, local broadcasters will be distributing printed educational materials targeted to seniors through local service organizations. We will coordinate with agencies that manage vacation homes on Wilmington's Atlantic coast to educate out-of-town property owners. In collaboration with NAB, the National Black Church Initiative, and Future Farmers of America, we are planning events and direct outreach to educate African-American and rural residents about the September 8 transition. And we are working with Wilmington's Spanish-language radio station to ensure that early-transition announcements are broadcast to its audience. Wilmington is a diverse area, and we believe that these partnerships are essential to providing transition education to all of our viewers.

As a result of these efforts, we have been fielding an increasing number of calls and emails from our viewers about the transition, and we understand that NTIA has also seen a significant increase in requests for converter box coupons from the Wilmington area since we began this publicity. According to NTIA, coupon requests in the Wilmington DMA went up 78% after the FCC announced the Wilmington experiment, compared to

22% for the country overall. We support retailers' efforts to stock suitable converters early and heavily in the Wilmington market.

We are currently providing service on our digital channel to Wilmington-area viewers in accordance with our FCC license. But we are also planning to make improvements in our digital facilities to provide even better service. We expect the first step in these upgrades to be completed before September 8, and we will begin the second set of digital improvements shortly after this transition date. The FCC has been helpful to us in authorizing us to undertake these improvements, and our ultimate goal is to provide digital service to more than 900,000 Wilmington-area residents soon after September 8.

The early transition in the Wilmington area will help the various industries and government agencies involved understand which aspects of our coordinated transition strategies are working and which aspects need to be refined or bolstered as we move toward the nationwide transition next February. Although the Wilmington area will encounter bumps in the road on the way to the September 8 cut-over to digital-only operations, we view WECT's participation in the Wilmington experiment as a way to assist the public and our industry in meeting the challenges of the transition so that we can be as prepared as possible for the nationwide switch just 256 days from now.

Some of the problems we will face in the Wilmington area are peculiar to Wilmington because it is making the move five months earlier than the rest of the country, and some of the challenges will be characteristic of what the rest of the country will confront. One special challenge in the Wilmington area is that we have less time to take all of the steps necessary to prepare for the transition. A second is that, although an NAB survey shows that 89% of Wilmington-area residents are aware of the transition, we will have to emphasize that all the national publicity centering on the February 17, 2009 transition date

does not apply to the Wilmington area. For example, stations in neighboring markets will be delivering messages to the public stressing the February 17 date, and these messages will be received in substantial portions of the Wilmington market. Our task is to highlight the September 8 cut-over date, which we have already started to do by emphasizing the Wilmington area's role as a digital pioneer and by replacing the NBC network's nationwide transition announcements with specialized messages targeted to Wilmington viewers.

The challenges we face that are common to all stations are reaching out to pockets of the population that may not be reached by standard methods of education and promotion, encouraging consumers who need outdoor antennas to obtain them, making a sufficient number of converter boxes available, and providing consumers with sufficient support in installing those antennas and boxes.

For both sets of challenges, we have numerous plans in place, several of which are already in high gear. On September 9, however, some problems will remain. There will be viewers who will not purchase converter boxes in time or who will not install them. There will be antenna issues, as well. Notwithstanding these and other challenges, I am optimistic that the experiment will be a success.

I would also like to acknowledge the FCC's leadership and, in particular, the efforts of Chairman Martin and Commissioner Copps. This leadership is particularly helpful because, even under the best of circumstances, the transition to digital television will be a complex endeavor for the FCC and NTIA, for broadcasters, for the other industries involved, and for the public. We should acknowledge also Congress' role and that of this Subcommittee in supporting the transition across the country and looking out for the interests of consumers – a goal that we fully share with the Subcommittee.

Chairman Markey and Ranking Member Stearns, I appreciate the opportunity to discuss Raycom's transition efforts in Wilmington, and I would be pleased to respond to questions that you and other Members of the Subcommittee may have.

Attachments

RAYCOM STATIONS' DIGITAL TELEVISION TRANSITION OUTREACH INITIATIVES

April 1, 2007 to June 5, 2008

ON AIR ANNOUNCEMENTS		
	FCC Consumer Education Announcements	2,368
	FCC Consumer Education Crawls	1502
	Other Public Service Announcements	40,548
	News Crawls	6,042
TOTAL ON AIR ANNOUNCEMENTS		50,460
NEWS ITEMS		
	News Reports	930
	Editorials	58
	News Bumpers	413
TOTAL NEWS ITEMS		1,401
PERSONAL OUTREACH INITIATIVES		
	Public Appearances	274
	Phone Banks	34
TOTAL PERSONAL OUTREACH INITIATIVES		308

National Association of Broadcasters Digital Television Transition Education and Outreach Efforts

Broadcasters are proud partners with the Federal Communications Commission to ensure that no consumer loses access to free local television programming after February 17, 2009 due to a lack of information about the transition to digital television (DTV). Broadcasters are committed to educating the American public about the upcoming transition. Since late 2006, broadcasters have coordinated extensively with the government, private industry, membership organizations and others to educate all consumers so that they understand the DTV transition. The future of free-over-the air television depends upon a smooth transition to digital with minimum disruption to consumers.

The broadcast industry has embarked on an unparalleled and unprecedented consumer education campaign. This multifaceted campaign uses a wide variety of tools and programs to successfully reach all consumers impacted by the switch to digital television.

As detailed below, the DTV education campaign is designed much like a political election campaign, where the DTV transition is a candidate that starts with low name identification and must be introduced and promoted among the "electorate" or television viewers. No avenue to reach consumers will be left unexplored as we reach out to all ages, demographics, and geographical areas, as well as urban and rural communities.

DTV Action Spots
NAB has produced six 30-second DTV Action Spots, which we have distributed to all NAB member stations and non-member stations via satellite. The first two spots, "Get the Facts" and "Revolution," promote general awareness of the DTV transition and urge viewers to get more information from the www.DTVAnswers.com Web site. Another spot promotes NAB's DTV Road Show. The three most recent spots, "The Future is Here," "Just a Box" and "Digital is in the Air" promote converter boxes as an option for consumers to make the upgrade to digital. Two of the spots specifically promote the government's $40 converter box coupon and direct viewers to www.DTV2009.gov and 1-888-DTV-2009 for more information.

Low-Power TV Action Spots
NAB produced and distributed three television spots that explain the low-power translator issue to television stations in markets with large numbers of translators. The spots are available in 15-, 30- and 60-second versions and are available in both English and Spanish. We distributed them to stations in mid-April.

TV Station Tools

NAB has created a full graphics package for stations to help communicate the DTV transition in newscasts and spots. The package contains video of converter box installations, graphics of DTV equipment and interviews with federal officials, including U.S. Secretary of Commerce Carlos Gutierrez and FCC Chairman Kevin Martin. NAB has also produced and distributed a DTV style guide to help stations convey accurate and consistent messages about the DTV transition.

30-Minute Educational Program
On March 10, 2008, NAB produced and distributed a 30-minute educational program, "Countdown to DTV," to television stations across the country. The program was designed to help consumers navigate the transition to digital television. All NAB member and non-member stations were able to obtain the program in standard definition (SD) or high definition (HD) formats, and in both English and Spanish.

DTV Speakers Bureau
Working with local TV stations and state broadcaster associations across the country, NAB created the DTV Speakers Bureau to organize at least 8,000 speaking engagements about DTV at local community events across the country before February 17, 2009. The DTV Speakers Bureau network is made up of local TV station broadcasters, general managers, engineers and state broadcast associations, among others. The DTV Speakers Bureau currently stands at 1,091 registered speakers from 665 TV stations. At least 3,207 speaking engagements have been booked, with 1,726 completed with an average audience size of 128 attendees. For more information, or to register a speaker at your next local event, groups can visit www.DTVSpeak.com. Additionally, NAB staff members have keynoted multiple conferences with speeches on the DTV transition, from London, England to Little Rock, Ark., and Las Vegas, Nev.

DTV Road Show
A major grassroots marketing initiative, the DTV Road Show aims to increase consumer awareness of the February 17, 2009, transition in targeted areas with high percentages of broadcast-only households. The road show includes two DTV Trekkers – large moving trucks designed to resemble giant television sets – that are crisscrossing the country until transition day in 2009. The Trekkers visit local fairs, festivals and other community events in high over-the-air sections of the country and provide DTV information to those most disproportionately affected by the transition. The DTV Trekkers will travel 95,000 miles and visit 600 locations nationwide. To learn more about the DTV Road Show, visit www.DTVRoadShow.com.

Between January 1 and May 31, the DTV Road Show visited the following cities:
Albany, N.Y.
Antioch, Calif.

Atlanta, Ga.
Birmingham, Ala.
Boston, Mass.
Carl Junction, Mo.
Carthage, Mo.
Casa Grande, Ariz.
Cedar City, Utah
Charlottesville, Va.
Chesapeake, Va.
Chicago, Ill.
Claremore, Okla.
Clarence, N.Y.
Collinsville, Okla.
Columbus, Ohio
Dothan, Ala.
Fresno, Calif.
Harrisburg, Pa.
Hidalgo, Texas
Huntsville, Ala.
Indianapolis, Ind.
Joplin, Mo.
Kissimmee, Fla.
Lansing, Mich.
Las Vegas, Nev.
Layton, Utah
Los Angeles, Calif.
Loves Park, Ill.
Lynwood, Calif.
Maplewood, N.J.
Mercedes, Texas
Mesa, Ariz.
Montgomery, Ala.
Noel, Mo.
Neosho, Mo.
New York, N.Y.
Newark, N.Y.
Novi, Mich.
Oklahoma City, Okla.
Palm Springs, Calif.
Phoenix, Ariz.
Poteet, Texas
Richmond, Va.
Roanoke, Va.
Sacramento, Calif.

Salt Lake City, Utah
San Antonio, Texas
San Francisco, Calif.
San Jose, Calif.
Shreveport, La.
Springfield, Ill.
St. George, Utah
St. Louis, Mo.
Tampa, Fla.
Tulsa, Okla.
Visalia, Calif.
Washington, D.C.
Watertown, N.Y.
Webb, Mo.
Winter Haven, Fla.

Earned Media:
NAB's DTV transition team has two full-time media relations staff members dedicated to generating widespread media coverage of the DTV transition and ensuring that reporters are covering the issue accurately. NAB has briefed reporters from major news organizations on the DTV transition in markets across the country, including New York, Chicago, San Jose and Washington, D.C., and has generated print, online and broadcast media coverage about the transition in all 50 states. In April, NAB began sending out a weekly email with DTV-related updates to help hundreds of reporters nationwide stay abreast on transition activities. NAB's earned media team, which also employs a public relations firm, is in regular contact with more than 3,000 reporters to promote local news hooks about the transition and has helped to garner more than 10,000 news articles about the transition.

DTVAnswers.com Web site
In 2007, NAB launched www.DTVAnswers.com, one of the most comprehensive, consumer-friendly Web sites about the DTV transition. The site provides consumers, businesses and other interested organizations an in-depth look at every aspect of the DTV transition. Consumers can learn how to upgrade to digital television, get information about converter boxes and antennas and access additional related resources. To help organizations spread DTV messages to their members, the site also makes available various promotional materials, including downloadable flyers and sample PowerPoint presentations. NAB also offers DTV transition information in more than 60 languages, including a Braille version upon request, at www.dtvanswers.com/dtv_languages.html. In addition, one can view and download NAB's DTV Action Spots. The Web site has drawn nearly 2.3 million visits to date.

LPTVAnswers.com Web site
To help consumers who wish to continue watching programming from local low-power TV stations after the February 17, 2009, transition to digital, NAB launched www.LPTVAnswers.com, which provides comprehensive information about the low-power issue. With links to state-by-state maps of low-power TV stations and a list of government-certified analog pass-through converter boxes, the site serves as a guide for all low-power TV consumers.

DTV Toolkits for Elected Officials
NAB has sent DTV Toolkits to elected officials across the country, including all members of congress, state legislators, governors and lieutenant governors, executive directors of state municipal and state county associations, state African-American caucus leaders and state Hispanic elected officials. In May, NAB mailed a DTV Toolkit and letter from President and CEO David Rehr to 449 tribal leaders in the United States. By mid-June, we will provide toolkits to 1,113 Meals on Wheels state chapter heads. The DTV Toolkit contains: a PowerPoint presentation on the DTV transition that can be used during a town hall meeting or any gathering of constituents; a newsletter insert for newsletters in English and Spanish; a DTV handbill in English and Spanish; a consumer resource guide in English and Spanish; a sample press release in English and Spanish; a sample op-ed on the DTV transition in English and Spanish; key points on DTV; banner Web site ads that may be linked to www.DTVAnswers.com; sample speeches on DTV; and a DTV background sheet. NAB has also created an online toolkit for elected officials that will be distributed to state legislators, mayors and county commissioners.

DTV Staff Briefings in Congress
In April and July 2007, NAB hosted DTV transition briefings with more than 100 U.S. House staff and more than 40 U.S. Senate staff. In October 2007, working with the DTV Transition Coalition, NAB hosted a DTV staff briefing for members of the U.S. House of Representatives and their staffs, which drew 200 staffers and several House members. A DTV staff briefing in February 2008 hosted by NAB and the DTV Transition Coalition drew 40 attendees, mostly U.S. Senate staffers. Converter box demonstrations were given at all events and various consumer awareness materials were made available to attending staff.

Live DTV Webcast for Congressional Staff
In April 2008, NAB hosted a special live webcast for congressional staffers to address DTV issues unique to our government partners. NAB's DTV transition team discussed how the federally mandated transition will impact communities across America, what consumer education and outreach initiatives are already underway by broadcasters and how to access information about the DTV coupon

program and converter boxes. More than 400 staffers tuned in for the live webcast.

National Black Church Initiative
In late 2007, NAB began collaborating with the National Black Church Initiative (NBCI) to educate Washington, D.C., residents about the digital television transition. The NAB/NBCI initiative will be implemented nationwide to help those most affected by the DTV transition to learn what they need to do to prepare for the switch to digital television. The initiative will reach nearly 8 million congregants in churches across the country, who will receive educational literature about the DTV transition and converter box coupon program as well as assistance with applying for the converter box coupons.

Esperanza USA:
NAB has partnered with Esperanza USA, the largest organization of its kind in America with a 10,000-strong network of Latino faith-based agencies, to inform Hispanic households about the DTV transition. Spanish-speaking households are among the most disproportionately affected populations by the transition. Esperanza will incorporate DTV messages in publications to its members, grassroots activities and its annual National Prayer Breakfast.

Spanish Town Hall Initiative
In partnership with the Spanish-language television network Univision, NAB is conducting a series of town hall forums to raise awareness among Hispanics in America about the upcoming DTV transition. The hour-long televised town halls are expected to draw large audiences of primarily Spanish speakers in some of the nation's largest Spanish-language markets, including Dallas, Sacramento, Phoenix, Raleigh and San Antonio. The series builds on the success of a December 2007 town hall in Chicago, which drew an audience of more than 700. NAB is partnering with Telemundo on a similar initiative.

DTV Transition Coalition
In February 2007, NAB helped found the Digital Television Transition Coalition. The coalition has since expanded to 231 members, comprised of business, trade and industry groups, as well as grassroots and membership organizations that share an interest in a smooth transition. The FCC has actively participated in the coalition. As part of the coalition, groups agree to distribute DTV-related materials to their members. To date, at least 100 of the 231 members have sent DTV materials to their members. In May 2008, the DTV Transition Coalition sent DTV packets to every state public utility commission. Monthly coalition meetings also serve as a national forum on the DTV transition. An updated list of coalition members is attached. To learn more visit www.dtvtransition.org.

Radio Spots
NAB has produced and distributed DTV radio spots in 15-, 30- and 60-second versions in both English and Spanish. Sample scripts have also been provided to stations that are interested in producing their own spots. The spots have been distributed to NAB member radio stations across the country and are downloadable at www.dtvanswers.com/radiospots.

Survey Research
NAB has dedicated significant financial resources toward consumer research. In January 2008, NAB commissioned a nationwide poll that found more than 83 percent of broadcast-only households are aware that the DTV transition is underway. NAB has also undertaken a massive 50-state research project to measure consumer awareness in every state, the results of which should be available in mid-2008.

International Research
NAB staff have visited and opened dialogues with officials running respective DTV transition campaigns in the United Kingdom, Sweden, Austria, Greece, Italy, Norway, Finland and Belgium to learn how European nations – some of which have already transitioned to digital – are running their digital transition campaigns. In January, an NAB staff member keynoted an international conference on DTV transition strategies. NAB has also invited officials from those countries and others, including Austria and Singapore, to discuss DTV deployment issues with American television broadcasters. The CEO of the United Kingdom's DTV transition campaign met with NAB staff and our coalition partners last year.

May 29, 2008

Chairman Buford Rolin
Poarch Band of Creek Indians
5811 Jack Springs Road
Atmore AL 36502

Dear Chairman Rolin:

A law passed by Congress in 2006 will dramatically impact the way 187,500 Alabama residents view television starting in February 2009.

Television will change dramatically on February 17, 2009, when all full-power television stations across the country complete the federally mandated transition from analog to digital broadcasting. Consumers have much to gain from digital television (DTV), including more free channels, crystal-clear pictures and high quality sound. However, 187,500 Alabama households that receive television through antennas risk losing reception unless they take easy steps to upgrade.

Those most disproportionately affected by the DTV transition will be older Americans, minority populations, the economically disadvantaged, people with disabilities and those living in rural areas.

The National Association of Broadcasters (NAB) is taking the DTV transition very seriously, and television stations across the country are meeting the challenges of the transition head on. We have launched an aggressive consumer education campaign, and our member stations have spent more than $5 billion updating their equipment and infrastructure to prepare for the transition. In fact, more than 92 percent of full-power television stations are already broadcasting in digital. But consumer awareness about the transition lags.

As a tribal leader, you have a unique platform to help inform and educate your constituents about the DTV transition. To that end, NAB has developed a toolkit to help explain the transition to your constituents. All of the information is available electronically and contained on the disc inside this packet. The disc includes:

(1) A PowerPoint presentation on the DTV transition that can be used during a town hall meeting or any gathering of your constituents;
(2) A newsletter insert for newsletters in English and Spanish;
(3) A DTV handbill in English and Spanish;
(4) A consumer resource guide in English and Spanish;
(5) A sample press release in English and Spanish;
(6) A sample op-ed on the DTV transition in English and Spanish;
(7) Key points on DTV;
(8) Banner Web site ads that may be linked to DTVanswers.com
(9) Sample speeches on DTV; and
(10) DTV background sheet.

You will also find a DTV consumer awareness brochure in this packet. **NAB is making bulk amounts of this brochure available to elected officials at no cost.** To order these brochures to distribute to your constituents, please contact Vinnie Mascarenhas, NAB's director of external relations for DTV, at (202) 429-5358 or vmascarenhas@nab.org.

NAB also launched DTVanswers.com, a comprehensive and consumer-friendly Web site providing visitors with a variety of helpful resources about making the transition to digital. Please direct your constituents to DTVanswers.com to learn more about the digital television transition. The attached toolkit contains banner ads that you can place on your Web site to link to the site.

To further assist local officials, NAB has developed a network of speakers in every state through the DTV Speakers Bureau. A local TV anchor, general manager or TV station engineer will attend an event in your area and discuss the digital transition with your constituents. If you would like to schedule a speaker for a community event, visit www.dtvspeak.com or call 1-877-693-8809.

We have an exciting challenge ahead of us. I welcome any input you may have about how we can ensure a successful transition to digital on February 17, 2009.

Sincerely,

David K. Rehr

David K. Rehr

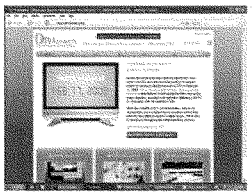
cc: Ms. Sharon Tinsley, President, Alabama Broadcasters Association

The switch to digital television (DTV) is coming.

Get ready for dramatically better television.

By law, television stations nationwide must switch their broadcasting from analog to digital by February 17, 2009.*
Television sets connected to cable, satellite or a telephone company television service will not be affected, and will continue to receive programming after that date. But analog television sets that receive their signal from an antenna and are not connected to a paid television service will need a DTV converter box to continue receiving a television signal after the date of the switch.

*Low-power and class A TV stations are exempt.



DTVAnswers.com

What is Digital Television (DTV)?

Digital Television (DTV) is an innovative new type of over-the-air broadcasting technology that transmits pictures over the airwaves in data bits, like a computer. DTV enables TV stations to provide dramatically clearer pictures, better sound quality and more programming choices.

DTV also makes high-definition (HD) broadcasting possible for viewers with HD sets and provides interactive capabilities and data services such as significantly enhanced closed captioning.

Why the switch?

Under legislation passed by Congress – the Deficit Reduction Act of 2005 – full-power local television stations are required to turn off their analog channels on February 17, 2009, and continue broadcasting exclusively in the digital format.

What are the benefits of DTV?

DTV is a more efficient way to broadcast, and it will free up the airwaves for a variety of new services. DTV also provides crystal clear pictures and sound, more channels and even free, over-the-air high-definition television (HDTV) for consumers with HD television sets. DTV will also allow more services than ever before with free, broadcast television.

Who will be affected?

Consumers who receive free broadcast television signals through antennas on television sets that are equipped with analog tuners – and who do not subscribe to cable, satellite or a telephone company television service provider – will be affected by the transition.

At least 19.6 million households receive free broadcast television signals exclusively in their homes, and approximately 70 million television sets are at risk of losing their signals from full-power television stations after February 17, 2009, if owners of these sets do not take steps to upgrade.

How do I upgrade to DTV?

You can upgrade to DTV by following one of three steps by February 17, 2009:

1. **DTV converter box:** Purchase a DTV converter box that plugs into your existing analog TV set. A converter box will enable you to continue to receive free television reception, and the boxes, which are expected to cost between $40 and $70, will be available for purchase in early 2008. The federal government is providing $40 coupons that you may use toward the purchase of these boxes. *(See reverse for details)*

(continued on back)

2. **Digital TV set:** Purchase a new television set with a built-in digital or Advanced Television Systems Committee (ATSC) tuner, which start at under $100. All TVs with a digital tuner are able to receive digital signals broadcast by television stations, so you can continue to receive your free programming with no monthly fees.

3. **Paid service:** Subscribe to cable, satellite or a telephone company service provider to continue using your analog TV set, if all desired local broadcast stations are carried by that service.

What is a DTV converter box?

A DTV converter box is an electronic device that hooks up to your analog television set and antenna and converts the digital television signal into analog, making it viewable on your analog TV. Converter boxes are expected to cost between $40 and $70.

How can I get a coupon for a DTV converter box?

The federal government is providing coupons for DTV converter boxes to help with the costs of upgrading to digital. Households will be able to apply for up to two coupons, valued at $40 each, which must be redeemed within 90 days. For more information or to request a coupon, call 1 (888) DTV-2009 or 1 (877) 530-2634 (TTY), visit www.DTV2009.gov or mail coupon applications to PO Box 2000, Portland, OR 97208.

Can I keep my analog TV set?

Yes. Buying a new digital television set isn't the only option you have for navigating the DTV transition. If you wish to continue using your analog set, you must consider one of the following options to make the switch to digital television:

1. Purchase a DTV converter box, which will convert the new digital signal into the analog format for analog television sets.

2. Subscribe to a cable, satellite or telephone company service provider to receive the new digital signal.

How do I know if I have an analog or digital television set?

To check whether your TV set can receive over-the-air digital broadcast signals, take a look at your owner's manual or look on the set for an indication that it has a built-in Advanced Television Systems Committee (ATSC) tuner. You can also go to the manufacturer's Web site and check the capabilities of the set by manufacturer model number.

Is HDTV the same thing as DTV?

No. DTV is digital television. HDTV is high definition television. HDTV is the highest quality format of DTV, but it is only one of several formats. Consumers who have high definition TV sets may receive high definition television programming for free using an antenna.

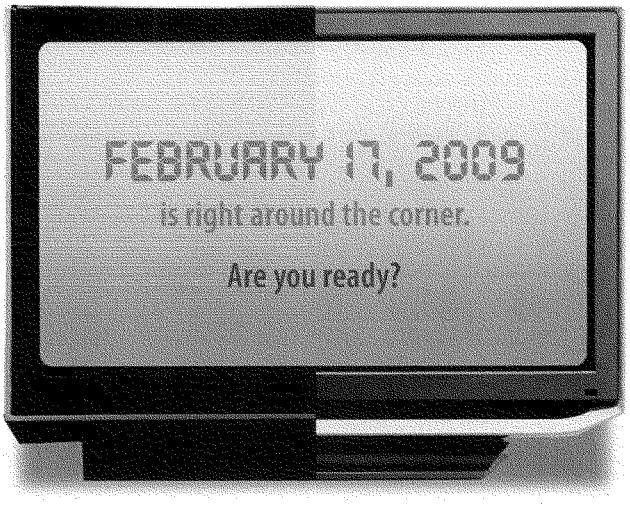
Will I need a special antenna to receive DTV over-the-air?

A good indoor or outdoor antenna will maximize your DTV reception. In general, dependable reception of DTV will require the same type of antenna that currently works to provide good quality reception of analog TV signals at your home.

For help choosing an outdoor antenna in order to receive your free, local broadcast TV channels, visit www.antennaweb.org.

DTVAnswers.com

An initiative of the National Association of Broadcasters, which represents more than 8,300 free, local radio and television stations and broadcast networks across the country.

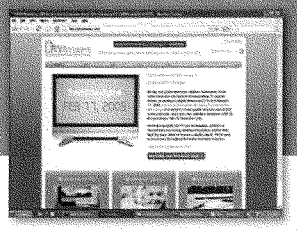


DTVAnswers.com

An initiative of the National Association of Broadcasters

America's broadcasting industry is in the midst of an exciting revolution as it transitions from analog to digital television technology. Since the late 1990s, television broadcasters have been preparing for the transition from analog to digital television (DTV) scheduled for February 17, 2009, as set by Congress. ***But as the transition draws near, are you ready?***

Find out at: **www.DTVanswers.com**



Get ready for the switch to digital television (DTV)

By law, full-power television stations nationwide must end their analog broadcasts and begin broadcasting exclusively in a digital format after February 17, 2009. Television sets connected to cable, satellite or a telephone company service provider will not be affected, and will continue to receive broadcast programming after that date. But TV sets that are not connected to a paid television service, or do not have a built-in digital tuner, will not receive a television signal after the date of the switch.*

Why is America Switching to DTV?

DTV is a more efficient way to broadcast, and it will free up the airwaves for a variety of new services. DTV also provides crystal-clear pictures and sound, more channels and even free, over the air high-definition television (HDTV) for consumers with HD television sets. DTV will also allow more services than ever before with free, broadcast television.

How do I upgrade to DTV?

You can upgrade to DTV by following one of three steps by February 17, 2009:

- DTV converter box: Purchase a DTV converter box that plugs into your existing analog TV set. A converter box will enable you to continue to receive free television reception, and the boxes, which are expected to cost between $40 and $70, will be available for purchase in early 2008. The federal government is providing $40 coupons that you may use toward the purchase of these boxes. For more information or to request a coupon, call 1 (888) DTV-2009 or 1 (877) 530-2634 (TTY), or visit www.DTV2009.gov.
- Digital TV: Purchase a new television set with a built-in digital or Advanced Television Systems Committee (ATSC) tuner, which start at under $100. All TVs with digital tuners are able to receive digital signals broadcast by television stations, so you can continue to receive your free programming with no monthly fees.
- Paid service: Subscribe to cable, satellite or a telephone company service provider to continue using your analog TV set, if all desired local broadcast stations are carried by that service.

With more than 34 million households receiving over-the-air television signals in their homes, our goal is to educate all Americans about the switch to DTV.

For more information on the DTV transition, please visit: www.dtvanswers.com.

DTVAnswers.com

An initiative of the National Association of Broadcasters

*Low-power and class A TV stations are exempt.

DTVAnswers.com

An initiative of the National Association of Broadcasters

The DTV Transition: Background Summary

The Law

In the Digital Television Transition and Public Safety Act of 2005, Congress set a hard deadline of February 17, 2009, for full-power television stations to replace traditional analog broadcasts with digital broadcasts. By 11:59 p.m. on February 17, 2009, all full-power television stations must switch off their analog broadcasting signals and begin broadcasting exclusively in the digital format. This switch from analog to digital broadcasting is known as the DTV transition.

The Difference between Analog and Digital Broadcasting

Digital television (DTV) enables television stations to provide dramatically clearer pictures and better sound quality. By transmitting the information used to make a TV picture and sound as "data bits" like a computer, television stations can also carry more information using digital broadcasting than is currently possible with analog broadcast technology. For example, DTV makes it possible for stations to broadcast multiple channels of free programming simultaneously through "multicasting," instead of broadcasting only one channel at a time. Digital technology also enables television stations to provide free, over-the-air high-definition television (HDTV) for consumers with HD television sets. The picture quality of HDTV is also better over-the-air in its purest form.

Author Thomas L. Friedman provides a useful description of digital technology in his book *The Lexus and the Olive Tree*:

> *"Digitization is the wizardry by which we turn voices, sounds, movies, television signals, music, colors, pictures, words, documents, numbers, computing language and any other form of data you can think of into computer bits and then transfer them by telephone lines, satellites and fiber-optic cables around the world . . . Digitization involves reducing any sound, picture, number or letters into a different code of 1's and 0's, and then transmitting them through telecommunications to another point where those 1's and 0's are decoded for the receiver and reconstituted into something very close to the original . . . It is much easier for the device receiving such a signal to read exactly what it is . . . This is why digital copies are always so much sharper and why anything that is sent as a string of 1's and 0's from your mouth or fax or computer in New York will automatically come out as the same 1's and 0's on the other end."*

The transition to digital television will also free up some of the airwaves since digital signals use less of the spectrum than analog signals. When the transition is completed, television broadcasters will vacate part of the spectrum — the so-called 700 MHz band consisting of channels 52-69 — which the government will reclaim for other uses.

The National Association of Broadcasters (NAB) has launched an aggressive consumer education campaign to ensure that no American is left unprepared for the transition to DTV. NAB's digital television (DTV) transition campaign includes:

- **Research:** Working with some of the best survey research teams in the country to design an effective message to reach diverse audiences.
- **Earned Media:** Using earned media to have a strong, positive presence in newspapers and on television news programs.
- **Marketing and Paid Media:** Using marketing tools and advertisements to ensure consumers are aware of the transition, and making high-quality "DTV Action" television spots available for broadcasters to run in their local markets.
- **Speakers Bureau:** Enlisting local broadcasters to speak to groups in their communities about the transition and how to prepare.
- **DTV Road Show:** Coordinating a traveling media event that will visit 600 locations before February 2009.
- **DTV Transition Coalition:** Helping to coordinate a group of public and private organizations that are working together to ensure a successful transition to digital television.

The digital television transition is coming, and it means a better quality television experience for those who take the steps to receive a digital signal. But consumers who don't take those steps risk losing their free television programming. It pays for consumers to get prepared now for DTV.

For more information about the NAB's DTV transition campaign, please contact Shermaze Ingram at (202) 429-5477, or via email at singram@nab.org.

DTVAnswers.com

An initiative of the National Association of Broadcasters

How do I switch to DTV?

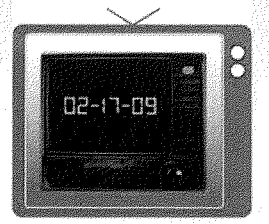
By law, full-power television stations must switch to all-digital broadcasting on February 17, 2009.* It's easy to upgrade to DTV. Find your TV set below to learn how.

Antenna on Analog TV

If you use an antenna to watch TV on a set that has an analog tuner – and don't subscribe to a pay television service such as cable – you can upgrade to DTV by taking one of three steps:

- Purchase a DTV converter box
- Purchase a digital TV set
- Subscribe to cable, satellite, or other pay television service

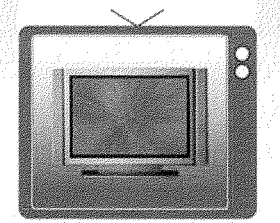
The government is issuing households up to two $40 coupons (90-day expiration period) for DTV converter boxes. To apply for coupons, call 1-888-DTV-2009 or visit DTV2009.gov.



Antenna on Digital TV

If you have a digital TV set that is connected to an antenna, you are already receiving digital signals.

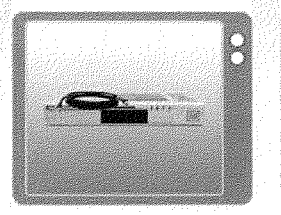
To determine if your set has a built-in digital tuner, check your owner's manual or the TV manufacturer's Web site, or look on your set for an indication of an ATSC digital tuner.



Cable Television

If all of your television sets are connected to a cable, satellite or other pay television service, you should not be affected by the transition.

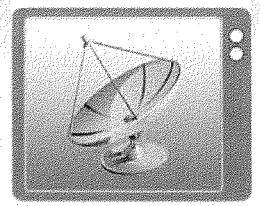
But any TV sets that are not connected to a paid TV service will need to be upgraded before the transition.



Satellite Service

If all of your television sets are connected to a cable, satellite or other pay television service, you should not be affected by the transition. But any TV sets that are not connected to a paid TV service will need to be upgraded before the transition.

However, satellite companies in some areas may not provide or may charge extra for local television channels. If you receive local stations using an antenna, your TV set may need to be upgraded with a converter box if it does not have a built-in digital tuner.



* Low-power TV stations may remain in analog after Feb. 17, 2009. Watching analog programming may require specific equipment. Learn more at www.dtvanswers.com/lowpower or call 1-800-CALL-FCC.

NAB DTVAnswers.com

How to Prepare for the DTV Transition *(Sample Op Ed)*

Are you ready for the most significant upgrade in television since color TV? The transition from analog to digital television (DTV) represents the most significant advancement of television technology since color TV was introduced. But while nearly every new technology we use today – including cell phones, music and radio -- has gone digital, if you are like most Americans, you may be completely unaware of the upcoming DTV transition, which will be completed on February 17, 2009.

The benefits of digital television are clear: crystal clear pictures and CD quality sound; more choices through additional digital side channels – such as all weather or all traffic channels; and the capability of high-definition broadcasting.

More than 90 percent of full-power television stations in the U.S. are already broadcasting in digital, but few consumers are aware of it or the February 2009 transition.

In January of 2008 the National Association of Broadcasters announced that consumer awareness about the digital television (DTV) transition has risen to 79%, this has doubled in awareness from a year ago.

Who needs to get ready? The DTV transition doesn't directly affect everyone – those who have a digital tuner in their television, or subscribe to cable, satellite or telephone company television service provider need not worry. But those who are impacted are impacted dramatically. You need to take action if you are one of the 19.6 million households that rely exclusively on free, over-the-air broadcasts made available through a rooftop antenna or "rabbit ears." Even if you do subscribe to a television service provider, you may have a television set in your second bedroom or kitchen that is impacted. Overall, the transition will directly impact more than 69 million television sets.

Fortunately, navigating the transition is easy. You have only to follow one of three simple steps to make sure your family continues to receive free, over-the-air television:

1) **Purchase a DTV converter box that will convert the digital signal into analog for an existing analog television set.** The DTV converter box, sometimes referred to as a set-top box, is an electronic device that makes the new digital signal viewable on an older analog television set. Converter boxes are now available for purchase at most major electronics retailers and cost between $40 and $70. To help cover the cost of the converter box, the federal government is offering two converter box coupons, valued at $40 each, to eligible households. Each coupon may be used toward the purchase of a single converter box, and the coupon program will be administered by the U.S. Department of Commerce. You will still need basic antennas in addition to the converter box to receive a digital signal on their analog television sets, but current antennas will work the same as before. For more information about the converter box coupon program or to apply, visit www.DTV2009.gov or call 1 (888) DTV-2009.

2) **Purchase a new television set with a built-in digital tuner. Another option you may choose is to upgrade to a new television set with a built-in digital tuner.** As with older sets, you will need basic antennas that provide quality reception of over-the-air analog television signals to pick up free digital broadcast programming from local stations. Before deciding to purchase a new digital TV, make sure your current TV doesn't have a built-in digital tuner. Most sets sold in the last few years that are larger than 27 inches will likely have a digital tuner.

3) **Subscribe to cable, satellite or a telephone company television service provider.** All of these services will allow you to receive digital television signals on analog television sets, as long as all the sets are connected to the service. No additional equipment is required for consumers who decide to go this route.

While there is still time to decide how to navigate the digital television transition, it's a good idea to start thinking about which option will work best now. Eligible consumers will be encouraged to apply early for the converter box coupons. If you choose to purchase a new television set with a digital tuner, take time to learn about available options and features and shop around for the best deal. Leaning toward a subscription to a cable, satellite or telephone company television service? Then spend some time looking into which of these services best suits your viewing needs and fits into your monthly budget.

The digital television transition is coming, and it means a better quality television experience for those who take one of the three easy steps above to upgrade. But consumers who don't take those easy steps risk losing their free television programming. It pays to get prepared now for DTV.

Additional information about the DTV transition is available at www.dtv.gov.

SAMPLE PRESS RELEASE

Washington, D.C. – (MEMBER STATE) broadcasters are in the midst of exciting and dramatic changes as they prepare for the February 17, 2009 digital television (DTV) transition, the federally mandated switch from analog to digital television broadcasting. This means conventional television broadcasting, as we currently know it, will come to an end.

The new upgraded digital technology will offer a myriad of consumer advantages, including crystal clear pictures and CD-quality sound, as well as multiple programming choices, HDTV and interactive options. The transition will also make additional spectrum available for advanced wireless applications.

"The transition from analog to digital television broadcasting represents a new era of advanced technology," noted **(MEMBER OF CONGRESS).** "In a nutshell, the analog standard is now outdated. Digital is not only better television, it's a more efficient way to broadcast and will offer consumers an array of new wireless broadband services."

In **(MEMBER STATE)**, there are approximately **(refer to member cover letter)** households that receive free over-the-air television and are at risk of losing television reception if they do not take the necessary steps to transition to digital. Nationally, more than 34 million households will be affected by the DTV transition, including approximately 70 million television sets, according to data released by the National Association of Broadcasters.

Television sets connected to cable or satellite should not be affected, and will continue to receive broadcast programming after that date. But, television sets that are not connected to cable, satellite, a telephone company television service provider or do not have a built-in digital tuner, will need a converter box to continue receiving broadcast television signals after the transition occurs.

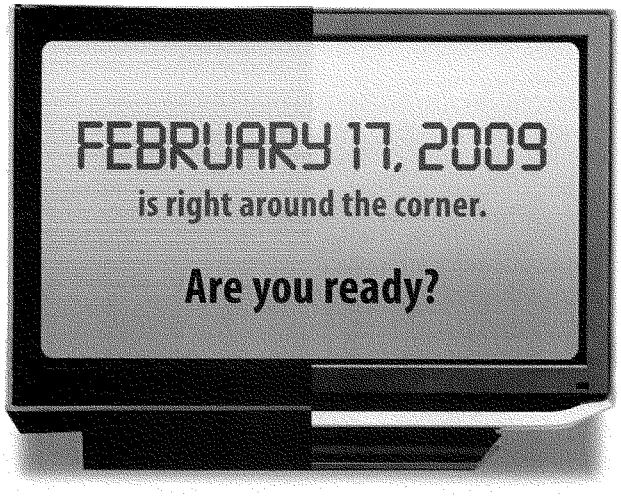
Importantly, those most disproportionately affected by the DTV transition will be seniors, minority populations, the economically disadvantaged and those living in rural areas.

Prior to the February 2009 transition date, consumers who do not subscribe to cable or satellite television, but who receive free, broadcast-only TV reception will have three options to navigate the DTV transition:

(1) Purchase a new television set with a built-in digital tuner;
(2) Purchase a set-top converter box that will convert the digital signal into analog for an existing television set; or
(3) Subscribe to cable, satellite or a telephone company television service provider, in which case analog sets will continue to function.

Consumers can now purchase a DTV converter box that plugs into an existing analog set and allows continued free television reception. Upon request, the federal government will provide households up to two $40 coupons that can be used toward the purchase of these boxes. The boxes will be available at retail stores that sell electronic equipment. For more information about the coupon program or to apply, visit www.DTV2009.gov or call 1 (888) DTV-2009.

Nationally, 1,611 television stations have already transitioned from analog to digital.



DTVAnswers.com

An initiative of the National Association of Broadcasters

America's broadcasting industry is in the midst of an exciting revolution as it transitions from analog to digital television technology. Since the late 1990s, television broadcasters have been preparing for the transition from analog to digital television (DTV) scheduled for February 17, 2009, as set by Congress. ***But as the transition draws near, are you ready?***

Find out at: **www.dtvanswers.com**

Get ready for the switch to digital television (DTV)

By law, full-power television stations nationwide must end their analog broadcasts and begin broadcasting exclusively in a digital format after February 17, 2009. Television sets connected to cable, satellite or a telephone company service provider will not be affected, and will continue to receive broadcast programming after that date. But TV sets that are not connected to a paid television service, or do not have a built-in digital tuner, will not receive a television signal after the date of the switch.*

Why is America Switching to DTV?
DTV is a more efficient way to broadcast and will free up the airwaves for a variety of new services. DTV also provides crystal-clear pictures and sound, more channels and even free, over-the-air high-definition television (HDTV) for consumers with HD television sets. DTV will also allow more services than ever before with free, broadcast television.

How Do I Upgrade to DTV?
You can upgrade to DTV by following one of three steps by February 17, 2009:

- **DTV converter box:** Purchase a DTV converter box that plugs into your existing analog TV set. A converter box will enable you to continue receiving free television reception, and the boxes, which are expected to cost between $40 and $70, are now available for purchase. The federal government is providing each household two $40 coupons toward the purchase of these boxes. For more information or to request a coupon, call 1 (888) DTV-2009 or 1 (877) 530-2634 (TTY), or visit www.DTV2009.gov.
- **Digital TV set:** Purchase a new television set with a built-in digital or Advanced Television Systems Committee (ATSC) tuner, which start at under $100. All TVs with digital tuners are able to receive digital signals broadcast by television stations, so you can continue to receive your free programming with no monthly fees.
- **Paid service:** Subscribe to cable, satellite or a telephone company service provider to continue using your analogTV set, if that service carries all desired local broadcast stations.

With more than 34 million households receiving over-the-air television signals in their homes, our goal is to educate all Americans about the switch to DTV.

For more information on the DTV transition, please visit: www.dtvanswers.com.

*Low-power and Class A TV stations are exempt.

DTVSpeak.com
An initiative of the National Association of Broadcasters

5-Minute Sample Speech

How many times throughout your life have you watched TV? Think about the role it plays in your life.

You probably watched it today. If not, you probably caught at least a glimpse.

You probably talk about your favorite sitcoms with your friends and co-workers on a regular basis.

You probably discuss the latest news you heard on TV over dinner with your family.

And you've probably watched your favorite sports team on television at home or with your friends at your favorite bar.

Well, what if I told you that TV as you know it will be obsolete in 2009?

And what if I told you that *everyone* in this audience who receives free over-the-air TV on an analog TV set could get dramatically clearer pictures on their TV?

What if I told you that all of your television sets can have better sound quality?

What if I told you that you that each and every one of you can get more TV channels than you get today?

On February 17, 2009, that's exactly what's going to happen.

Television as you've known it your entire life will change.

On this date, we will—as a nation—make the switch to Digital television, or DTV.

I want to thank all of you for inviting me here today to speak about the revolution that's about to take place in the way we view television.

I am proud to speak to you on behalf of ***your station*** today.

Take a minute to briefly talk about your station and its contributions to the community.

So why the switch to digital television?

Because in 2005, Congress mandated that all full-power television stations switch to digital television. They recognized that digital television offers improved pictures and sound, and is more efficient and more flexible than traditional analog broadcast technology.

Plus, it gives viewers who own HD TV sets the option of receiving free over the air HDTV, which offers crystal-clear pictures.

It will also allow stations to broadcast multiple programs simultaneously, instead of broadcasting only one channel at a time as they do now.

That means a local station could broadcast an all-weather channel, an all-traffic channel, or an all-sports channel, in addition to their normal broadcasts.

Quick Answers to Digital Television (DTV) Transition Inquiries

Here are the four things you need to tell callers:

Who's Affected?	Viewers with older antenna television sets that are not hooked up to a cable, satellite or a pay TV service will need to upgrade by February 17, 2009;
Web site	For more information about the digital television (DTV) transition, direct callers to your station's Web site or www.DTVAnswers.com;
Phone Number	Viewers can call 1 (888) DTV-2009 for more information about the DTV Transition and coupon program;
Converter Box Coupons	Apply for a $40 coupon that can be used toward the purchase of a converter box. Visit www.DTV2009.gov or call 1 (888) DTV-2009 for more information.

DTV Transition Coalition Members

AARP
Advanced Television Systems Committee
Affinity Marketing
Alabama Broadcasters Association
Alaska Broadcasters Association
Alliance for Public Technology
Alliance for Rural Television (ART)
American Association of People with Disabilities (AAPD)
American Cable Association (ACA)
American Legislative Exchange Council (ALEC)
American Library Association (ALA)
Archway Marketing Services
Arizona - New Mexico Cable Communications Association
Arizona Broadcasters Association
Arkansas Broadcasters Association
Arland Communications, Inc
Asian American Justice Center
Association for Maximum Service Television, Inc. (MSTV)
Association of Cable Communicators
Association of Public Television Stations (APTS)
Audio Quest
Bay Creek Communications
Best Buy
Black Leadership Forum Inc.
Broadband Cable Association of Pennsylvania (BCAP)
Broadcast Education Association
Broadband Solutions and Testing, Inc
Broadcom
Cable and Telecommunications Association for Marketing (CTAM)
Cable Telecommunications Association of New York, Inc.
Cable Television Association of Georgia
California Broadcasters Association
Call For Action
Care2
CENTRIS
Cision
Circuit City
Cisco Systems, Inc.
CNET
Coalition for Independent Ratings Services
Colorado Broadcasters Association
Communications Workers of America
Community Broadcasters Association
Congressional Black Caucus
Congressional Hispanic Caucus
Connecticut Broadcasters Association
Consumer Action
Consumer Electronic Retailers Coalition (CERC)
Consumer Electronics Association (CEA)
Consumers for Competitive Choice
Convertmy.tv
Corporation for National and Community Serviece
Corporation for Public Broadcasting
Councilmember Mary Cheh's Office
Cox Communications
Crosby Volmer International
Custom Electronic Design & Installation Association (CEDIA)
DIRECTV
Disaboom
Disney
District of Columbia Office of Cable Television
DITEC
EchoStar Satellite LLC
Edison Group
Effros Communications
Electronic Industries Alliance (EIA)
Entertainment Industries Council, Inc. (EIC)
Entertainment Pulbicists Professional Society
Esperanza
Fmily, Career and Community Leaders of America, Inc. (FCCLA)
Federal Citizens Information Center
Federal Communications Commission
Florida Association of Broadcasters
Georgia Association of Broadcasters
Goodwill Industries International
Greater New Orleans Broadcasters Association (GNOBA)
Hawaii Association of Broadcasters
Heat Surge, LLC
High Tech DTV Coalition
Home Theater Specialists of America (HTSA)
Homes.org
IBM
Idaho State Broadcasters Association
Illinois Broadcasters Association
Indiana Broadcasters Association
Information Technology Industry Council (ITIC)
Institute of Real Estate Management
Iowa Broadcasters Association
Iowa Cable & Telecommunications Association, Inc.
Isis Video and Editing Services
KA6UTC
Kansas Association of Broadcasters
KCET
Kentucky Broadcasters Association
KGTV
Kinsella/Novak Communications, LLC
K Mart
KTSF
Latinos in Information Sciences and Technology Association
Latino Literacy Now
Leadership Conference on Civil Rights (LCCR)
League of United Latin American Citizens
LG Electronics
Louisiana Association of Broadcasters
Louisiana Cable & Telecommunications Association
Maine Association of Broadcasters
Maryland/D.C./Delaware Broadcasters Association
Massachusetts Broadcasters Association
Meals on Wheels Association of America (MOWAA)
Media Freedom Project
MediaTides LLC
Mexican American Opportunity Foundation
Michigan Association of Broadcasters
Microtune
Minnesota Broadcasters Association
Minority Media Telecommunications Council
Mississippi Association of Broadcasters
Missouri Broadcasters Association
Mitsubishi Digital Electronics
Mobile Media Enterprises

Montana Broadcasters Association
NAACP
National Alliance of State Broadcast Associations (NASBA)
National Asian Pacific Center on Aging
National Association of Area Agencies on Aging
National Association of Black Journalists (NABJ)
National Association of Black Owned Journalists
National Association of Broadcasters (NAB)
National Association of Consumer Agency Administrators (NACAA)
National Association of Counties (NACo)
National Association of Hispanic Journalists
National Association of Latino Elected Officials
National Association of Latino Independent Producers
National Association of Manufacturers (NAM)
National Association of Neighborhoods
National Association of Regulatory Utility Commissioners
National Association of Residential Property Managers (NARPM)
National Association of Telecommunications and Advisors (NATOA)
National Black Church Initiative
National Cable & Telecommunications Association (NCTA)
National Coalition of Black Civic Participation
National Consumer's League
National Consumer Voice for Quality Long-Term Care (NCCNHR)
National Council of LaRaza
National Education Association
National Fair Housing Alliance
National Grange
National Grocers Association (NGA)
National Hispanic Media Coalition
National Newspaper Publishers Association News Service
National Organization of Black County Officials
National Organization for Youth Safety
National Religious Broadcasters (NRB)
National Urban League (NUL)
Native American Journalists Association
Navigant Consulting, Inc.
National Council on Aging
Nebraska Broadcasters Association
Nevada Broadcasters Association
New Hampshire Association of Broadcasters
New Jersey Broadcasters Association
New Mexico Broadcasters Association
New Tang Dynasty Television
New York State Broadcasters Association
Nielsen Company
North American Retail Dealers Association (NARDA)
North Carolina Association of Broadcasters
North Dakota Broadcasters Association
Northern Virginia Resource Center for Deah and Hard of Hearing Persons
Ohio Association of Broadcasters
Ohio Cable Telecommunications Association (Stoddard)
Oklahoma Association of Broadcasters
Oregon Association of Broadcasters
Panasonic Corporation of North America
PCIA -- The Wireless Infrastructure Association
Pennsylvania Association of Broadcasters
Philips Consumer Electronics
Piedmont Triad Council of Governments
Plasma Display Coalition
Public Broadcasting Service (PBS)
Public Cable Television Authority
Qualcomm
RADD
RadioShack
Rainbow PUSH Coalition
Raycom Media, Inc.
RCA/Audio Video
Retail Industry Leaders Association
Retirement Living TV
Rhode Island Broadcasters Association
Rural Coalition
Samsung Electronics
Sanyo Fisher
Sanyo Manuracturing Corporation
Satellite Broadcasting and Communications Association (SBCA)
Sears
SendTech, Inc
Signals Unlimited
Society of Motion Picture & Television Engineers
South Carolina Broadcasters Association
South Dakota Broadcasters Association
Southern Growth Poilicies Board
Special Olympics
Target
Telecommunications Industry Association (TIA)
Tennessee Association of Broadcasters
Terrestrial Digital
Texas Association of Broadcasters
Texas Cable & Telecommunications Association
Texas Instruments
Texas Metro Data & Marketing
THAT Corp.
Thomson
TitanTV Media
U.S. Chamber of Commerce
United Front Media
Universal Remote Control
Utah Broadcasters Association
Verizon
Vermont Association of Broadcasters
Virginia Association of Broadcasters
Voices of September 11th
Wal-Mart
Washington State Association of Broadcasters
Washington Urban League
WBAL
Wineguard Company
Wisconsin Broadcasters Association
Wisconsin Cable Communications Association
WLMB TV40
WUSA
Wyoming Association of Broadcasters
Zenith Electronics LLC

Mr. MARKEY. Thank you, Mr. McTear, very much.

Our next witness is Mr. John Ripperton. He's the Senior Vice President for Supply Chain Management from RadioShack and we welcome you, sir. Whenever you are ready.

STATEMENT OF JOHN RIPPERTON, SENIOR VICE PRESIDENT, SUPPLY CHAIN MANAGEMENT, RADIOSHACK

Mr. RIPPERTON. Good morning, Chairman Markey, Ranking Member Stearns, and members of the subcommittee. My name is John Ripperton, and I am the Senior Vice President for Supply Chain Management and RadioShack. We are grateful for the chance to update the subcommittee again on the involvement of RadioShack and other members of the Consumer Electronic Retailers Coalition on the transition to digital television, and NTIA's converter box coupon program.

As you know, RadioShack is a major consumer electronics retailer with over 4,400 corporate stores and another 1,500 dealer stores located throughout the U.S. We consider ourselves to be your neighborhood retailers, an attribute very helpful in the digital transition. RadioShack has remained steadfast to its commitment to the transition and the coupon program since its creation.

We have heard very positive feedback from our consumers about the quality of the television viewing with our converter boxes connected. RadioShack is not alone in its efforts in commitment. I am going to focus on several issues important to the continued success of the program and transition.

First, as of June 4th, the NTIA Web site indicates approximately 15 million coupons have been mailed. That is an average of 104,000 requests for coupons being placed daily. The statistics demonstrate the extraordinary interest consumers are showing in the benefits of digital television and the converter box. However, these statistics also indicate there may be significant demand being placed on inventory during the next few months.

Retailers also continue to be faced with product adjustments to accommodate the many low power broadcasters that will not participate in the transition next February. Manufacturers have been working with NTIA on the approval of boxes with analog pass-through capability. To date 23 such models are approved.

Last week RadioShack announced that it is among the first of the national retailers to have analog pass-through boxes arriving in our stores. The boxes are also available through our Direct-to-You program.

The pent-up demand for converter boxes, combined with the interest in providing analog pass-through boxes may present challenges for retailers this summer. It is essential that retailers receive as granular information as possible from NTIA about the status of coupon distribution and redemption. Retailers are doing all they can to provide converter boxes to consumers, even when a particular store inventory is low. RadioShack has a program called Direct-To-You. This program allows our corporate stores to place orders from a central fulfillment center in the event the store is out of stock. When an order is placed, the consumer will receive the converter box free of any delivery charge. As we announced in February, the company also created a dedicated, toll free number 1–

877–RSD–TV4U for orders. Other retailers have similar toll free numbers.

I would be remiss if I did not mention our concern about consumers who fail to redeem coupons before expiration. There are a number of solutions, but they present challenges of their own at this time in the program. RadioShack's solution will be to continue our aggressive support of our Direct-To-You option if we encounter inventory issues within our stores.

Second, when RadioShack testified in February we mentioned that unforeseen cost that results from a 5 percent tariff that the U.S. Customs has imposed on the importation of coupon eligible boxes. Retailers believe it is inappropriate for the government to subsidize the purchase of these converter boxes and then tax their importation. This inequity is even more apparent and problematic as retailers and manufacturers may need to pay premium freight costs to meet consumer demand.

Recently, Representatives Kind and Brady introduced a bill, H.R. 5635, to waive the tariff, and I would hope that members of this committee will cosponsor this urgent legislation and work for its passage.

Third, RadioShack and other large retailers are preparing to accommodate the September 8th transition in Wilmington. We have adjusted in store signage and materials in this market and are participating in community and store events managed by the FCC. In sum, we believe retailers will be prepared.

Fourth, we continue to believe that consumer education is the most important component of digital transition. RadioShack and other members are implementing detailed bilingual education plans, including media, signage, training, and outreach efforts. Even the packaging of our newly analog pass-through box is fully bilingual. RadioShack continues to make significant efforts to train its sales associates on the why, the when, and the how concerning this critical transition. All forms of communication emphasize to our employees the need to ask consumers the right questions.

RadioShack is also participating in a number of community outreach efforts. We are very pleased today to announce that RadioShack and the American Library Association are partnering to conduct joint community outreach sessions throughout the country.

Mr. MARKEY. It you could summarize, please.

Mr. RIPPERTON. RadioShack has also held a number of events with NTIA, the Department of Commerce, and the FCC, with more events planned this year. On behalf of RadioShack and as a member of CERC, I appreciate the opportunity to testify on our continued role in the transition to digital television.

[The prepared statement of Mr. Ripperton follows:]

Testimony of John Ripperton

Senior Vice President, Supply Chain Management

RadioShack Corporation

Before the

House Committee on Energy & Commerce

Subcommittee on Telecommunications and the Internet

June 10, 2008

Good Morning. My name is John Ripperton. I am the Senior Vice President for Supply Chain Management at RadioShack. With just eight months until February 17, 2009, we're grateful for a chance to update the Subcommittee again on the involvement of RadioShack and other retailers in the transition to digital television and in particular, the implementation of the National Telecommunications and Information Administration's (NTIA) converter box coupon program. I am appearing this morning on behalf of RadioShack. Radioshack is also a member of the Consumer Electronics Retailers Coalition (CERC), which in addition to RadioShack, includes as its members, Amazon.com, Best Buy, Circuit City, Hephner TV, K-Mart, Sears, Target and WalMart, as well as three major retail associations – the North American Retail Dealers Association (NARDA), the National Retail Federation (NRF) and the Retail Industry Leaders Association (RILA).

Background on RadioShack and Retail Involvement in the Transition since February

RadioShack is a major consumer electronics retailer with 4,400 corporate-owned stores and another 1,500 dealer stores located throughout all fifty states, the District of Columbia and Puerto Rico. With so many stores, we consider ourselves to be community and neighborhood

retailers – this quality is a significant attribute in aiding in the digital transition. RadioShack is a primary resource to consumers for devices and accessories that provide household connectivity and networking, and this marketplace role is also proving to be invaluable to the consumer during the digital transition.

As you know, RadioShack has remained steadfast in its commitment to the transition and the converter box coupon program since its inception. We were early proponents of setting a hard date for the digital transition. RadioShack has testified before this Committee on three prior occasions, and we have advised on how to create a program that will reach out to consumers who might not otherwise be able to transition smoothly. Because of its response to the many issues and hurdles presented, RadioShack is proud of its continued commitment and is enthusiastic about the transition and the converter box program. We've been selling converter boxes since the coupons became available in February, and we are hearing very positive feedback from our customers. The converter box provides over-the-air households with an outstanding digital experience in picture quality and for many households it allows for an increase in the number of stations available.

RadioShack is not alone in its efforts and commitment. When we testified before the Subcommittee in February, there were approximately 250 certified retailers in the converter box program. That number has presently increased to approximately 1,735 participating retailers, with 19,178 locations throughout the country. As I mentioned, RadioShack has 4,400 corporate locations.

Since the hearing in February, there have been many significant developments important to the transition.

- The NTIA sent coupons out to households and together, retailers, including RadioShack, were ready to meet the initial demand;

- Retailers and the NTIA's contractor, CLC, began the successful use of our modified point-of-sales (POS) systems for coupon sale transactions;
- The Federal Communications Committee (FCC) released and implemented its consumer education order; and
- The FCC announced that Wilmington, North Carolina will be the site of a pilot program under which the transition will be completed there by September 8th of this year.

In addition, many challenges remain. I'll mention three: First, RadioShack believes that the demand for converter boxes is higher at this time than was anticipated. As consumers are being educated and seeing the amazing quality of digital television, even at the level of standard definition, their interest in the converter boxes and coupons is increasing. Second, retailers continue to address concerns raised for those households that watch low power television ("LPTV") stations that will not convert to digital next year. And finally, the five percent tariff that the Administration requires manufacturers and retailers to pay to import the converter boxes adds undue cost, works against the federal policy underlying the program, and threatens retailer ability to satisfy demand.

Even with these developments and challenges, I am happy to report that RadioShack's experience to date has been extremely positive. I am going to focus the remainder of my testimony on four areas. These include an update on the significant inventory issues presented for the remainder of the coupon program, problems that result from having a tariff imposed on this product, steps being taken specific to Wilmington's early transition, and our continued consumer education efforts.

Current Inventory Challenges

As of June 4, the NTIA's website indicates approximately 14.6 million coupons have been mailed, 2.7 million have been redeemed and 490 thousand coupons have expired – 11.4 million coupons remain active in the marketplace. The NTIA statistics also indicate that an average of 104 thousand requests for coupons are placed daily, and that these total numbers to-date represent about two-thirds of the coupons that may be issued with the funds existing under current law. These statistics demonstrate the extraordinary interest consumers are showing in digital television and the demand on the coupon program. However, these statistics also indicate that there may be significant demand placed on inventory during the next few months, as consumers use their coupons before they expire.

Retailers also continue to be faced with product adjustments to accommodate the many LPTV broadcasters that will not participate in the transition to digital broadcasting next February. In light of the concerns raised regarding this issue, manufacturers and retailers have been working with the NTIA on the approval of boxes with analog pass-through capability. To date, the NTIA has approved 23 such models. Last week, RadioShack announced that it is now among the first national retailers to have analog pass-through boxes arriving in stores. The boxes are also now available through our Direct-to-You program. These boxes will shortly thereafter replace our non-pass-through box inventory as it sells through. In other words, by mid-June, RadioShack will likely only be selling analog pass-through boxes.

The pent-up demand for converter boxes, combined with the unanticipated interest in providing analog pass-through boxes, may present challenges for retailers this summer. Let me discuss a few steps that should help ensure that the smooth operation of the coupon program continues as well as potentially mitigating inventory shortages around the country.

First, it is essential that retailers receive as granular information as is possible from the NTIA and its contractors about the status of coupon distribution and redemption. Since your February hearing, the NTIA has been extremely helpful in providing coupon distribution data by five-digit zip code on a weekly basis. With the first set of coupons now expiring, it is extremely important that the NTIA provide retailers data about redemption and coupon expiration at the same level of granularity. This is particularly important right now so that retailers can appropriately target shipment of their inventory to the areas that have the most active coupons. We are working with the NTIA and CLC on this issue and we believe that we will begin receiving the necessary redemption and expiration data very soon.

Second, RadioShack and other retailers are currently doing all they can to provide converter boxes to customers, even when a particular store's inventory is low. RadioShack has a program called Direct-to-You. This program allows sales associates in any of our corporate stores to place orders for converter boxes from a central fulfillment center in the event the store is out of stock. RadioShack has been careful to maintain inventory in this site (although even this option can experience inventory challenges) for this purpose and when an order is placed, the customer will receive the converter box at their choice of either their home or their supporting store, free of any delivery charge. As we announced in February, the company also created a dedicated toll-free number for the Direct-to-You program (1-877-RS-DTV4U) so that persons who are disabled or infirm can place an order directly over the phone from their homes, again without having to pay any delivery fee. Other retailers have similar toll free numbers. We know that our Direct-to-You program is clearly serving its role in filling many inventory gaps, as well as providing access to those who might not reach our stores.

As I have said, RadioShack believes that the extensive consumer education over the last few months and growing interest and awareness of the benefits to digital television will result in increased redemption rates for coupons. However, I would be remiss if I did not mention our concern about consumers who request coupons, but fail to use their coupons before expiration, either because of early marketplace confusion or because of possible inventory challenges.

Extending the 90 day expiration period or reissuing new coupons upon the request of those households whose coupons have expired would provide relief but we also understand that these options present many challenges of their own, particularly at this time in the program. RadioShack's solution will be to continue our aggressive support of our Direct-To-You option that we have discussed in our previous testimony if we encounter inventory issues within our stores.

Unforeseen Tariff on Imported Converter Boxes

When RadioShack testified in February, we discussed a number of issues that affect the cost of the converter boxes. We mentioned in particular an unforeseen cost that results from a five percent tariff that U.S. Customs has imposed on the importation of coupon-eligible converter boxes. Retailers believe that it is inappropriate for the government to subsidize the purchase of these converter boxes and then tax their importation. Since February, we and other retailers have been working with Members of Congress on legislation to waive this tariff and recently Representatives Ron Kind and Kevin Brady introduced a bill, H.R. 5635. The impact of this importation tax will become increasingly problematic as retailers and manufacturers may need to pay premium freight costs to meet consumer demand for the converter boxes. I hope that

Members of this Committee will consider becoming cosponsors of this legislation and work for its passage as quickly as possible.

RadioShack and Other Retailers are Preparing for the Early Transition in Wilmington, North Carolina

Although we had not planned for an early transition pilot, RadioShack and other large retailers are preparing to accommodate the September 8th transition date in the Wilmington market. RadioShack has 38 corporate owned stores and four dealer stores participating in the 5 counties where the FCC is focused. We have an additional 27 dealer stores within a 150 mile radius of Wilmington. We are working to make sure that all of our corporate and dealer stores in this area maintain inventory. We are also very focused on ensuring that analog pass-through boxes are available in the Wilmington area in a timely manner to minimize any confusion for any viewers of LPTV power stations. As I mentioned above, those boxes will be available in RadioShack stores this week. In order to respond to demand and to control inventory, it will be particularly helpful and important to know how the NTIA is managing coupon requests from Wilmington households, and to know the specific coupon distribution and redemption rates in this market between now and September.

As I will outline below, large retailers tend to advertise and educate customers on a national basis, and we have had to adjust our consumer education plans to accommodate the early transition date in Wilmington. RadioShack has redone all of its in-store signage and materials in the Wilmington area to inform its customers of the September 8th deadline and other CERC members are similarly revising their local signage. In addition, RadioShack participated with other retailers in the FCC's town hall meeting in May and on May 31st, hosted FCC staff in

one of our Wilmington stores to provide customers additional information about the transition. Best Buy and Circuit City held similar sessions at their Wilmington stores as well.

RadioShack and the other CERC members believe we will be prepared to provide converter boxes and information to our customers in advance of the September 8th transition.

Status Update on Consumer Education Efforts

RadioShack continues to believe that consumer education is the most important component of the digital transition. At the hearing in February, RadioShack provided a comprehensive outline of its consumer education activities and those of other CERC members. Since February, those activities have continued and expanded. For our part, RadioShack and other CERC members are continuing to implement detailed education plans. Our plans focus on consumer education in our stores, on our websites and in media. We are also each actively involved in ensuring that our sales force is appropriately trained to answer customers' questions about the transition, to inform each customer of their options, and to assist them in any purchase they may need to make. I provide the following outline of RadioShack's continued efforts.

Consumer Education through Media, the Internet and Signage

RadioShack has implemented detailed public education plans to notify consumers of the digital transition generally and to inform them of the possible need to purchase a converter box. RadioShack's plan includes the following activities, all of which are ongoing:

- RadioShack updated its website to include dedicated space at www.radioshack.com/dtv to explain the transition and the coupon program and to answer frequently-asked questions (including information for LPTV viewers). The site also includes links to the relevant government websites and CERC/CEA/FCC's DTV tip sheet.

- RadioShack is providing notifications about both the transition and the coupon program through millions of RadioShack's direct mail flyers and newspaper inserts throughout the year.

- RadioShack stores have educational brochures on the solutions available for the transition in both English and Spanish.

- Since February 19th, ***every receipt printed*** in a RadioShack store includes an alert to customers about the digital transition, the availability of converter boxes at RadioShack and both websites www.radioshack.com/dtv and www.dtv2009.gov.

- RadioShack placed window signage in each store in March announcing the availability of coupon eligible converter boxes. There will be signs placed in store windows regarding the transition at various key times throughout the program.

- RadioShack stores have point of purchase signage co-located with the coupon eligible converter boxes notifying customers of the transition and availability of coupon eligible converter boxes.

- The packaging on most of our converter boxes indicates that they are coupon eligible.

- Our analog pass-through boxes have bilingual installation instructions on both the packaging and manuals.

- RadioShack creates its press materials in both English and Spanish, including press releases, audio podcasts and how-to documents.

- At the end of April, RadioShack placed additional media to inform consumers about the transition in radio, online and additional print.

- RadioShack continues to investigate other media opportunities to reach vulnerable communities, such as the elderly, Hispanic and rural.

Training of Sales Associates

RadioShack believes that our sales associates are an extremely important part of the consumer education process. Thus, RadioShack continues to make significant efforts to train its sales associates to deal with the digital transition and the coupon program. These efforts include educating sales associates about the details of the digital transition – the "why, when and how" the transition is occurring; processes relating to converter box coupon sales; consumer questions about what products are needed or optional depending on individual circumstances; information

regarding the special circumstances of over-the-air viewers of low-power television; and proper installation information.

RadioShack headquarters trains and communicates with its store managers and employees through several different means.

- First, RadioShack is continuing to provide its online training for all current and new employees on many different product lines and technologies. It has a number of training sites dedicated to the digital transition, digital television products, and the coupon eligible converter box. At the end of the online training course for the converter box, employees are required to take a test. RadioShack monitors the test completion rate for each store and each store employee must pass.

- Second, in addition to our online training program, RadioShack conducts RadioShack TV broadcasts with its store managers and sales associates. Since February, RadioShack has completed multiple segments on the transition and coupon program with our store managers.

- Third, RadioShack distributes DTV information updates directly to its stores on a daily and/or weekly basis. Since February, RadioShack has used its publication, "RadioShack Today," to provide significant updates to our stores.

All of these forms of communication emphasize to our employees the need to ask customers the right questions in order to make sure the consumer makes the best purchase decision for their particular television viewing needs. RadioShack also provides all of its training and educational materials to its dealer stores. Each dealer then makes its own determination as to how they are used.

Community Outreach

RadioShack is also participating in a number of community outreach efforts. The company is using public relations outlets and other methods to ensure the conversion is effectively communicated to news media and customers alike. RadioShack has held dozens of media interviews and demonstrations in stores throughout the country this year to educate communities on the transition. In addition, RadioShack held two joint press conferences at our

headquarters store, Store One, one with the NTIA March 31 and the other with Commerce Secretary Gutierrez. And, as I already noted, participated with the FCC in two events in Wilmington, North Carolina. We are currently working with the FCC to schedule additional outreach events this summer in the Northwest, and then throughout the country. We are aware that several other CERC members are planning similar outreach activities.

Finally, RadioShack is pleased to announce today that it has entered into a relationship with the American Library Association to conduct joint community outreach sessions at libraries throughout the country between now and next February. We are also providing our store managers with the tools to enable them to conduct additional educational outreach efforts in their local communities.

Additional Government Oversight

Since February, the FCC has also imposed new government requirements and retailers have responded to those accordingly. The FCC issued a consumer education order initially on March 3rd and recently revised it to address concerns CERC and CEA raised relating to its scope and applicability to retailers. In summary, the final Order requires that television receivers and certain related devices manufactured between May 30th of this year and March 31st of next year include notices in or on the packaging regarding the effect of the transition on those products. To the extent that retailers may be responsible parties for the importation of these products, CERC members are mindful of our commitment to ensure compliance with this requirement. The order also requires each member of the DTV Coalition, which includes CERC and RadioShack, to file quarterly updates with the FCC reporting their individual consumer education activities. Finally, the Order announced that the FCC Enforcement Bureau will regularly visit retail stores to assess employee training and consumer education efforts with

respect to the coupon program and report on these to the NTIA. These visits are in addition to oversight and visits by the FCC's Consumer and Governmental Affairs Bureau, the NTIA and the media.

RadioShack is proud of its consumer education efforts and I would like to emphasize the continued extraordinary effort by all retailers in this regard. The retailer employee base is not static. RadioShack continuously trains it workforce of more than 30,000 retail employees and staff. These training efforts are being done with the added pressure of knowing that many government agencies, Congress, consumer groups and the media are watching to be sure we get it right. Our primary goal is to satisfy individual customer needs and to that end, we continue to put our best efforts forward.

Conclusion

On behalf of RadioShack, as a member of CERC, I appreciate the opportunity to testify on our continued role in the transition to digital television. I am happy to answer any questions that you may have.

Summary of Testimony of John Ripperton
Senior Vice President, Chain Management
RadioShack Corporation
June 10, 2008

With the DTV transition date just eight months away, RadioShack provides an update on the involvement of RadioShack and other retailers in the transition and NTIA's converter box coupon program. RadioShack and other members of the Consumer Electronics Retailers Coalition are pleased to be active participants in the coupon program. The program thus far demonstrates the tremendous consumer interest in digital television. My testimony provides the following report on the program and our efforts to date.

- RadioShack's 4,400 corporate stores and more than 1,000 dealer stores throughout the U.S. have been selling converter boxes since coupons became available in February. We are pleased to report that our Point-of-Sale systems are running smoothly with the program.

- Retailers continue to address concerns raised by low-power television broadcasters. RadioShack is pleased to announce that it now has analog pass-through boxes in its stores and Direct-to-You program and that these boxes will shortly replace our entire inventory.

- The initial and now steady demand for coupons demonstrates that consumers are impressed by the benefits of digital television and the quality of the converter boxes being offered. This demand requires all of us, including the NTIA, to ensure that we do all we can to meet those inventory needs. We emphasize the need for receipt of robust and granular redemption data to direct converter box distribution. RadioShack will continue to focus its attention on our Direct-to-You program to assist in providing consumers a viable and easy option for coupon redemption if inventory is temporarily out of stock in our corporate stores.

- Retailers are in urgent need of relief from the government-imposed five percent tariff on imported converter boxes. The inequity presented with a tariff on a government-subsidized product is even more apparent with the current stress on demand that requires some retailers to pay premium freight charges. Those freight costs are heavily impacted by fuel surcharges now imposed by carriers.

- Retailers have readjusted our consumer education efforts in Wilmington, NC and are working closely with the FCC on community and store events to ensure a smooth September transition there.

- And, nationally, retailers continue to train our sales associates and to use other means by which to educate consumers about the transition and converter box program.

NS

Mr. MARKEY. Thank you, Mr. Ripperton, very much.

Our final witness is Mr. Eric Rossi, who is Senior Product Manager from the Nielsen Company. We welcome you.

STATEMENT OF ERIC ROSSI, SENIOR PRODUCT MANAGER, MEDIA PRODUCT LEADERSHIP, THE NIELSEN COMPANY

Mr. ROSSI. Thank you, Chairman Markey, members of the subcommittee. As you said, my name is Eric Rossi and my title is Senior Product Manager of Media Product Leadership for the Nielsen Company. I appreciate your invitation to appear before you today.

As you know, Nielsen provides audience measurement services for the television industry in the United States through Nielsen Media Research, which produces what is commonly known as the Nielsen rating. I am here today in my role as the Director of Nielsen's various efforts to prepare for the 2009 digital transition.

For more than 2 years Nielsen has undertaken a variety of initiatives to ensure that we remain fully capable of providing the industry highly accurate audience measurement data and analysis as the Nation moves from the analog to the digital world of television.

As part of our efforts, Nielsen has conducted several surveys and studies to determine the digital readiness of U.S. households, both nationally and at the local level in the Nation's 56 largest television markets where we have ongoing electronic measurements. Nielsen's information on readiness has the advantage of being based on visits by Nielsen staff to our existing homes and metered samples throughout the country. This allows us to accurately tally the readiness of the equipment in the home rather than relying on self reporting as some other surveys must do.

We released the latest of these surveys late last month, and the findings in this report is the basis of my testimony today. The full report has been submitted to the subcommittee as part of my testimony.

The methodology employed in compiling the report is the same as we use in our regular reports on television viewing by the American public. Detailed explanations of the methodology used are also included in the full report submitted to you. We believe our estimates will give you the most accurate picture available on the current status of digital readiness. This is not a prediction of what Nielsen thinks will happen on February 18th, 2009, it is a report on the current state. Our tracking this data over the current coming months will allow the industry to determine the efficacy of the education effort as a proportion of unready homes in our sample shrinks.

Let me give you the highlights of the report. Based on the Nielsen estimates, 9.4 percent of all U.S. households are completely unready for the transition. That means in these households there are no television sets currently capable of receiving digital broadcast television signals. We found that 12.6 percent of all U.S. households are partly unready, which means that the household has at least one set that is capable of receiving digital broadcast television signals and one set that is not. So with a combined number of completely unready households and partly unready, we found that 78 percent of all households are completely ready for the digital transition.

In our examination of local markets to determine digital readiness we found wide gaps between communities that are completely ready for the transition and communities that are less prepared for the switch. Among the markets least prepared for the transition is Milwaukee, where 18.3 percent of the households are completely unready. In Salt Lake City 18 percent of households are completely unprepared for the transition, while 17.3 percent of Portland, Oregon's households are completely unprepared. Other markets where the number of completely unprepared households range from 17 to 14.2 percent are Houston, Minneapolis, Dallas-Ft. Worth, Cincinnati, St. Louis, and Albuquerque.

At the other end of the spectrum is Hartford-New Haven, where 3.1 percent of households are completely unready for the transition. That figure is 3.8 percent in New York, 4.1 percent in Atlanta, and 4.4 percent in Ft. Myers. In several markets the percentage of households range from 4.5 to 5.5 percent, and those cities include Boston, West Palm Beach, Charlotte, Philadelphia, New Orleans, and Washington, D.C.

As we do in our regular reporting under the viewing habits of television audiences, we looked at demographic data and ethnic audiences in our study of digital readiness. With regard to age we found that males and females 18 to 24 are the demographic group that would be most impacted if the digital transition occurred today. While these groups make up 4.9 percent and 4.6 percent, respectively, of households with persons 2 years old and older, these same groups represent 6.2 and 5.5 percent of households with persons 2 years and older who live in completely unready households.

In terms of ethnicity, Hispanic households would be most impacted if the DTV transitioning occurred today. While Hispanics comprise 11.3 percent of total U.S. households, 19.9 percent of completely unready households are Hispanic. It is worth noting that 10.3 percent of completely ready households speaks Spanish only, a figure that is 5 times the percentage of households in the U.S. where only Spanish is spoken. For African Americans, who represent 12.1 percent of total U.S. households, 16.3 percent of those households are completely unready for the transition.

Finally, we analyzed viewing to unready sets and determine that unready sets account for 7.5 percent viewing television usage during the day. Television usage to unready sets represented 8.1 percent of all television usage during prime time and daily tuning within a completely unready household averages 6.9 hours, while daily tuning to completely unready households averages 8.7 hours.

Over the next 7 months we plan to release updated reports on the digital television transition, and we will share them with you, the television industry, and other interested parties.

I look forward to answering any questions to clarify my testimony, and again thank you for the opportunity to appear today.

[The prepared statement of Mr. Rossi follows:]

STATEMENT OF ERIC ROSSI

Chairman Markey, members of the subcommittee. My name is Eric Rossi and my title is Senior Product Manager, Media Product Leadership for the Nielsen Company. I appreciate your invitation to appear before you today.

As you know, Nielsen provides audience measurement services for the television industry in the United States through Nielsen Media Research, which produces what is commonly known as the Nielsen Ratings. I am here today in my role as the director of Nielsen's various efforts to prepare for the 2009 digital television transition. For more than 2 years, Nielsen has undertaken a variety of initiatives to ensure that we remain fully capable of providing the industry highly accurate audience measurement data and analysis as the nation moves from the analog to the digital world of television.

As part of our efforts, Nielsen has conducted several surveys and studies to determine the digital readiness of U.S. households, both nationally and at the local level in the Nation's 56 largest television markets where we have ongoing electronic measurement. Nielsen's information on readiness has the advantage of being based on visits by Nielsen staff to our existing homes in our metered samples throughout the country. This allows us to accurately tally the readiness of the equipment in the home rather than relying on self-reporting as some other surveys must do.

We released the latest of these surveys late last month and the findings in this report are the basis of my testimony today. The full report has been submitted to the subcommittee as part of my testimony. The methodology employed in compiling the report is the same as we use in our regular reports on television viewing by the American pubic. Detailed explanations of the methodology used are also included in the full report submitted to you. We believe our estimates will give you the most accurate picture available on the current status of digital readiness.

This is not a prediction of what Nielsen thinks will happen on February 18, 2009. It is a report on the current state. Our tracking of this data over the coming months will allow the industry to determine the efficacy of the education effort as the proportion of unready homes in our sample shrinks.

Let me give you the highlights of our report.

Based on the Nielsen estimates, 9.4% of all U.S. households are completely unready for the digital television transition. That means that in these households, there are no television sets currently capable of receiving digital broadcast television signals.

We found that 12.6% of all U.S. households are partly unready, which means that the household has at least one set that is capable of receiving digital broadcast television signals and at least one set is not.

So, with the combined number of completely unready households and partly unready household, we found that 78% of all households are completely ready for the digital transition.

In our examination of local markets to determine digital readiness, we found wide gaps between communities that are completely ready for the transition and communities that are less prepared for the switch.

Among the cities least prepared for the transition is Milwaukee, where 18.3% of the households are completely unready. In Salt Lake City, 18% of households are completely unprepared for the transition while 17.3% of Portland, Oregon's households are completely unprepared for the transition.

Other cities where the number of completely unprepared households ranged from 17% to 14.2% are Houston, Minneapolis-St. Paul, Dallas-Ft. Worth, Cincinnati, St. Louis, Tulsa, and Albuquerque-Santa Fe.

At the other end of the spectrum is Hartford & New Haven, where 3.1% of households are completely unready for the transition. That figure is 3.8% in New York, 4.1% in Atlanta, and 4.4% in Ft. Myers-Naples. In several cities, the percentage of households that are completely unready range from 4.5% to 5.5%. Those cities include Boston, West Palm-Beach-Ft. Pierce, Charlotte, Philadelphia, New Orleans, and Washington, DC (Hagerstown).

As we do in our regular reporting on the viewing habits of television audiences, we looked at data on demographic groups and ethnic audiences in our study of digital readiness.

With regard to age, we found that males and females ages 18–24 are the demographic group that would be most impacted if the digital transition occurred today. While males and females ages 18–24 make up 4.9% and 4.6% respectively of households of persons two years old and older, these same groups represent 6.2% and 5.5% of households of persons 2 years old and older who live in completely unready households.

In terms of ethnicity, Hispanic households would be most impacted if the DTV transition occurred today. While Hispanics comprise 11.3% of total U.S. households, 19.9% of completely unready households are Hispanic. And, it is worth noting that 10.3% of completely unready households speak Spanish only, a figure that is five times the percentage of households in the U.S. where only Spanish is spoken. For

African Americans, who represent 12.1% of the total U.S. households, 16.3% of households are completely unready for the transition.

Finally, we analyzed the viewing to unready sets and determined that unready sets accounted for 7.5% of television usage during the day. Television usage to unready sets represented 8.1% of all television usage during primetime. And, daily tuning within a completely unready household averages 6.9 hours, while daily turning to completely ready households averages 8.7 hours.

It is important to note that the information offered here today is a snapshot of what the digital readiness picture looks like currently. As we get closer to the DTV transition date, households will surely upgrade their television equipment at an accelerated rate. And, over the next 7 months, Nielsen will continue to monitor the types of television equipment Americans are using and purchasing. We plan to release updated reports on the digital television transition and we will share them with you, the television industry and other interested parties. I look forward to answering your questions to clarify my testimony and again thank you for the opportunity to appear today.

MAJOR TESTIMONIAL POINTS

Highlights of Nielsen's Report on America's Readiness for the DTV Transition:

OVERALL DTV PREPAREDNESS:

• 9.4% of all U.S. households are completely unready for the digital television transition;

• 12.6% of all U.S. households are partly unready for the digital television transition;

• 78% of all households are completely ready for the digital transition;

• Wide gaps exist between communities that are completely ready for the transition and communities that are less prepared for the switch.

DTV PREPAREDNESS BY CITY:

• The least DTV transition prepared cities: Milwaukee (18.3% of the households are completely unprepared); Salt Lake City (18% unprepared); Portland (17.3%);

• Cities where unprepared range from 17.2%–14%: Houston, Minneapolis-St. Paul, Dallas-Ft. Worth, Cincinnati, St. Louis, Tulsa and Albuquerque-Santa Fe;

• Better prepared cities include: Hartford & New Haven (3.1% of households unready for the transition; New York (3.8%), Atlanta (4.1%); Ft. Myers-Naples (4.4%). Cities where unready range from 4.5% to 5.5% include Boston, West Palm-Beach-Ft. Pierce, Charlotte, Philadelphia, New Orleans and Washington, DC (Hagerstown).

DTV PREPAREDNESS BY DEMOGRAPHY:

• Males and females ages 18–24 are the demographic group most impacted if the digital transition occurred today. Males and females ages 18-24 are 4.9% and 4.6% respectively of households of persons two years old and older, and 6.2% and 5.5% of households of persons two years old and older who live in completely unready households.

• Hispanic households would be most impacted if the DTV transition occurred today. Hispanics comprise 11.3% of total U.S. households, but 19.9% of completely unready households. Note that 10.3% of unready households speak Spanish only, five times the percentage of Spanish-only households in the U.S.

• African Americans represent 12.1% of the total U.S. households, but 16.3% of completely unready households.

• Unready sets accounted for 7.5% of daily television usage during the day, 8.1% during primetime. Daily tuning within completely unready households averages 6.9 hours, 8.7 hours in completely ready households.

Mr. MARKEY. Thank you.

Did you say the digital ready homes, that it is 8.9 hours per day the TV set is on?

Mr. ROSSI. Yes.

Mr. MARKEY. And if you slept 8 hours——

Mr. ROSSI. 8.7 percent.

Mr. MARKEY. No, you said 8.6 hours.

Mr. ROSSI. Yes, hours, 8.7 hours per day in a ready household.

Mr. MARKEY. Digital ready household——

Mr. ROSSI. Yes.

Mr. MARKEY. Eight hours of sleep.

Mr. ROSSI. Eight hours of work.

Mr. MARKEY. Something's got to go there. I don't think it is going to be the digital TV. Something is going. I will recognize myself and the gentleman from Texas, and it looks like we have a panel to ourselves here.

Let me go back to you, Mr. Romeo. You heard Dr. McGuire-Rivera on the first panel discuss the issue of administrative funds and also the cost should it prove necessary or advisable to allow NTIA to reissue coupons to consumers who have seen them expire without being able to redeem them. That is people who walked into stores in the first 90 days and there were no—not because of the consumer, but because of the store or because of something the converter boxes were not there. And now their coupon has expired.

So could you discuss the issues and the cost here? The Administrator, the Acting Administrator really didn't sound very optimistic here about the relationship between the cost of reissuing and the likelihood that the consumer will ever be able to get a converter box.

Mr. ROMEO. Sure, I would be happy to comment. First on the reissuance of the coupons. I think in the discussion earlier it was talked about eliminating the expiration date. I think that is much different than allowing a reissuance of the coupon.

Mr. MARKEY. Would you favor that? Doing away with the expiration date?

Mr. ROMEO. From a program perspective it would be more expensive to handle it than reissuing coupons.

Mr. MARKEY. It would be more expensive just to—it is—I am sorry, which way is more expensive?

Mr. ROMEO. If you just eliminate the expiration date. The problem is that—-

Mr. MARKEY. Which way is more expensive?

Mr. ROMEO. Elimination of the expiration totally now that the coupons are out there. So if you allowed reissuance of coupons, what would happen is your coupon would expire, you would be allowed to order another set of coupons and I assume if funds were available then you would be allowed to get additional coupons.

Mr. MARKEY. So are you in favor of reissuing coupons?

Mr. ROMEO. We can do whatever the law allows.

Mr. MARKEY. No, I understand that, but you are here as the expert panel, you see people, you can feel what their problems are. You are back here, Mr. Romeo. You're here to tell us what makes the most sense, not what does Congress think you should do. You are supposed to be telling us what you think we should be telling you or telling the Administrator to do. Do you think it makes sense to reissue the coupons, yes or no?

Mr. ROMEO. Yes.

Mr. MARKEY. Let's go down the panel and we are going to ask that question. Do you think it makes sense to reissue the coupons, Ms. Cannon?

Ms. CANNON. Yes.

Mr. LLOYD. Yes.

Mr. MCTEAR. Yes.

Mr. RIPPERTON. Yes.

Mr. ROSSI. I don't have an opinion on that.

Mr. MARKEY. Don't have an opinion, OK. So 7, 0, and 1 there. What is the cost of that, Mr. Romeo?

Mr. ROMEO. Well, the cost of issuing the coupons. So when we were asked to bid on the original contract there were 33 million coupons to be shipped. Those 33 million coupons will be shipped by the end of October. So any additional shipping of coupons comes with a cost. So the administrative funds that were programmed were for 33 million coupons. I—my estimate now given the current burn rate is that at the end of October 33 million coupons will have been shipped.

Mr. MARKEY. OK.

Mr. ROMEO. So that leaves from October to the end of February with as far as what we are contracted to do on funded shipping of coupons.

Mr. MARKEY. On funded. What do you think that cost will be? Give us a ball park figure. It doesn't have to be Fenway Park, it could be Yellowstone Park, but just give us some range of what kind of money we are talking about here. You have the program, you're running it.

Mr. ROMEO. The first thing they taught me at IBM is never give an unauthorized price quote, but I will give you an idea. There was money set aside—I believe the funding for the total administrative costs for the first two phases of the program was $120 million for 33 million coupons.

Mr. MARKEY. Yes.

Mr. ROMEO. If you could give me an estimate of how many coupons you think would be shipped for the program you could do the math yourself, 120 million——

Mr. MARKEY. What is a reasonable number for the shipping? What do you think?

Mr. ROMEO. It depends if you allow reordering of coupons. So current burn rate says 44 million, that is without a ramp-up at the end of the program and without you saying I can reorder. If you say that you can reorder coupons——

Mr. MARKEY. Could you do the math in your brain there? Or anyone else on the panel. Mr. RadioShack is doing it over here. He is multiplying right now. Do you have the answer, Mr. Ripperton? What does it come out to?

Mr. RIPPERTON. Congressman Markey, I think the answer to the question at this juncture is if the demand continues to grow, we will be able to—unabated, we will be able to determine an answer fairly soon. Right now we are not positive what is happening in the marketplace. By that I say that there may be consumers postponing decisions to acquire LCD TVs, there may be consumers that are deciding to not continue with the cable services and the like because of the economy. And I think that is accelerating the demand for converter boxes that was not anticipated. That I believe is one of the dilemmas that all of us are experiencing right now.

Mr. MARKEY. I understand.

Mr. RIPPERTON. We don't know that we can give you a definitive answer right now, but it is a growing number.

Mr. MARKEY. But you can imagine the tension in this room in a few more months.

Mr. RIPPERTON. Yes, sir. Yes, sir.

Mr. MARKEY. You will be back as a witness.

You know the old question: Which is a bigger problem, ignorance or apathy? And the person says, well, I don't know and I don't care. So the problem here is that either way we are going to have an explosive situation later on there. So it is in your interest all to know what the answer is. I want to say to you, Mr. Rossi, how many people did you say? What percent are completely unready?

Mr. ROSSI. Completely unready was 9.4 percent.

Mr. MARKEY. What percent are only partially ready, what percent was that?

Mr. ROSSI. Let me check. I think it was around 12.6 percent were partially ready.

Mr. MARKEY. So the television I have in my bathroom, that is just a regular analog set for the last 23 years. Looking at me, am I in the partially unready category?

Mr. ROSSI. If it is not hooked up to cable or satellite, yes.

Mr. MARKEY. I think Nielsen's numbers are so far off it is almost ridiculous that you have them here, to be honest with you, because there are a lot more people in that category than you think. I don't think you are measuring my TV set looking at me in that bathroom. I think people all over the country have an extra TV set in some room and your number is so far off and GAO is so much closer to it. I just want to say this to you, that it is just not an accurate number.

Mr. ROSSI. What I can tell you is that we do in all of our sample homes over 30,000 metered homes, we actually send people into those homes to go throughout the house and catalogue every single set and what devices are hooked up to it, which we feel is fairly accurate. We have to do that, as we are entrusted to do that by our clients, so we have to do a good job of capturing all the viewing of every television set. So we feel that we have a good handle on what is actually happening in the household.

Mr. MARKEY. I do not believe that that is accurate at all. I think that a very high percentage of Americans have a TV set in some room that is not hooked up to cable. I just think your number is really much well within the reality that it would bear.

I turn now to recognize the gentleman from San Antonio, Mr. Gonzalez.

Mr. GONZALEZ. Thank you, Mr. Chairman. I think there is some agreement with the members of the committee that we have a problem. The question is how big a problem it is going to be and whether we are doing things to mitigate. Now I don't want to put words in the mouths of the previous witnesses, but I didn't get a sense that they are really preparing for the increased activity, and I will start where I started the first question with the other witnesses.

Is there any disagreement that the greater activity regarding the request for the converter boxes is yet to come? Because I am not sure I got agreement from the first two witnesses on that basic

premise. And I mean I can read—I think this is Mr. Rossi's testimony. As we get closer to the DTV transition date households will surely upgrade their television equipment at an accelerated rate. Yes, it is human nature, and we should be anticipating that. Now the question is are we anticipating it? I am not sure that we are.

Now we are talking about expiration dates, so that coupons—how many of the coupons were actually utilized? I think it is a startling statistic that of the 800,000 or whatever that were issued, I think maybe 41, 42 out of every hundred were actually swiped. If that doesn't tell you something, first of all you are going to have a real problem with that particular population that will be barred from getting the coupon for $40 for a converter box. That is a real interesting situation in and of itself.

The other thing is I believe that Mr. Markey may be on to something about how we gauge. I don't want to get into the people meter versus diaries and Spanish-speaking households and how they are impacted, because I think there may be a disconnect there, but we can probably take that up at a different time.

Mr. Romeo, Mr. Lloyd, and Mr. Ripperton, did you hear anything from the previous witnesses that addresses the concerns that you have expressed about the greater activity that will transpire as we get closer to February the 17th?

Mr. Chairman, I wanted to point out that February 17th will probably take place during the Presidents Week recess when we are back home. We may reconsider being home during that week. I am not real sure you want to be that close to many of the constituents who no longer have television service.

But going back to the question, did you hear anything about saying yes, we are going to make the adjustments, resources, plans?

Mr. ROMEO. I didn't hear anything in the testimony. I can tell you that we are working with NTIA to look at the cost of shipping additional coupons.

Mr. GONZALEZ. Mr. Lloyd.

Mr. LLOYD. No, I didn't hear anything either. While we are working with NTIA and FCC and other partners, I think our concerns are your concerns. We are simply not prepared for an increased demand in coupons or some of the challenges that will come when people get these converter boxes and try to connect them again.

Mr. GONZALEZ. Mr. Ripperton.

Mr. RIPPERTON. Yes, sir, what I did hear is that NTIA was looking at the options of taking orders and how that would be managed. And what we would advocate strongly is that there be an allowance for taking orders, but in—not that that would prohibit fraud, because that was one of the major issues that was brought up and certainly we are committed to fulfilling those orders, but in-store and with our Direct-To-You solution as a major retailer. We need to satisfy our consumer demands. We need to put some guidance around how you can do that process and do it well for the consumers and your constituents.

Mr. GONZALEZ. Thank you. And I am not sure that I was hearing it right and of course I don't want to again attribute any comment, but I think Dr. McGuire-Rivera may have alluded to the additional costs to allow reapplication or reissuance. And I forget the exact number, but she said we are just not set up to do it. But we are

not moving quickly to address it, we definitely will not be set up to do it at any point in time. It is not for us up here "the sky is falling" scenario. That doesn't really help. What we would like to do is to avoid the sky from falling. I am hoping that as Mr. Markey indicated that you give us some guidance. You are there on the ground, you understand what is really going on. And we monitor this, and that is what this hearing is all about. Many times it is after the fact and too late. And I just think—let's hope that time—can I have one last question, sir?

This was a question that was actually going to be presented by the chairman of the full committee, I believe. That is to Mr. Romeo. There was some concern that NTIA may have inadvertently issued coupons that had a 60-day expiration period. Is that true? Have you heard anything like that?

Mr. ROMEO. No, I haven't heard anything like that.

Mr. GONZALEZ. All right, I yield back.

Mr. MARKEY. Great, thank you so much. Mr. Lloyd, let me come back to you. We heard Mr. Gonzalez talking about the effort that is going on in San Antonio with regard to minority stations getting out the word. Give us your overall profile of what is going on across the country in the minority community in terms of the outreach, in terms of the penetration rate, in terms of the redemption rate compared to those who are in the white community. Is there a disparity, how big is it, and what would you recommend for us to do to close that gap?

Mr. LLOYD. Well, there is a disparity, I must admit I am not comfortable with the research from Nielsen or from the Consumers Union or from other sources. I am more comfortable with the GAO research than some of the other research that I have taken a look at.

There is a disparity regarding minority populations, regarding folks who are poor, on fixed income, regarding confusion both about the program and the transition and how its going to impact them.

We have also seen on the ground that folks that really had some trouble going into retailers who are trying to sell them either boxes or cable service or satellite service that they don't need, rather than helping them make the transition with the over-the-air boxes that they have got.

Mr. MARKEY. Yes.

Mr. LLOYD. We have seen folks who get the boxes and can't connect them, try to talk to retailers, and the manufacturers and the retailers don't tell them effectively how to connect them. We are also concerned about what happens when people actually get the converter boxes. Maybe a box doesn't work, maybe they need an additional antenna, or something else. And we are not convinced that there is a mechanism in place to really help people on the ground make that transition.

Mr. MARKEY. And how big of a disparity do you think it is between the minority community and the white community?

Mr. LLOYD. Again, looking at GAO's stats, I think the disparity is probably around anywhere between 5 to 10 percent, depending on the particular community that we are talking about, which may be significant for the African-American and for the Latino community especially.

Mr. MARKEY. Mr. McTear, could you again quantify the total amount of the advertising being done by the broadcasting industry?

Mr. MCTEAR. Not the entire industry, Mr. Chairman, but I can tell you that across our 38 television stations, we have run over 40,000 spots. We have 275 speakers bureaus so that we have sent people out to speak to various community organizations. We have around 930 news stories. We did 60 editorials. We did 6,000 news calls and have done 35 incidents of phone banks whereby during our news broadcast, we ask viewers to phone in where we had staff members man phones for a period of 2 hours doing a lot of one-on-one coaching and counseling so that—that is what we have done since last April as a company.

Mr. MARKEY. Do you know Ms. Cannon?

Mr. MCTEAR. I introduced myself to her last week.

Mr. MARKEY. So you are both in the Wilmington market, but you are just getting to know each other right now?

Mr. MCTEAR. Just for the record, I actually live in Montgomery, Alabama, at the corporate office. But we do have management in Wilmington that does know Ms. Cannon.

Mr. MARKEY. Ms. Cannon, you are working with Raycom in Wilmington?

Ms. CANNON. Yes. And with all the broadcasters.

Mr. MARKEY. Excuse me?

Ms. CANNON. With all the broadcasters.

Mr. MARKEY. So do you have meetings together to plot out a general plan?

Ms. CANNON. Yes. Actually we had a meeting with the broadcasters and our public affairs folks and our marketing folks last week, and we have a——

Mr. MARKEY. Was that the first meeting?

Ms. CANNON. No. That was just with the marketing, to bring the marketing folks into it. Then we have cross-functional meetings every single week with our entire region and our local team to move this forward.

Mr. MARKEY. Would you recommend that that happen in every television market in America?

Ms. CANNON. Yes. As a matter of fact, we are taking good notes and compiling a list of tactics so when this is over in Wilmington, we can spread the word, the dos and don'ts.

Mr. MARKEY. Mr. McTear, are you encouraged by the meetings that have taken place in Wilmington between the cable and broadcast industries and the other industries?

Mr. MCTEAR. Very much so. I think Raycom has also had conversations as we get ready with Comcast, Warner and the others, at least the top eight MSOs, to do comarketing, coeducation in all of our markets.

Mr. MARKEY. So in other words, you are already partnering, you are already meeting. Have you met with the top people from Comcast yourself?

Mr. MCTEAR. Yes, sir.

Mr. MARKEY. So it is across the entire Raycom footprint that you have met with the people in the industry?

Mr. MCTEAR. Yes, sir.

Mr. MARKEY. And, Mr. Ripperton, what are we going to do about the non-RadioShacks? What are we going to do about these stores that don't have, say, either quite the capacity or the ethical standards of RadioShack? What do you recommend that we do here as a committee to make sure that they respond to this consumer demand in a way that is commensurate with the challenge that many of these families are going to be confronted with? In other words, we don't need laws for good people. We only pass laws for bad people because the bad people don't act in a way that is consistent with overall societal goals. So what do you recommend that we do to these bad stores?

Mr. RIPPERTON. Dr. McGuire-Rivera addressed that they are taking those retailers that had been authorized to sell boxes; they are eliminating them as being approved by the program. And I would think that that would be the first steps that we need to go through.

Mr. MARKEY. You are there on the ground. These are your competitors across the whole country. You have got this big job. You know who they are. So give us some other recommendations that we could implement.

Mr. RIPPERTON. The strongest thing that I could recommend is that we speak through our actions. And RadioShack is delivering and other retailers are delivering on the consumer promise to provide a high-quality digital experience. And if other retailers embrace similar programs such as ours on the direct-to-you program, the stores that may be out of stock, there may be other options for them to deliver a box to a customer's home or to their supporting store. That is what we would advocate. It is certainly working for us.

Mr. MARKEY. For you. But what about stores that are not as focused as you are on the problem? What do we do to them?

Mr. RIPPERTON. Again, it is hard to address other companies, but I would think that there are—especially the members of CERC.

Mr. MARKEY. The members of——

Mr. RIPPERTON. CERC, the Consumer Electronics Retailers Coalition, that they follow suit with similar actions that we are taking in providing that consumer experience.

Mr. MARKEY. What could you give us as a recommendation, though, that we should have—what is it called? We don't allow acronyms to be used here.

Mr. RIPPERTON. I am sorry. It is the Consumer Electronics Retailers Coalition.

Mr. MARKEY. All the stores like RadioShack, the good stores and the bad stores. So what do you recommend the standard adopted by the Consumer Electronics Retail—what should be the standard that they are imposing upon all of the other companies so that the bad ones know that they are going to have a scarlet letter, a scarlet D on their corporate foreheads?

Mr. RIPPERTON. Again, if they eliminate their ability to—NTIA——

Mr. MARKEY. I understand. What can the association do as well to kind of reinforce it from a corporate perspective? This the image of the Consumer Electronics Retail—what is the final C? Coalition. I am sorry. Coalition. Yes.

Mr. RIPPERTON. The key focus would be to remove their ability to redeem the coupon. And that would take away their ability——

Mr. MARKEY. And could the Consumer Electronics Retail Coalition actually promulgate that as a standard that you recommended that they have taken away from them?

Mr. RIPPERTON. I would advocate the elimination of those companies to be able to redeem coupons would come from NTIA and FCC.

Mr. MARKEY. But it also could come from you. It could be a recommendation from your organization to the NTIA. And I think that would get the attention of the organization if they got a letter from your organization saying all the good companies are recommending that all you bad companies out there as yet unnamed because you have yet to demonstrate a sufficient disinterest in the program, but could you do that for us?

Mr. RIPPERTON. Sir, I would have to take that under advisement and see whether that would be something——

Mr. MARKEY. Why wouldn't your organization want to set a standard?

Mr. RIPPERTON. I would take that under advisement with our legal counsel to see if that is something that we could pursue. Certainly it sounds theoretically like something we would take under consideration.

Mr. MARKEY. OK. Could you—I don't know if you will be the witness at the next hearing, but could you tell the witness at the next hearing that they are going to be answering that question? And if your group hasn't done it by then, then I will have a different tone of voice with that witness at that time, and it will be my entire round of questions. So you should just warn whoever that person is that gets the baton from you for the next group in the organization as well. We will have his printed name out here so we will know whether or not they actually took a position.

Let me turn here and recognize the gentleman from San Antonio once again.

Mr. GONZALEZ. Thank you very much, Mr. Chairman. Mr. Ripperton, I have a local provider, they are H-E-B, and they are saying they are having problems because they are only going to carry analog pass-through. And it is my understanding from your testimony that RadioShack—I think that is the direction that you all will be moving—is that analog pass-through capable converters are the only ones you will be stocking. Is that true?

Mr. RIPPERTON. Yes, sir, that is absolutely true.

Mr. GONZALEZ. And that is going to the Consumers' Choice and for good reason.

Do you acknowledge that there is a problem stocking a sufficient number to meet the demand under the present circumstances?

Mr. RIPPERTON. As I previously testified, the extraordinary demand for these converter boxes is certainly challenging retailer supply chains. And our solution to that, when and if we have stockouts and gaps in our inventory, that we have been——

Mr. GONZALEZ. And I want to get to that. But I just wanted an acknowledgement from one of the major retailer providers out there, RadioShack, because you really are one of the good guys, and I commend you and thank you very much for stepping up to the plate to help us with this, that there is a problem with supply,

whether it is a smaller provider such as H-E-B, or it is RadioShack, which is nationwide.

Now, if we continue with an expiration date—I guess what I want to get to, we had better leave here today with some understanding of what direction we are going to be taking. Mr. Stupak suggested, but I believe that Dr. McGuire-Rivera said, no, we don't want to do that, and I understand, and that is that you would simply hold the card; he goes in with the coupon, you don't have the converter box, so you just hold it. The problem with that is it has got an expiration date. I am not sure I want to hold that thing because you are charged with that responsibility. Are you supposed to return it to me before the expiration date? And if you don't, do I blame you?

If I understand Congressman's Stupak's suggestion—so really the only answer here is probably to somehow extend or—the date of expiration, allow the use. I mean, it is incredible to think that 58 percent did not redeem the coupon. How many of those are households that are analog only? This is incredible what we are going to be facing. And I guess I just don't understand. But I think we have uniformity here, and we need to do something about the expiration date, correct?

Mr. RIPPERTON. Yes, sir.

Mr. GONZALEZ. All right. I want to thank each and every one of the witnesses.

I yield back, Mr. Chairman. Thank you for your indulgence.

Mr. MARKEY. I thank the gentleman.

What we are going to do is a series of roll calls on the House floor right now. I am going to give each one of you 1 minute to tell us what we should know at this critical juncture as we round the bend here heading for the stretch. I give you each 1 minute to tell us what it is that you think our committee should know as we really break here for the roll calls. We will begin with you, Mr. Rossi.

Mr. ROSSI. I would just say that we are going to be providing updates on a regular basis, including looking at not just what we have looked at so far, but different areas such as socioeconomic indicators and such as far as how readiness goes. So we will be doing that over a period time so we can trend it over time, and we think it will be very valuable information.

The other thing I would say is we do have an auditing process within our system that goes back and checks on those folks who go into the homes to see what is happening in those homes, and we have good faith in that information that we get from the homes.

Mr. MARKEY. But again, they are Nielsen homes, which are television-sensitive homes because they know they are a Nielsen home.

Mr. ROSSI. Beyond that, we do make an extra effort not to influence that home in any way, and we actually don't ask them any questions about the digital transition.

Mr. MARKEY. But as you know the old saying, to observe something is to affect something. So once someone knows the Nielsen company is coming to your home, the other two homes on the other side——

Mr. ROSSI. We just do our best to make sure we go.

Mr. MARKEY. Mr. Ripperton.

Mr. RIPPERTON. Thank you, Congressman Markey.

There are definitely challenges with this remarkable program. In my 32 years in logistics, this is one of the most challenging products that I have ever seen. We are working closely with our suppliers to meet that demand. We have pass-through boxes, and I want to emphasize pass-through boxes were one of the first to be there. We have solutions now to meet our consumers' demand. We are in your neighborhoods. We are going to ask the questions to solve the problems, unique problems for your constituents and our consumers.

Mr. MARKEY. Thank you, Mr. Ripperton.

Mr. McTear.

Mr. MCTEAR. Mr. Chairman, just to assure you and the committee that the broadcasters will work together with the cable operators, with the satellites to get the date affirmed in everyone's mind; that is, September 8th there is a transition. We will use the power of our news for our television station, our on-air editorials, and we also have reached an agreement with an FM station to simulcast our broadcast signal in case there is a hurricane and a disaster. And we have just begun the discussions with a brand new Spanish-language radio station in the market so that we can make sure that message goes to the Spanish-speaking population.

Mr. MARKEY. Thank you, Mr. McTear. And we thank you for coming forward and being a part of this experiment in Wilmington.

Mr. Lloyd.

Mr. LLOYD. Thank you, Mr. Chairman.

I just wanted to assert that the Leadership Conference on Civil Rights and our member organizations will work with NTIA, the FCC and other organizations to get the word out about the coupon program and the transition. We believe in order to reach the vulnerable populations you have to reach deep into the communities to not only let people know this transition is occurring, but to help them physically connect boxes and understanding why this is important to them, and we need additional support in order to get that done. Thank you again.

Mr. MARKEY. Thank you, Mr. Lloyd.

Ms. Cannon.

Ms. CANNON. Well, Time Warner Cable and the other operators are committed to this program. We are committed to being a great community partner, and we understand the message might not be enough, and we are here to help get the message across, happily.

Mr. MARKEY. Thank you, Ms. Cannon.

Mr. Romeo.

Mr. ROMEO. First, I would just like to say that the program, I think, has been a great success to date. The volume of orders talks about the communication, the message. The fact that 40 percent of the callers are Hispanic-speaking or Spanish-speaking says that we were getting to the target markets that are most needing of this service. And the fact that so many retailers have stepped up and participated in a voluntary market I think are all great. Thanks for the program.

The things that I think need to happen now are prepare for the volume. We know that 33 million coupons are what is written into the rule, and that 33 million coupons are going to be shipped by October. The question around allowing people to reorder after expi-

ration has an impact on the volume of coupons that will be ordered. So those are decisions I would ask you to make because they are in the law. So I would ask for resolution of that and help in preparing for the additional volume.

Mr. MARKEY. OK. Thank you, Mr. Romeo, very much. We thank you for your recommendation.

We thank all of you for your participation in this process, which is going to be continuing and intensifying as we get closer to actually the Wilmington date. That will be highly illuminating, and then on into the fall. But again, thanks to the committee.

This hearing is adjourned.

[Whereupon, at 12:53 p.m., the subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

STATEMENT OF HON. BARON P. HILL

Thank you, Chairman Markey, for holding this hearing and also to the panel witnesses for the opportunity to discuss the progress of the digital television transition. With only 252 days left before the DTV transition on February 17, 2009, there are still many questions left unanswered, new questions to be raised, and more solutions to be found.

As of last week, more than 14 million coupons had been mailed to households. I believe this statistic displays the effectiveness of the educational efforts made by the Federal Government, the industry, and Members of Congress so far. However, we all need to continue our efforts to reach all pockets of the country.

I specifically want to commend the efforts made by the broadcasters and the cable industry to educate the public on their options for the DTV transition through TV commercials and consumer-friendly Web sites. These consumer education efforts stress the transition date of February 17, 2009, and I encourage this Committee to maintain a date certain.

Additionally, the test market transition in Wilmington, NC will provide us with 5 months to find solutions to any unforeseen incidents that arise. Again, I encourage all of us to continue our outreach efforts through Web sites, mailings, and handouts. I yield back the rest of my time.

STATEMENT OF HON. EDOLPHUS TOWNS

Thank you, Chairman Markey and Ranking Member Stearns, for holding this hearing. Our continued and vigorous oversight of all issues surrounding the DTV transition serves a crucial role in making sure that our constituents can enjoy the enhanced consumer and public safety benefits that this transition will provide. It is important to make sure that the transition date does not slip. I commend my colleagues on this subcommittee for their attention to this issue.

I would like to welcome the witnesses and thank them for their work. I am particularly interested to hear of the plans for a test run in North Carolina. This is an excellent way to find and avoid pitfalls as we move forward.

I remain concerned that seniors, non-English speaking, and lower income Americans are underserved by the public education campaign about the Coupon Program underway. I am eager to see if this is reflected in the data that has been gathered as the coupons have started going out.

I look forward to the witnesses' suggestions about what if anything Congress can do to make sure this transition is as smooth as possible.

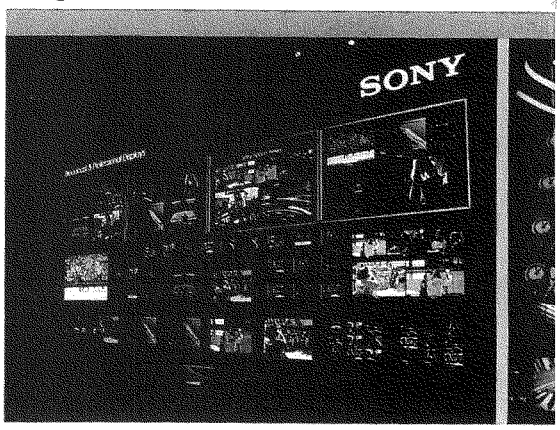
Thank you and I yield back the balance of my time.

Telecom

Broadcasters aren't delivering on the grandiose promises they made in the 1990s for the post-analog world.

Static in the Digital TV Revolution

By David Hatch



A decade ago, television broadcasters promised Washington the moon, right down to the treads of Neil Armstrong's footprint. They were angling to secure spectrum that would carry their signals via the newest technology—digital—and they wanted to get those airwaves for free, rather than bid tens of billions of dollars for them at auction. Stations pledged to offer vast amounts of programming in high definition and dozens of so-called multicast signals that would flood markets with content to each community. They would devote entire channels to niche topics such as children's shows, local news, and regional sports, providing cable-like viewing without the monthly bill.

Continuously updated news, sports, stock quotes, and weather, along with video games and other fare, would zip wirelessly to digital screens at the click of a remote control. Digital TV sets that mimicked computers would feature Internet connectivity, interactive advertising, and movies on demand.

Some politicians pushed to impose public-interest requirements—such as minimum thresholds for public-affairs programming and free airtime for political candidates—on TV stations in exchange for the increased capacity. Then-Senate Commerce Committee Chairman John McCain, R-Ariz., among other crit-

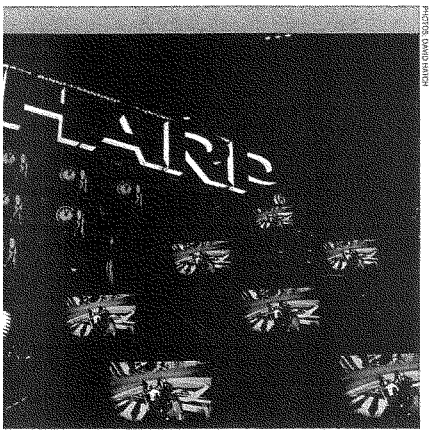
ics, accused the broadcasters of shortchanging Americans by acquiring digital airwaves for free.

But others in Congress and at the Federal Communications Commission bought the hype, waxing prophetic about the unlimited potential of digital television and how broadcasters would harness it. Books, news reports, speeches, and testimony from the mid-to-late-1990s, along with interviews of sources familiar with industry efforts to secure digital airwaves, painted a picture of television utopia.

Eleven years after the FCC voted to set aside spectrum valued at up to $70 billion so that the nation's 1,706 full-power broadcasters could shift from analog to digital airwaves, many of the grandiose predictions have failed to materialize. With a few notable exceptions, commercial broadcasters have largely punted on offering multiple signals, and the government—faced with strong opposition from media companies—has not imposed fresh public-interest requirements on broadcasters.

These days, the ancillary forms of distribution that TV companies invest in are more likely to involve the delivery of content via the Internet or mobile devices than over the public airwaves, which are subject to federal regulation and oversight.

SAME OLD: The pictures are eye-popping, but the content hasn't expanded to include movies on demand, more public affairs, children's channels, or interactive services.



PHOTOS: DAVID BANCH

Congress and the FCC have paid little attention to these aspects of the digital transition as they grapple with a far more pressing concern: ensuring that citizens are aware of the switchover and that they don't lose reception when analog transmissions cease on February 17.

With the Wilmington, N.C., market selected recently as the site of an experiment to shut off its analog signals early, on September 8, the House Energy and Commerce's Subcommittee on Telecommunications will hold the latest in a series of oversight hearings on June 10.

"Broadcasters were given this $70 billion worth of free spectrum and they're doing nothing with it—nothing innovative, nothing interesting," a Republican Senate staffer said, recalling TV industry hype over the years about offering more programming and services. "Those guys have been selling folks on Capitol Hill a bill of goods on that for quite some time," echoed an FCC source.

Richard Wiley, who from 1987 to 1995 chaired an FCC advisory committee that developed the U.S. standard for digital signals, defended TV outlets, insisting that they have fulfilled their biggest pledge: to offer eye-popping, crystal-clear, high-definition content.

"I think the broadcasters have delivered that in spades," said Wiley, who ran the FCC in the 1970s and now leads a team of 80 attorneys representing media and telecommunications clients. Other experts disagree, however, noting that a considerable amount of content is being aired in standard definition, which has lower picture quality and is less expensive to produce.

Wiley predicted that more stations would eventually invest in multicasting and pursue additional uses of their spectrum, but he conceded, "I think all this is going to take a lot of time."

Multiple Problems

During the second term of the Clinton administration, expectations ran high about digital broadcasting, with regulators such as FCC Chairman Reed Hundt and Commissioner Susan Ness, both Democrats, peppering their speeches with references to digital signals and how they would radically alter the way that people watch television.

Skeptics voiced concerns, particularly when ABC lobbyist Preston Padden announced in 1997 that the network was planning to abandon the new high-definition format and stick to cheaper standard-definition transmission. Sinclair Broadcasting, based near Baltimore, followed with a similar pronouncement.

Each of their stations would transmit a primary digital channel for free, as required by the FCC, alongside packages of subscription-based content. Both companies quickly abandoned the idea when lawmakers accused them of reneging on HDTV. Upon witnessing the fallout, Fox, which was reportedly contemplating a similar move, never unveiled its plan.

"Padden's remarks are so disillusioning," McCain said at the time, as recounted by Joel Brinkley in his book *Defining Vision*, which documents the lobbying battle that broadcasters waged to secure digital airwaves. "It is a clear revocation of a commitment that was irrefutably made," the senator said.

With the February 17 shift to digital broadcasting just over eight months away, broadcasters are finding that the business model for multiple channels is not panning out. An often-repeated refrain is that there's no money in it. "You're not creating any new advertisers, and you're not creating any new viewers," said Shaun Sheehan, vice president of the Tribune Co., which carried an all-music channel called The Tube on some of its secondary digital stations before the network folded in October.

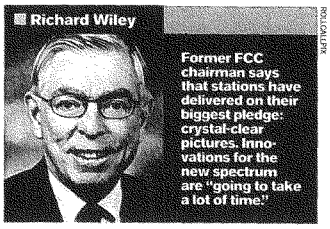
"It's just a pure business decision," said James McQuivey, a media analyst with Boston-based Forrester Research. "Do I run the risk of rolling out new channels that will dilute my audience base?"

The National Association of Broadcasters cited statistics from BIA Financial, a Chantilly, Va.-based research firm, indicating that 351 television stations are multicasting.

But that figure includes public broadcasters, which have invested heavily in extra stations and account for a large chunk of

the ones available—compared with their commercial counterparts.

When commercial outlets do multicast, it is often to transmit redundant weather maps, which involves minimal investment and little or no on-air talent. These radar scopes are so widespread that they've saturated the airwaves in some markets, including Washington, where viewers have three to choose from. Commercial broadcasters "can say that they do have some content on there," the FCC source said derisively.



ROI CALLER

In 2006, FCC Chairman Kevin Martin was forced to scrap a plan requiring cable to carry ancillary digital TV channels, because he couldn't muster enough votes on the commission. The setback dealt a potentially lethal blow to the concept by creating a classic chicken-and-egg scenario: Broadcasters are hesitant to invest in additional signals without a guarantee they will be carried, but cable systems won't promise to carry extra channels unless they first see compelling content.

"It's very hard for a lot of stations to commit huge budgets to this without any assurance of 'must carry,' " Wiley said, adding that cable transmission is key because only 14 percent of TV households rely on over-the-air signals. Cable systems are required to make space for each broadcaster's primary digital signal and have voluntarily agreed to accommodate four digital streams from each public station.

Last month, Ion Television complained to the FCC that most pay television services are refusing to transmit two of its multicast channels, Qubo, the only free national children's TV network, and Ion Life, which focuses on health and wellness.

"Very few cable and direct-broadcast satellite customers were able to see them on their systems, even on family tiers," the company said in its filing. "At some point, Ion must question whether or not Qubo and Life merit continued investment by Ion if carriage on cable and satellite systems remains so limited."

Some new networks that have sprouted up are seeking to be broadcast on digital subchannels, such as LATV, a bilingual music and entertainment programmer catering to Hispanic viewers. The network airs on ancillary digital channels operated by Post-Newsweek.

McQuivey, the media analyst, said that broadcasters may have overpromised a decade ago as part of a lobbying strategy. "They just wanted to make sure no else got the spectrum and could compete with them."

He and other industry experts questioned whether a guaranteed presence on cable would make a difference. That's because TV stations would risk dividing their audiences while facing stiff competition from entrenched pay-television programmers.

Broadcasters are instead focused on new forms of distribution that will complement, but not cannibalize, their primary stations. When viewers want to catch a missed episode of hits such as *Lost* or *CSI*, replays are readily accessible on network websites such as Hulu.com, created by NBC Universal and Fox parent News Corp., or Apple's iTunes.com.

Media companies are aggressively seeking to reach the wireless market with an array of free, pay-as-you-go, and subscription-based content. At the annual National Association of Broadcasters convention in April, the buzz was about delivering live TV, interactive ads, stock prices, and weather updates to cellphones, laptops, and global positioning system navigators beginning in early 2009. Backers such as Fox, NBC, LG Electronics, and Samsung see the potential for $2 billion in annual revenue.

More Obligations

In the 1990s, with broadcasters poised to receive their spectrum for free, lawmakers in both parties sounded a drumbeat for increased public-interest obligations in return for the airwaves.

The result was the so-called Gore Commission, an ad hoc advisory group created by the Clinton administration. It was chaired by CBS executive Leslie Moonves and American Enterprise Institute scholar Norman Ornstein and composed of academics, media executives, and watchdogs.

The panel, which held a series of public forums at the Commerce Department, issued its conclusions in 1998 in a report to then-Vice President Gore. Among the recommendations: Digital broadcasters would have to satisfy minimum thresholds for news, public-affairs programming, and public-service messages; increase coverage of elections; and offer a more diverse array of content.

The FCC, faced with strong resistance from broadcasters, began investigating the issue in December 1999 but did not propose any rules. The inquiry is still pending.

"We're certainly disappointed that the commission has as yet failed to specify what the public-interest obligations of broadcasters are in a digital television environment," said Andrew Schwartzman, president of the Media Access Project, a public-interest law firm. "If I had to give a grade here, it would be an 'incomplete.' "

"Broadcasters were very opposed to [new requirements] because it seems to be putting the cart before the horse," said former FCC official Wiley. He emphasized that existing requirements for analog stations—including three hours a week of educational television for children—automatically apply to digital channels.

Among the harshest critics of the TV industry is presumptive Republican presidential nominee McCain, who has railed about the power and influence of the National Association of Broadcasters.

As chairman of the Senate Commerce panel, he repeatedly complained about the "giveaway" of frequencies to broadcasters and accused them of a "spectrum heist."

"In what I have previously called 'the Great American Ripoff,' the American taxpayers 'loaned' $70 billion worth of spectrum to the TV broadcast industry," he said at a 2002 symposium sponsored by groups that support free airtime—a concept that he endorsed.

"I believe that one of the most beneficial ways for broadcasters to meet their public-interest obligation is through the provision of free airtime to candidates," McCain said, according to a press release on his Senate website. "Not only will this serve viewers, voters, and candidates, it will serve to help restore the integrity of the democratic process."

FCC Chairman Martin has staunchly opposed new public-interest restrictions on broadcasters, although he has urged stations to reinstate a "family hour" during prime time and wants to impose related measures to increase local content.

Democratic FCC commissioners Michael Copps and Jonathan

The Revolution Will Be Televised

Policy makers and journalists offered their visions a decade ago of a digital TV revolution that is taking shape today. Edited excerpts:

"None of us can predict exactly what this new technology will bring. We do expect to see more entertainment and educational children's programming, and to see free TV time for political candidates. Digital broadcasting will be more dynamic and flexible, more competitive and interactive—and potentially much more responsive to the needs and interests of the American people, if we prepare for it in the right way."

—Vice President Gore, in opening remarks to a commission advising the Clinton administration on public-interest obligations for broadcasters, 1997

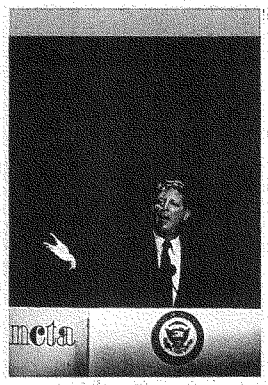
"High-definition TV, with its eye-popping clarity of picture, is just one category of possible uses of the spectrum. Others include multicasting in standard definition, or SDTV, where a broadcaster provides multiple program streams of today's picture quality or better, data services, radio broadcasting, and other innovative uses."

—FCC Chairman Reed Hundt, to the Senate Commerce Committee, 1997

"I told the broadcasters [at their 1997 annual convention] that even though Congress had ordered the FCC to give away the digital television licenses free, I intended to attach strings to the giveaway."

—Hundt, in his book You Say You Want a Revolution: A Story of Information Age Politics, 2000

"During prime time, stations can transmit an opera in high definition



or *The NewsHour With Jim Lehrer* accompanied by even more in-depth information on the topics presented. During other periods, multiple programs can be transmitted simultaneously, targeting children, adult education, and the arts. The capabilities of digital television will permit widespread and inexpensive distribution of tremendous amounts of information that may or may not be connected with the core programming. For example, during a broadcast of *Sesame Street*, related interactive children's games that reinforce the program lessons could be delivered to computers."

> "With digital television, viewers will be able to download an **infinite range** of movies, music, video games, or anything else." —Joel Brinkley, author

"The capacity is so great that whole new industries will be created to use this digital delivery system. What possibilities there are for educational programming!"

—FCC Commissioner Susan Ness, in remarks to the Association of American Public Television Stations, 1997

"With digital television, viewers will be able to download an infinite range of movies, music, video games, or anything else. They can page through interactive home-shopping catalogs and direct an on-screen model to show the outfit with the suit coat on or off—then press a few buttons to order the product. Some TV stations will allow viewers to customize their local news programs—watch an expanded sports report, say, or get a traffic report tailored to show just their own route to work."

"Those who don't regularly use computers will be able to converse with friends through online chat groups or pick up e-mail simply by punching a button on the remote control."

"The digital television frontier is limitless; even the engineers who designed it admit they cannot even begin to dream of all the ways that inventors and marketers will mold their new machines."

—Joel Brinkley, in his book Defining Vision: How Broadcasters Lured the Government Into Inciting a Revolution in Television, 1997

Adelstein support additional requirements, but with only two votes on the five-member commission they have failed to gain traction.

After the agency clarified children's programming guidelines for digital broadcasters in 2006, Copps said, "If the American people are ever going to realize the full benefits of digital television," it must give other requirements "the high priority they deserve." He added, "Without such action, the digital television transition will fall far short of its promise."

Digital TV stations are likely to face pressure for new regulations under the next administration, regardless of who wins the White House. McCain's criticisms of the industry are a matter of public record, and Barack Obama has staked out consumer-oriented positions on media and telecommunications issues.

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National Reference Supplement 2007-2008

Nielsen Television Index or NTI
Nielsen Syndication Service or NSS
Nielsen Homevideo Index or NHI
Nielsen Television Index Hispanic or NTIH
Nielsen Homevideo Index Hispanic or NHIH
Nielsen Syndication Service Hispanic or NSSH
Nielsen Sports Marketing Service or NSMS

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Chapter 2
Sample Recruitment

A. Implementation of Sample Design

1. Field/Recruitment Staff

The Nielsen Media Research Field staff is made up of trained Field Representatives and full/part-time Recruiters whose principal duties are to recruit, install, coach, and maintain the NPM sample and the Hispanic-only field area households. Their responsibility includes recruiting replacement households for homes that have moved or quit (NTO or Normal Turnover Households). The Field Staff also includes a Director, Regional Managers, and Field Supervisors who are responsible for the quantity and quality of the work performed by the personnel under their supervision.

The average Field Representative has approximately six years experience with the company and is the product of careful and thorough training. The training includes approximately twelve weeks, which includes in-house training as well as field training. In addition, all Field Representatives for the Hispanic-only field areas are bilingual (Spanish and English).

The Nielsen Media Research NPM Sample Recruitment staff consists of Membership Representatives (MRs) and part-time staff whose principle duties are to recruit new sample specifications, to re-recruit refusing Basic addresses, and to check Dormant specifications for the NPM sample. They also recruit some of the replacement homes for homes that have moved or quit (NTO or Normal Turnover Households). Additionally, these Membership Representatives are responsible for teaching and coaching sample households about the use of the National People Meter. The recruitment staff also includes Membership Managers/Supervisors who are responsible for the quantity and quality of the work performed by the personnel under their supervision. The Nielsen Media Research NPM Hispanic-only field areas staff consist of Membership Recruiters whose principle duties are to recruit new sample specifications, to re-recruit refusing Basic addresses, and to check Dormant specifications.

Extended Home recruitment is executed by the Membership Rep or Field Rep assigned to the NPM/LPM sample home.

Field Representative staff install and maintain Extended Homes. They receive additional training on procedures specific to the Extended Homes.

2. Field Office Staff

The Field Office Staff performs two prime functions: Field Operations and Field Support. Field Operations monitors the day-to-day performance of the Regional Managers, Field Supervisors, and Field Representatives. Field Support receives, processes, and updates the demographic and household classification information for sample households and provides a continuous review of the completion and quality of field work.

A separate Extended Home Field Office was created to manage the Extended Home sample. The Extended Home Field Office operates in the same manner as other Field Offices.

3. Field Procedures and Sample Recruitment

a. Basic Household Cooperation

A Basic household is that household which occupies a housing unit specified by the Statistical Research Department in terms of address, city or town, and state. Every reasonable effort is made to recruit the Basic households for the sample and to maintain the continued cooperation of such households. If, after repeated attempts with various responsible members of the household, the

Membership Representative, Membership Recruiter, Field Representative, and/or Manager are unable to recruit the Basic household, an Alternate household is specified as discussed in "Alternate Household Cooperation" on page 2-2.

In the event Nielsen Media Research is unable to contact an NPM basic household, cable and/or child status is ascribed by Nielsen Media Research's Statistical Research Department based on census block group data and NSI data from the previous year. Cable and/or child status is ascribed for approximately 4-5% of new installs. First, the percentage of households with cable is calculated for the county through NSI diaries and also for each zip code. For counties in LPM markets where diaries are not present, the county cable universe penetration is used. The percentage of households with a child is obtained at the block group level from Claritas. Nielsen Media Research then selects random numbers between one and one hundred for both cable and child status. These random numbers are compared separately to the cable and child percentages for the zip code/county or block group of the basic. If the random numbers are equal to or less than the cable and child percentages, then the household is ascribed as being cable and child. If the random numbers selected are greater than the cable and child percentages, then the household is ascribed noncable and nonchild. Depending on the random numbers selected and the calculated diary percentages for cable and child, four combinations of cable and child status can be ascribed:

1. Cable/child
2. Noncable/child
3. Cable/nonchild
4. Noncable/nonchild

In the event Nielsen Media Research is unable to collect household income, the field representative will make an estimate. Household income is estimated for approximately 4% of NPM households.

Initially, approximately 60 percent of the pre-designated NPM sample households (as of July 2007) are recruited and installed. For a typical report period, approximately 56 percent of the NPM installed sample are pre-designated households (based on an average of the 12 months ending July 2007).

Dates and percentages listed above are updated throughout the year.

b. Extended Household Cooperation

Within the primary residence, each household member is identified as enrolled or not enrolled in post-secondary education. If they are enrolled, then whether or not they are living at the primary residence or temporarily away from home while attending school is collected. An Extended Home is the residence of the primary household member living at school in the US while pursuing post-high school education. In Nielsen's data management system, this home is linked to a Primary Home. For those household members (students) living away from home, a Membership Representative first obtains the parents' permission to contact the student regarding participation in the NielsenTV Ratings while at school. If permission is granted, the Membership Representative then contacts the student for recruitment.

c. Alternate Household Cooperation

In the event that all reasonable effort fails to secure the cooperation of a Basic household, the Statistical Research Department specifies an Alternate housing unit to be recruited. In the NPM sample, initially the first five alternate specifications are released for recruitment in the order presented by the Statistical Research Department. Subsequently, the balance of the alternates are released as a group. An NPM alternate household must match the Basic household with respect to presence of children and cable service. Cable service may be by way of wire to the household from a wired cable service provider or by way of satellite or direct broadcast service provider (alternate delivery source or ADS).

A TV and Age Survey is a process that may be completed prior to the recruitment of households on the Sample Specification (SPEC). It involves the attempted completion of a questionnaire designed to serve as a brief introduction and to determine the level of interest in participation, as well as

associated eligibility (child/cable status). The representative explains to the household that they are conducting a brief TV survey, gathering information on whether or not the household receives cable channels, the number of TVs, VCRs, DVRs, Converter boxes, and if there are any household members under the age of eighteen living in the home. The TV and Age Survey also serves to verify the address and existence of a household listed on the Sample Specification. Alternate households that sequentially follow after the eventually installed household may receive a TV and Age Survey due to this process. A Pre-Permission Pack mailing may also be utilized during the Recruitment process.

d. Demolished Housing Units

Some of the predesignated sample housing may be demolished. When this occurs, a new predesignated sample housing unit is selected and issued by the Statistical Research Department to replace the demolished sample housing unit.

e. Vacant Housing Units

In NPM, when a predesignated sample housing unit is found vacant, periodic rechecks of the vacant housing unit are made by Field staff personnel. Also, a process of mailing to Vacant Basic addresses occurs on a semi-monthly basis. This effort is designed to determine occupancy of Basic addresses in a timely manner. Housing units found to be newly occupied are processed for recruitment into the metered sample.

f. Unsuitable Neighborhoods

Because sample specifications may be located in any part of a city or county, some specifications may be in an area in which the physical safety of the Field Representative/ Membership Representative/Recruiter is endangered. In such an event and after corroboration by the Regional Manager, the Statistical Research Department will issue additional specifications in a nearby neighborhood. Our experience indicates this situation is rare.

g. Occupational Disqualification

A small percentage of Basic or Alternate households include occupants who may have a vested interest in the results of TV audience research. Such households are excluded from the sample design. If the household is a Basic household, a new Basic housing unit is specified. If the household is an Alternate household, normal substitution is made with another Alternate.

A small percentage of Extended Homes include roommates who may have a vested interest in the results of TV audience research. Such households are excluded from the sample.

h. Metering Difficulties

A household may prove technically difficult to meter by a Nielsen Media Research technical support staff for reasons other than telephone line problems. In these instances, normal substitution is permitted with an Alternate household.

1.) Technically Difficult Homes

For the period September 2006 through August 2007, in the NPM sample, 232 unique specs had a household that was determined to be Technically Difficult, of which 110 specs had a basic that was determined to be Technically Difficult. During this sampling period, 6375 specs were installed, of which 3460 were basic. All counts have been scaled to reflect proportionate representation of integrated LPM markets. These numbers are calculated on a weighted basis and include LPM and NPM remainder. These are a dramatic decrease from the previous time frames because of the introduction of A/P metering equipment (769 total Technically Difficult and 467 basics for 9/05 to 8/06 and 1151 total Technically Difficult and 743 basics for 9/04 to 8/05).

If an Extended Home proves technically difficult to meter by a Nielsen Media Research technical support staff for reasons other than telephone line problems, the Extended Home is not installed. This does not affect the participation of the primary residence.

2.) NPM will now be considered one sample and all references regarding NHPM have been removed.

i. **Non-TV Households**

A small percentage of the occupied Basic sample housing units do not own a TV set. The Field Representative/Membership Representative/Field Office periodically rechecks such households to determine if the household has acquired a TV set. If and when a TV set is acquired, the household becomes part of the operational sample and recruitment procedures are instituted. Until such time, the specification remains dormant and no Alternate housing unit is specified.

A percentage of Extended Homes do not have a television. The Membership Representative for the primary residence periodically rechecks to determine if the Extended Home has acquired a TV set. If and when a TV set is acquired, the Extended Household then becomes eligible for recruitment. Until such time, the Extended Home remains ineligible.

j. **Divulgence and Security**

If a sample household is made known to the media, or if during recruiting, the household is found to be a member of another research panel, the household will not be included in the sample. If the household is a Basic, a new Basic housing unit is specified. If the household is an Alternate, normal substitution is made with another Alternate.

If an Extended Home is made known to the media, or if during installation the household is found to be a member of another research panel, the household will not be included in the Extended Home sample. Depending on the situation this may or may not affect the primary residence participation.

k. **Calls on Sample Households**

Nielsen Media Research personnel contact the sample household at least six times a year either in person or by phone to update household demographic information, to service the equipment, or to coach household members on National People Meter procedures. Visits are made, as needed, to meter newly-acquired devices or to remove equipment in those households which are moving or are otherwise being dropped from the sample. Additionally, a number of households are randomly selected and visited each year by internal or external auditors to ensure that the households exist and are contributing accurate data.

Extended Home sample households are contacted at least 4 times per year either in person or by phone. These calls serve the same purpose as calls to the NPM sample households. Extended Homes will also be included in the internal/external auditing process.

4. Measurement Technique

a. **Tuning Measurements**

Nielsen Media Research uses two different measurement systems to ensure that all known TV, VCR, and cable/satellite receivers can be metered. The MarkII, which is channel-based and has served many years as the gold standard, and the Active Passive (A/P) which is content-based and is more capable when metering the newer digital consumer electronics equipment such as Digital Video Recorders (DVRs) and High Definition Television. The two systems together can measure over 98 percent of television receiving devices (the older Mark II equipment will be replaced with the newer A/P meters over the next few years).

In sample households, portable TV sets are normally metered by supplying special connection points to the metering system in the rooms where the TV sets are used so that the TV set can be moved from point to point.

Nielsen Media Research's policy is to meter all operable TV receivers that have a screen size of at least five inches. Attempts are made to meter TV receivers with a screen size of less than five inches if possible. The metering policy excludes sets that are considered inactive or "little used." If we are told that a set will not be used during the next six months, our Field Representative will

place a seal on the power plug. A responsible member of the household is asked to sign an affidavit confirming the set's inactive status. While Nielsen Media Research attempts to learn of every device present in each sample household and to be notified of any changes or additions to the household's device complement, occasionally such knowledge will not be complete, resulting in a few sets not being metered (or covered by affidavits) at any given time. Upon discovery of a non-metered device, a household will be withheld from tabulation until such time as this condition has been processed as described above.

Nielsen Media Research's Extended Home policy is to meter all operable TV receivers that have a screen size of at least five inches and that are owned or operated by the primary household member. Operable TV receivers located in common viewing areas, such as living rooms, are also metered even if they are owned by the roommates or the Primary Household member. Roommates' bedroom sets have been deemed to be outside of the scope of Extended Home measurement.

Withholding data from the Extended Home will not affect the reporting of the primary residence.

b. National People Meter

Each TV set is associated with a National People Meter that consists of an on-set unit and a remote control unit. Each member of the household is assigned buttons (one on the set-top unit and a corresponding one on the remote control) that he/she can use to enter his/her viewing status. Household members are instructed to record themselves as viewing a television set in the household whenever they are watching or listening to that set.

The primary household member's (students) demographic information is collected and updated at the primary residence as stated in the current reference supplement. The demographic information collected from other Extended Home household members includes name, birth date, gender and occupation. This information is updated periodically.

Demographic information is collected from visitors to the metered household who view TV. When a visitor initiates a viewing entry, flashing lights on the set-top unit of the National People Meter prompt him/her for data on gender and age. If a visitor is determined to be a "long-term visitor", a person who is not a household member but who visits the household frequently, a button may be assigned to that visitor. Gender and age is stored for that long-term visitor to facilitate the entry of their viewing status.

The name, age, and gender of each household member, as well as other demographic information on the household, are collected by periodic personal interviews conducted by Nielsen Media Research. The name of each household member is indicated above his/her People Meter button assigned by the Field Representative.

During the 2000 Census, the question wording and response options used to collect householder's race and whether or not the householder is Hispanic were changed. The question wording and response options used to collect race and whether or not the householder is Hispanic among metered sample households were also changed to conform to those questions asked during the 2000 Census. Although a householder may indicate more than once race response, any multiple responses will be resolved to only one race for reporting purposes. This resolution will be based on the following hierarchy:

- Black, African American
- Asian Indian, Other Asian
- Japanese
- Chinese
- Filipino
- Korean
- Vietnamese
- American Indian or Alaska Native
- Native Hawaiian, Guamanian or Chamorro, Samoan, Other Pacific Islander

- White

For example, householders indicating they are Black and any other race will be classified as Black.

On August 6, 2007 we completed the implementation of 15 Hispanic-only field areas.

The Nielsen Media Research Staff is made up of bilingual (Spanish/English) Field Representatives and Recruiters, whose duties are to recruit, install, coach, and maintain the 15 Hispanic-only field areas.

In addition, these 15 Hispanic-only field areas will be coached by the Field Representative. While the membership representative will continue to recruit sample homes, field representatives within these areas will assume the responsibility for training and coaching all households on the people meter use.

c. Data Storage and Forwarding

The Nielsen Media Research metering systems store, in various sub-minute level increments, records of television receiver tuning activity and of People Meter audience data entries in sample households. These tuning records are automatically transmitted by telephone to a central computer. Tuning records are inherently free of "response error" and require neither effort, nor recall, nor reply from persons in the sample concerning tuner settings, station call letters, programs, and the like.

The metering system used in NPM sample households can monitor up to ten television sets with associated People Meters. There are currently no meaningful limitations to the number of receivable television channels that can be accommodated in a metered sample household. Re-programmability of the in-home equipment allows it to be used with complex interconnections of video equipment.

d. Faulting

Nielsen Media Research examines the tuning information collected from each household daily to evaluate its accuracy and completeness. Persons viewing is also evaluated. First, the tuning information is assigned to one of five categories:

1. Identified tuning - tuning where source is identified
2. Unidentified tuning - tuning where source is unidentified
3. Missing data - tuning status is unknown
4. Inconsistent data - inconsistency exists between information collected from the meter and internal database records
5. Unmetered equipment - new equipment not yet metered

If the level of occurrence of items '2' or '3' exceeds the specified thresholds, the household is not included in the tabulation of household ratings. If there are any occurrences of '4' and '5', the household is not included in the tabulation of household ratings. Once the households passing the above criteria are established, the persons viewing information is evaluated.

Persons viewing is assigned to three categories:

1. Identified audience - viewing household members or visitors are identified
2. Unidentified audience - viewing household members or visitors are not identified
3. Inconsistent data - inconsistencies occur between viewing information collected from the meter and internal database records.

If the level of occurrence of item '2' exceeds the specified threshold, the household is not included in the tabulation of persons ratings. If there are any occurrences of item '3', the household is not included in the tabulation of persons ratings.

Extended Home tuning and viewing undergo the same faulting procedures as stated above. Faulting of the Extended Home does not impact the reporting of the primary residence.

e. **Priority Maintenance**

Nielsen employs a process called Priority Maintenance to assist Nielsen Media Research personnel in addressing calls to homes. This process identifies sample demographic variables that, in general, show the most differential representation. For installation calls, variables are assessed for the greatest divergence from their Universe Estimate. For fault calls, the lowest set and person combined performance is assessed. These variables are considered in conjunction with other factors by Nielsen Media Research personnel in determining the priority in which sample homes in need of service are scheduled. The demographic variables eligible for consideration in this process are:

- Cable Plus Status (Yes/No)
- ADS Status (Yes/No)
- Household Size (1-2, 3-4, 5+)
- Presence of Child (Any < 18, None < 18)
- Race of Owner/Renter (Black/Non-Black)
- Number of Sets (1, 2+)
- Age of Owner/Renter (< 35, 35-54, 55+)
- Origin of Owner/Renter (Hispanic, Non-Hispanic)

Homes within Local People Meter samples are managed under a process called Structured Prioritization, a description of which can be found in the Local Reference Supplement.

B. Security of Sample Households

Nielsen Media Research strives to insure that the identity of a cooperating household is not divulged. Listed below are some of the many security measures observed:

1. Cable Security

In a large majority of cases, cooperating households are not disclosed to the cable companies. In such cases where the identity of a sample home must be revealed to a cable operator, a confidentiality agreement is enacted between Nielsen Media Research and the cable operator. Agreements are typically signed by an officer of the cable system and a senior level manager in the Nielsen Media Research Field organization. Nielsen Media Research's legal department may also be consulted.

2. Repair Service

During normal course of household visits, it may be necessary for the Field/Membership Representative to take a TV, VCR, and/or DVR to be repaired. Repair service is spread among several shops.

3. Telco Security

In a small percentage of homes, a phone line is needed to complete the installation. The phone line numbers are ordered "Non-published" and "Non-listed." The phone company is reminded to follow certain rules regarding divulgence of household names and addresses. Our information indicates that all telephone employees do have ID cards. Cooperators are instructed to ask for this identification, as they should insist on the Nielsen Media Research ID card.

4. Confidentiality

Cooperators are coached during each visit to the home on the importance of not revealing their participation in our sample, as stated in the Panel Agreement. They are instructed to notify the Field/ Membership Representative immediately, and send a Nielsen Media Research provided inquiry card to the Nielsen Media Research office, if they are approached by phone, mail, or in person with an offer of money or other compensation to participate in a TV survey or anything else pertaining to TV viewing. All persons authorized to phone a sample home from one of our offices will identify themselves with

their name and the cooperator's Nielsen Media Research household number. A security questionnaire is completed during each scheduled call to the household.

C. Cable Systems

Some of the NPM sample households subscribe to a cable system, which transmits a single station's signal on a preassigned channel. Tunings to these channels are readily interpretable in terms of station and network by way of standard procedures. However, some cable operators supply signals from different stations on a given channel. Nielsen Media Research endeavors to ascertain these varying station assignments from the operating schedules of the companies supplying such cable service or from other sources deemed reliable. Nielsen Media Research cannot guarantee the accuracy of such schedules and reserves the right to resolve any conflicts based on its judgment of the available information.

D. Ancillary TV Services

1. Satellite and Direct Broadcast Services (DBS)

Satellite and DBS services are processed similarly to cable origination and are included in TV Usage.

2. Closed Circuit TV and Security Applications

Depending on the equipment in the household, these services may or may not contribute to TV Usage. Households with digital capabilities would not have an identifiable channel dedicated to closed circuit TV and therefore could generate unidentifiable tuning contributing to TV usage. Analog households, however, do have a channel that can be identified by the Field Representative and any tuning to this channel is excluded from TV usage.

3. TVs Used for Other Purposes

Use of a TV for video games, as computer monitors, and as clock displays is identified by the Nielsen Media Research metering system and is excluded from TV Usage.

4. Video Recorders

Use of a VCR to record broadcast/cable material is included in TV usage at the time of recording. Use of a VCR (or DVD player) to play recorded, rented, or owned video tapes (or DVDs) is excluded from TV usage. However playback via DVR will be credited to TV usage at the time of the recording if played back within seven days of the live event.

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The February 2009 Digital Television Transition:

Overview of the Digital Readiness of U.S. Households and Analysis of Viewing to Unready Sets

May 2008

Introduction

All full-power U.S. television stations are required to discontinue use of their analog signals and operate in a digital-only environment effective February 17, 2009. The Digital Television (DTV) Transition will free up analog frequencies for public safety communications and advanced wireless services, while enabling improved television picture and sound quality.

Nielsen is positioned to provide the industry with ongoing analyses about the digital readiness of U.S. households at the national level and in local markets as we approach the transition date. The readiness data in this report are based on Nielsen's National People Meter (NPM) panel, which is projectable to total U.S. television households, and Nielsen's local metered panels, which are projectable to their respective television household populations.

It is also important to identify the amount and origin of viewing to sets that are *currently* not ready for the DTV Transition to better understand the potential impact to audience levels. In other words, this report provides estimates of how much viewing would be lost if the DTV Transition occurred *today* and, as a result, certain television sets could no longer receive broadcast television signals.

It is imperative to note that as we get closer to the DTV Transition date, households will upgrade their television equipment at an accelerated rate. Therefore, this analysis does not suggest that viewing in February 2009 will be impacted to the same degree as it would be if the transition occurred today. Nonetheless, this paper provides relevant insight on today's state of readiness that can inform actions of television programmers, distributors and others involved in the DTV Transition.

Our definitions for the readiness status of sets and households are as follows:

- **Ready Set** – a television set that is connected to a cable service, satellite service, or a digital converter box, or a television set that has an internal digital tuner
- **Unready Set** – a television set that does not meet the above conditions and is therefore not capable of receiving digital broadcast television signals
- **Completely Ready Household** – a household that has all Ready Sets
- **Partially Unready Household** – a household that has at least one Ready Set and at least one Unready Set
- **Completely Unready Household** – a household that has all Unready Sets

Some highlights of our findings, as of April 30, 2008, include:

- 9.4% of U.S. households are Completely Unready for the DTV Transition.
- 12.6% of U.S. households are Partially Unready for the DTV Transition.
- Daily tuning within a Completely Unready household is 6.9 hours on average. This represents fewer tuning hours than that of a Completely Ready household, which is 8.7 hours on average.
- Viewing to Unready Sets currently accounts for 7.5% of all television usage during the total day.
- Viewing to Unready Sets currently accounts for 8.1% of all television usage during primetime.
- Viewing to Unready Sets currently accounts for 17.0% of the primetime Persons 2+ rating for English-language broadcast networks.
- Viewing to Unready Sets currently accounts for 26.8% of the primetime Persons 2+ rating for Spanish-language broadcast networks.

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The Digital Readiness of Total U.S. Households and Local Market Households

Digital Readiness of Total U.S. Households

9.4% of U.S. households are Completely Unready, and 12.6% of U.S. households are Partially Unready for the DTV Transition, according to Nielsen's National television ratings panel. Furthermore, 16.5% of all television sets in the U.S. are Unready Sets. Within Partially Unready households, approximately one in three television sets are Unready Sets.

Please note that Nielsen initially released data regarding the digital readiness of households and sets in February 2008. Since then, Nielsen has made modifications to its calculation of Unready Sets and Households allowing us to provide a more accurate picture of the digital readiness of U.S. households. These changes, among other things, include using an average week, rather than a single day, and using installed homes, rather than intab homes, to determine the readiness status of households and sets.

Table 1. *Percentage of U.S. Households that are Completely Ready, Partially Unready and Completely Unready (based on NPM Sample as of April 30, 2008)*

Market	% of HHs that are Completely Ready	% of HHs that are Partially Unready	% of HHs that are Completely Unready
Total U.S.	78.0%	12.6%	9.4%

Digital Readiness of Households in Local Markets

Households in each of Nielsen's 56 local metered markets show a wide range of digital readiness. For example, 18.3% of households in the Milwaukee DMA are Completely Unready; this is more than fifteen percentage points greater than the penetration of Completely Unready households in the Hartford & New Haven DMA, which has only 3.1% Completely Unready households.

Table 2. *Ten highest penetrations of Completely Unready households among 56 local metered markets (based on local metered samples as of April 30, 2008)*

Local Market	% of HHs that are Completely Unready
MILWAUKEE	18.3%
SALT LAKE CITY	18.0%
PORTLAND, OR	17.3%
HOUSTON	17.0%
MINNEAPOLIS-ST. PAUL	16.9%
DALLAS-FT. WORTH	15.7%
CINCINNATI	15.0%
ST. LOUIS	14.7%
TULSA	14.2%
ALBUQUERQUE-SANTA FE	14.2%

Table 3. *Ten lowest penetrations of Completely Unready households among 56 local metered markets (based on local metered samples as of April 30, 2008)*

Local Market	% of HHs that are Completely Unready
HARTFORD & NEW HAVEN	3.1%
NEW YORK	3.8%
ATLANTA	4.1%
FT. MYERS-NAPLES	4.4%
BOSTON (MANCHESTER)	4.5%
WEST PALM BEACH-FT. PIERCE	4.5%
CHARLOTTE	4.6%
PHILADELPHIA	5.2%
NEW ORLEANS	5.5%
WASHINGTON, DC(HAGRSTWN)	5.5%

The attached Excel file provides digital readiness data for sets and households at the national level and for all 56 local metered markets individually.

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Characteristics of Completely Unready Households

Digital Readiness by Demographic Group

Males and Females ages 18-24 are the demographic groups that would be most impacted if the DTV Transition occurred today. While Males and Females ages 18-24 make up 4.9% and 4.6%, respectively, of Persons 2+ in the Total U.S., these same groups represent 6.2% and 5.5% of Persons 2+ in Completely Unready households, resulting in indices of 120 and 127.

Digital Readiness by Household Characteristic

In terms of ethnicity, Hispanic households would be most impacted if the DTV Transition occurred today. Although they make up 11.3% of the Total U.S., Hispanic households currently make up 19.9% of Completely Unready households. Moreover, 10.3% of Completely Unready households speak Only Spanish, a penetration that is five times greater than that of Only Spanish households in the U.S. In addition, 5.6% of Completely Unready households speak Mostly Spanish, a penetration that is nearly double that of Mostly Spanish households in the U.S.

When looking at the readiness status of households based on the Age of Head of Household, younger households would be the most impacted if the DTV Transition occurred today. In future reports, we will explore more characteristics of Completely Unready households, such as household income, profession, and education level.

Table 4. *Distribution of Persons 2+ within Completely Unready households and Total U.S. households (based on NPM sample during April 2008)*

Demographic Group	Distribution of Persons 2+		Index
	Within Completely Unready HHs	Within Total U.S. HHs	
Males 2-11	7.9%	7.4%	107
Females 2-11	8.4%	7.7%	109
Males 12-17	3.9%	4.3%	91
Females 12-17	4.8%	4.7%	102
Males 18-24	6.2%	4.9%	127
Females 18-24	5.5%	4.6%	120
Males 25-34	8.0%	6.9%	116
Females 25-34	7.1%	6.5%	109
Males 35-49	9.6%	11.2%	86
Females 35-49	10.6%	10.5%	101
Males 50-54	3.8%	3.9%	97
Females 50-54	3.5%	3.5%	100
Males 55-64	5.7%	6.3%	91
Females 55-64	5.1%	5.5%	93
Males 65+	5.4%	6.6%	82
Females 65+	4.6%	5.3%	87

Table 5. *Distribution of various household characteristics in Completely Unready households and Total U.S. households (based on NPM sample as of April 30, 2008)*

Household Characteristic	% of Completely Unready HHs	% of Total U.S. HHs	Index
Age of Head of Household: <35 years	26.0%	21.1%	123
Age of Head of Household: 35-54 years	41.2%	41.2%	100
Age of Head of Household: 55+ years	32.8%	37.6%	87
Race of Head of Household: Black	16.3%	12.1%	135
Race of Head of Household: Non-Black	83.7%	87.9%	95
Ethnicity Head of Household: Hispanic	19.9%	11.3%	177
Ethnicity Head of Household: Non-Hispanic	80.1%	88.7%	90
Household Language Spoken: Only Spanish	10.3%	2.0%	509
Household Language Spoken: Mostly Spanish	5.6%	2.9%	194
Household Language Spoken: Equal Spanish/English	0.4%	2.2%	17
Household Language Spoken: Mostly English	2.6%	2.4%	107
Household Language Spoken: Only English	81.1%	90.5%	90

The attached Excel file provides further detail on the characteristics (including race, ethnicity, language spoken, and age of head of household) of Completely Unready households at the national level and for all 56 local metered markets individually.

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Analysis of Viewing to Unready Sets

This section provides a set-level analysis of current viewing levels to Ready Sets and Unready Sets. The purpose of this set-level analysis is to understand the amount of viewing that would be lost if the DTV Transition occurred today and, as a result, Unready Sets could no longer receive broadcast television signals. Again, please note that as we get closer to the DTV Transition date households will upgrade their television equipment at an accelerated rate. Therefore, this analysis does not suggest that viewing in February 2009 will be impacted to the same degree as it would be if the transition occurred today. Nonetheless, this paper provides relevant insight on today's state of readiness that can inform actions of television programmers, distributors, and others involved in the DTV Transition.

Average Tuning Duration by Household Readiness Status

Average tuning durations were analyzed for Completely Ready, Partially Unready and Completely Unready households. Completely Unready households spend fewer hours tuning to television compared with Completely Ready and Partially Unready households. The average daily tuning in a Completely Unready household is currently 6.9 hours, while the average daily tuning in a Completely Ready household is 8.7 hours and in a Partially Unready household is 9.0 hours.

The difference between these numbers is expected, given two important factors. First, most Completely Ready and Partially Unready households subscribe to cable and satellite services and therefore have access to many more channels. Second, Completely Ready households have more television sets, an average of 3.3 sets per household, while Completely Unready households have an average of 2.7 sets per household.

In Partially Unready households, a significant percentage of average daily tuning is to Ready Sets (versus Unready Sets)–5.2 hours versus 2.9 hours. This is likely because Ready Sets tend to be located in common viewing areas within the home. In addition, it is likely that after February 17, 2009 viewing to Unready Sets would switch over to a Ready Set already present in the household, or the Unready Set(s) would be properly upgraded by the household.

Table 6. *Average daily household tuning durations in Completely Ready, Partially Unready, and Completely Unready households (based on NPM sample during April 2008)*

Household Digital Readiness Status	Average Daily Tuning Per HH
Completely Ready	8.7 hours
Partially Unready	9.0 hours
Completely Unready	6.9 hours

Table 7. *Average daily set tuning durations in Partially Unready households (based on NPM sample during April 2008)*

Set Digital Readiness Status	Average Daily Tuning Per Set
Ready Sets	5.2 hours
Unready Sets	2.9 hours

Table 8. *Average number of television sets in Completely Ready, Partially Unready and Completely Unready households (based on NPM sample during April 2008)*

Household Digital Readiness Status	Average # Sets Per HH
Completely Ready	3.3 sets
Partially Unready	4.7 sets
Completely Unready	2.7 sets

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Audience Composition of Viewing to Unready Sets

Persons Using Television (PUT) levels for Ready Sets and Unready Sets were analyzed for select demographic groups and dayparts. Viewing to Unready Sets comprises anywhere from 7.0% to 10.7% of total viewing depending on the demographic and daypart. In primetime, Teens and Persons 18-34 are the demos with the highest percentage of their viewing (9.2% and 8.4% respectively) going to Unready Sets. For the total day, Persons 35-54 is the demo with the highest percentage of its viewing (7.8%) going to Unready Sets.

Table 9. *Average daily PUT levels to Ready Sets and Unready Sets and percentage of PUT to Unready Sets (based on NPM sample during April 2008)*

Daypart	Set Digital Readiness Status	P 2+	C 2-11	T 12-17	P 18+	P 18-34	P 35-54	P 55+
M-Su 6a-6a	Ready Sets	17.3	11.9	11.8	18.9	15.3	18.1	23.3
	Unready Sets	1.4	1	0.9	1.5	1.2	1.5	1.8
	% of PUT to Unready Sets	7.5%	7.5%	7.4%	7.5%	7.4%	7.8%	7.2%
M-F 7a-10a	Ready Sets	12.3	10.9	5.1	13.3	9.3	12.9	17.8
	Unready Sets	1.2	1	0.5	1.3	0.9	1.3	1.6
	% of PUT to Unready Sets	8.8%	8.3%	9.4%	8.9%	9.2%	9.2%	8.2%
M-F 10a-430p	Ready Sets	13.2	10	6.1	14.5	11.5	12.4	20
	Unready Sets	1.2	0.9	0.5	1.3	1.1	1.3	1.5
	% of PUT to Unready Sets	8.2%	8.4%	8.0%	8.1%	8.7%	9.2%	7.0%
M-F 630p-7p	Ready Sets	24.6	18.9	17.8	26.4	18.6	22.8	38.3
	Unready Sets	2.2	1.6	1.7	2.4	1.8	2.2	3.3
	% of PUT to Unready Sets	8.3%	7.9%	8.8%	8.3%	8.6%	8.8%	7.9%
M-Sa 8p-11p & Su 7p-11p	Ready Sets	34.6	20.8	24.1	38.3	29.4	37.4	48.1
	Unready Sets	3	1.9	2.4	3.3	2.7	3.3	3.9
	% of PUT to Unready Sets	8.1%	8.3%	9.2%	8.0%	8.4%	8.2%	7.4%
M-F 1130p-1a	Ready Sets	18.2	7.6	13.2	20.6	20.2	20.7	21
	Unready Sets	1.7	0.9	1.5	1.9	1.8	2	1.9
	% of PUT to Unready Sets	8.7%	10.7%	10.0%	8.4%	8.2%	8.9%	8.3%

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English-Language and Spanish-Language Broadcast Network Viewing

In addition to analyzing total usage of Unready Sets, we also looked at primetime ratings of individual broadcast networks coming from Unready Sets and the contribution of this viewing to total network audience levels. In this paper, these ratings are summarized into two groups: English-language broadcast networks and Spanish-language broadcast networks. The analysis focuses on broadcast network viewing only because Unready Sets are, by definition, sets that receive over-the-air programming only.

As depicted in Table 10, the percentage of primetime broadcast network rating going to Unready Sets ranges from 14.8% to 32.5%, depending on the demographic. For example, 17.0% of the primetime Persons 2+ rating for English-language broadcast networks is currently going to Unready Sets. For Spanish-language broadcast networks, 26.8% of the primetime Persons 2+ rating is going to Unready Sets. As previously mentioned, it is important to note that a portion of this viewing to Unready Sets is taking place in Partially Unready households; it is likely that after February 17, 2009, this viewing would switch over to a Ready Set already present in the household or the Unready Set(s) would be properly upgraded by the household.

Table 10. *Average viewing levels (Average Audience %) to Ready Sets and Unready Sets in primetime to English-language broadcast networks combined and Spanish-language broadcast networks combined and % of average viewing to Unready Sets (based on NPM sample during April 2008)*

	Set Digital Readiness Status	P 2+	C 2-11	T 12-17	P 18+	P 18-34	P 35-54	P 55+
English-language Broadcast Networks*	Ready Sets	11.2	3.4	4.4	13.4	7.5	13.4	19.1
	Unready Sets	2.3	1.1	1.8	2.6	1.7	2.6	3.3
	% of AA to Unready Sets	17.0%	24.2%	29.4%	16.1%	18.8%	16.3%	14.8%
Spanish-language Broadcast Networks**	Ready Sets	1.3	1.1	0.9	1.4	1.8	1.3	1.1
	Unready Sets	0.5	0.5	0.4	0.5	0.7	0.5	0.2
	% of AA to Unready Sets	26.8%	32.5%	29.3%	25.7%	28.8%	27.4%	17.4%

** Networks included: ABC, CBS, NBC, FOX, PAX, MNTV, CW, PBS*
*** Networks included: UNIVISION, TELEMUNDO, TELEFUTURA, AZTECA, MTV TR3S*

Nielsen will continue to provide ongoing insight about the digital readiness of U.S. households and viewing to Unready Sets in order to prepare television programmers, distributors and others involved in the DTV Transition, as we get closer to February 17, 2009.

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