



PUBLIC NOTICE

Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

News Media Information 202 / 418-0500
Fax-On-Demand 202 / 418-2830
TTY 202 / 418-2555
Internet: <http://www.fcc.gov>
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DA 04-1497
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MB Docket No. 04-210

MEDIA BUREAU SEEKS COMMENT ON OVER-THE-AIR BROADCAST TELEVISION VIEWERS

Comment Date: July 12, 2004

Reply Comment Date: August 5, 2004

Section 309(j)(14) of the Communications Act sets forth the conditions under which analog television broadcasting will end in the United States. Those conditions could be met as early as December 31, 2006, although the statute provides for extensions of that date if certain marketplace criteria have not been satisfied. As contemplated by Section 309(j)(14), up to 15 percent of television households in a given market could lose television service altogether if they rely exclusively on over-the-air broadcasting and have analog-only sets when the transition ends. In the remaining households, analog sets that are not connected to a pay television service could lose service as well.

In this Public Notice, we seek comment on options for minimizing the disruption to consumers when the switch-over to digital broadcasting occurs. We are primarily concerned with those households that rely exclusively on over-the-air broadcasting for their television service, but we seek comment more broadly on minimizing the impact on all consumers. First, we seek comment on the identity of those consumers that rely on over-the-air television broadcasting and why they do not subscribe to a pay television service. Second, we seek comment on potential options for minimizing the impact on these and other consumers when broadcasters are operating solely in digital.

Given the statutory directives and the nature of the potential solutions, we anticipate that the data submitted will be used primarily to help formulate possible recommendations to Congress. The Commission may, however, take other steps as appropriate.

Over-the-Air Television Viewers

We seek quantitative data on consumers who watch over-the-air broadcast television, including:

(1) The number of households that rely solely on over-the-air broadcasting (“over-the-air households”) for their television service;

(2) The number of households that subscribe to a multi-channel video service provider (“MVPD”) and have one or more television sets that rely on over-the-air broadcast service;

(3) The number of analog-only television sets in use by the households identified in (1) and (2), above;

(4) The number of digital television receivers in use in the households identified in (1) and (2), above, that are capable of receiving over-the-air digital broadcast television signals;

(5) The demographic characteristics of over-the-air households, including age, race or ethnicity, and education and income levels;

(6) The geographic characteristics of over-the-air households, including urban/rural and regional disparities;

(7) Data on why over-the-air households do not subscribe to an MVPD service, including specific data on: (a) the number of over-the-air households that would like to subscribe but cannot afford it, (b) the number of over-the-air households that could afford to subscribe to an MVPD service but choose not to, and (c) the number of over-the-air households that would like to subscribe and could afford it but their MVPD service of choice is not available in their community (e.g., no cable system or no satellite provider with local-into-local service).

Options for Addressing Analog-Only Television Sets

We also seek comment on options for addressing the potential disruption to consumers with analog-only television sets when the transition is complete. As an initial matter, we seek comment on the extent to which market forces can be expected to deal with this problem – e.g., consumers voluntarily buying digital-to-analog converter boxes before the end of the transition, cable or satellite providers that carry all of the local digital broadcast stations connecting additional sets in subscribers’ homes to their networks, and broadcasters, wireless auction winners or others voluntarily subsidizing or deploying converter boxes in order to accelerate the transition. If marketplace forces alone cannot be counted on to address this issue, can and should the affected industries be required to take steps to minimize the potential for consumer disruption?

If government action is warranted, we seek comment on the nature and scope of such involvement. Should the government subsidize consumers' purchase of digital-to-analog converter boxes, or should it procure and distribute the equipment itself? In either event, what minimum technical capabilities should the converter boxes have? What do converter boxes cost today and what are they expected to cost in the future?

If a subsidy is appropriate, we seek comment on the type and amount of subsidy that should be considered. For instance, we seek comment on whether the subsidy should be in the form of a tax credit, a refundable tax credit, or a voucher. We also seek comment on whether the subsidy should be available for consumers who wish to purchase a digital television set in lieu of a digital-to-analog converter, or for those who wish to purchase a multi-channel video service from providers that carry all the local digital broadcast signals.

We seek comment on the scope of any potential government action. Who would qualify for the government subsidy or other program? If the subsidy or other program is means-tested, what test should be used? We also seek comment on the number of devices that the government should subsidize. For instance, is one digital-to-analog converter box per household sufficient, or should the government subsidize the conversion of additional analog-only sets in consumers' homes? Should the government subsidize conversion equipment for over-the-air households that have at least one digital receiver and one or more analog-only sets? Should the government subsidize conversion equipment for MVPD subscribers who receive all the local digital broadcast signals on the television(s) hooked up to the pay service, but who have one or more analog-only sets not hooked up to the pay service?

Finally, we seek comment on how a government program would be financed and administered. For instance, in bands where we intend to auction new licenses for spectrum freed up by the digital conversion, we seek comment on whether, under Section 309 and our precedent, we could require as a condition of the license that auction winners pay for conversion of analog-only equipment as part of a mandatory band-clearing mechanism. We note that in other auctioned bands, we have required new entrants to bear the costs to retune existing equipment to new bands or replace such equipment. We also seek comment on whether a government subsidy program could be financed directly through auction revenues, spectrum license fees, or other funding mechanisms, although we note that some of these options would require legislation.

Procedural Matters

Comments should be filed on or before July 12, 2004 and reply comments should be filed by August 5, 2004. Comments and reply comments may be filed using the Commission's Electronic Filing System ("ECFS") or by filing paper copies. *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 Fed. Reg. 24121 (1998). All comments should reference MB Docket No. 04-210.

Comments filed through the ECFS can be sent as an electronic file via the Internet to

<<http://www.fcc.gov/e-file/ecfs.html>>. Generally, only one copy of an electronic submission must be filed. In completing the transmittal screen, commenters should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions for e-mail comments, commenters should send an e-mail to ecfs@fcc.gov, and should include the following words in the body of the message, "get form." Parties who choose to file by paper must file an original and four copies of each filing. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail. The Commission's contractor, Natek, Inc., will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class mail, Express Mail, and Priority Mail should be addressed to 445 12th Street, SW, Washington, D.C. 20554. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission. In addition parties should serve a copy of each filing via e-mail or one paper copy to John Berresford, Suite 3-A662, Media Bureau, FCC, 445 12th St., S.W., Washington, D.C. 20554.

Comments, reply comments, and other submissions will be available for public inspection during regular business hours in the FCC Reference Center, Federal Communications Commission, 445 12th Street, S.W., CY-A257, Washington, D.C. 20554. These documents also will be available electronically from the Commission's Electronic Comment Filing System. Documents are available electronically in ASCII text, Word 97, and Adobe Acrobat. Copies of filings in this proceeding may be obtained from Qualex International, Portals II, 445 12th Street, S.W., Room, CY-B402, Washington, D.C., 20554, telephone (202) 863-2893, facsimile (202) 863-2898, or via e-mail at qualexint@aol.com. To request materials in accessible formats for people with disabilities (Braille, large print, electronic files, audio format), send an e-mail to fcc504@fcc.gov or call the Consumer and Governmental Affairs Bureau at 202-418-0531 (voice), 202-418-7365 (TTY).

For further information contact Rick Chessen, Media Bureau at (202) 418-7200.

By the Chief, Media Bureau

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