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National Economic Research Associates, Inc.  
Consulting Economists

**MINUTES OF IMPLEMENTATION SUBCOMMITTEE/WORKING PARTY 1  
POLICY AND REGULATION**

Revised and Accepted on April 30, 1992

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Meeting of Thursday, April 16, 1992  
National Economic Research Associates, Inc.  
Washington, D.C.

Federal Communications Commission  
Office of the Secretary

**Summary:** The group discussed the possible ramifications of the definition of simulcasting for broadcasters. Particularly important are requirements for production in ATV format versus upconversion to an ATV signal. The three interrelated issues of simulcasting, subscription, and technical flexibility allowed under an ATV license were discussed. It was decided that a new outline of the simulcasting issues would be prepared for comment.

Chairman Charles Jackson called the meeting to order at 2:10 p.m. Those who attended the meeting were:

- Sarah Efid, FCC (Intern)
- Gina Harrison, FCC
- Mark W. Johnson, CBS
- Molly Pauker, Fox Broadcasting
- Loretta Polk, NCTA
- Kirsten Pehrsson, NERA

The Minutes from the prior meeting were accepted without objection.

**Simulcasting.** It was observed that the precise means and timing of achieving 100% simulcasting and the definition of simulcasting itself were still at issue in the Commission's Order. Chairman Jackson requested that the group provide simulcasting policy options to the Advisory Commission.

Molly Pauker discussed possible impacts of simulcasting definition. Fox is currently acquiring transmission equipment that will allow it to emit HDTV signals. She asked if broadcasters can transmit the same signal on ATV and NTSC channels, or if they must produce in both ATV and NTSC formats. (In other words, whether a signal be upconverted to ATV or must be originated in ATV format.) She asked how much of the programming must be produced in both (ATV and NTSC) formats. Gina Harrison said that those issues would be dealt with in the Commission's forthcoming Report/Further Notice.

Molly Pauker also asked about use of spectrum not being used for upconversion of NTSC programming for other applications. She argued that, in some instances, there may be better uses for the spectrum than 100% simulcasting of the NTSC programming. This might particularly apply to programming not produced by the broadcaster. Additional revenues obtained from other uses could be used to fund purchase of ATV transmitters and other equipment. Such an approach could help to expedite conversion to ATV. Gina Harrison said it was clear that any such "extra" spectrum could certainly not be used for NTSC programming.

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She said that the issue of interim solutions is out for comment at this point, although the Commission does want to achieve 100% simulcasting as soon as possible. She said comments addressing the engineering issues involved in simulcasting would be appreciated.

Loretta Polk (NCTA) said that cable's main concern has been the possibility of abandoning the simulcasting approach. Cable is concerned that there be some (perhaps not 100%) requirement for simulcasting from the outset. Cable is also concerned about the must-carry issue.

Molly Pauker revisited the simulcasting question, asking whether simulcasting means two productions or one production with an upconversion. She mentioned that the answer will impact the overall difficulty of conversion to ATV.

Gina Harrison felt that the discussion reflected that there were two issues at stake: a) the definition of simulcasting, and b) the requirements for program quality airing on the ATV channel.

The general consensus was that at least commercials need not be produced in ATV format, and could be upconverted.

The FCC text of the Order and Further Notice is expected in several weeks.

Subscription and ATV. Chairman Jackson raised the issue of the role of pay services and ATV. For example, if the ATV channel had a different feed from the NTSC channel, could it be used for pay-per-view? Related to that question is the fact that it might be easier to scramble signals on an ATV channel. There were few comments on the subject. It was mentioned that it would be difficult to get paying subscribers for the same programming that was free on the NTSC channels.

Technical flexibility allowed by ATV license. There was a discussion about the possibility of multiplexing/time-shifting on the ATV channel, an approach which could possibly increase advertising revenues. Time-shifting also might increase consumer acceptance of ATV programming by further differentiating the ATV channel from NTSC.

Chairman Jackson suggested developing an outline of the simulcasting issues, and circulating it to the group for comment. Molly Pauker will prepare a draft, after consulting with other working party members absent from the meeting.

It was suggested that the must-carry issue must be addressed at some point, but that a different forum would be more appropriate.

Position on disclosure of manufacturing knowledge. The agenda issue of the Working Party's position on disclosure of manufacturing knowledge was postponed for a later meeting.

The next meeting was tentatively scheduled for April 30th.

The meeting was adjourned at 3:20. \*

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\*None of the material discussed at this meeting was taken into account by the Commission in the Second Report and Order/Further Notice of Proposed Rule Making in MM Docket No. 87-268.