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August 10, 1994

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W. - Room 222
Washington, D.C. 20554

Dear Mr. Secretary:

On July 28, 1994, the Advanced Television Test Center hosted a demonstration and tour of its facilities for the new Commissioners and certain FCC staff members. In connection with that event, Edward T. Reilly, President of McCraw-Hill Broadcasting Group, Chairman of MSTV and a Director of the Test Center, made the enclosed remarks which we believe constitute an important statement of broadcasters' position on various ATV issues. For that reason we are sending a copy of them to each of the Commissioners' offices and for inclusion in MM Docket No. 87-268.

Respectfully submitted,

Jonathan D. Blake
Jonathan D. Blake *per cmv*

Attorney for
Association for Maximum
Service Television

Enclosure

cc: Chairman Reed E. Hundt
Commissioner James H. Quello
Commissioner Andrew C. Barrett
Commissioner Rachelle B. Chong
Commissioner Susan Ness
MM Docket File No. 87-268

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REMARKS BY EDWARD T. REILLY

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

ATTC Briefing for FCC Commissioners

July 28, 1994

I am pleased to join Bud, Peter and my colleagues on the Test Center Board in welcoming you to our world class facility.

Allow me to take this opportunity to commend the Commission for its enlightened leadership of the ATV process over the past seven years. Tremendous progress has been made. Yet some very key decisions remain. To add perspective to your tour and demonstration, I would like briefly to highlight broadcasters' goals as we enter the final stretch.

1. Broadcasters Support FCC Action on an ATV Standard and Spectrum Allocation Without Delay. It is important to emphasize at the outset that broadcasters have led and been intensively involved in the ATV process. Through a joint industry petition spearheaded by MSTV in 1987, we initiated the FCC's ATV proceeding and the Advisory Committee. Ever since, we actively supported ACAT's work at every level and have filed numerous individual and joint FCC petitions.

(As Bud has mentioned), we -- the networks, NAB, INTV, MSTV and PBS -- created, and together with EIA have funded, this Test Center to provide a facility upon which we and the FCC's Advisory Committee could rely for impartial technical evaluation of

proposed systems. Cable also is a participant in the tests. As you will see, some of the testing equipment literally had to be invented to test then yet-to-be-invented systems -- equipment which then had to be redesigned with the advent of digital systems.

Moreover, broadcasters are eager for that process to conclude with adoption of an ATV standard and assignment of channels. Why? For the same reasons we urged the FCC to launch its ATV proceeding and set aside spectrum in the first place -- competitive necessity and good public policy. It is essential to the free, universal and locally-based television service and infrastructure we provide. We recognized early on that, alone among video distribution media, broadcasters depend upon governmental standard and spectrum decision -- initially to offer competitive video and audio quality and, more recently, also to offer competitive and compatible digital services.

2. Broadcasters Support Interoperability. Our industry has worked hard to foster the interoperability and access to the NII which digital television makes possible. We also agree with the Advisory Committee Technical Subgroup recommendation last year that the agreed upon technical characteristics of the Grand Alliance serves all potential users of this technology -- broadcasters, cable, computer, medical, educational and

scientific. It strikes an "appropriate balance," in the words of Dick Wiley, while in no way detracting from interoperability. And it allows us to move forward to a standard and broadcaster implementation without delay.

3. Broadcasters Hope COFDM Provides an Improved Transmission Subsystem. Our funding of a COFDM Evaluation Project does not mean we oppose the current Grand Alliance transmission system. Rather, it is to determine if, as early indication suggest, this technology would have important advantages for local broadcasters both in terms of the reach and quality of main channel programming and in terms of flexibility to provide ancillary services. If COFDM proves to be greatly superior, it clearly would be in the public interest to incorporate it into the Grand Alliance system.

4. Broadcasters Seek Flexibility and Scalability. In seeking to provide flexible services, we are in no way rejecting HDTV. On the contrary, a scalable standard that allows us to take advantage of HDTV's assets some of the time (sports events, prime time entertainment, action movies), while at other times using the spectrum capacity for ancillary services, including non-linear and interactive programming and advertising, will help us afford and speed HDTV introduction as well as and accelerate consumer demand. I, for one, am persuaded that seeing is

believing when it comes to HDTV -- viewers and advertisers will embrace the quality improvements and broadcasters will upgrade in response to marketplace demands.

5. Broadcasters Seek A More Flexible Implementation Schedule. We face huge capital costs to transition to HDTV. Our economic studies filed earlier with the Commission indicate that its current implementation deadlines could be counterproductive if many stations can't afford to construct and forfeit their ATV channels. This is of particular concern in mid-sized and smaller markets, which is why a staggered implementation schedule has been urged. Although, the Commission has adopted our recommendation for marketplace reality checks along the way, we remain concerned that economic factors be given sufficient weight

6. Broadcasters' Allotment/Assignment Pairing Plan is Our Priority. Although the focus has been on the system as the solution to HDTV, no system can be implemented unless and until the FCC allots new ATV channels. The technical and equitable insertion of some 2,000 new ATV channels within the same spectrum currently accommodating some 2,000 existing NTSC channels is an extraordinary engineering and regulatory challenge. The Broadcasters Caucus -- made up of the same organizations that sponsor the Test Center -- has over the past five-plus years funded and developed a highly sophisticated computer model,

using both VHF and UHF spectrum to pair new ATV channels with existing NTSC stations, so as to assure that ATV coverage areas will replicate NTSC service areas and enhance them to the maximum extent possible. This approach, endorsed by the entire broadcast industry in four joint FCC filings, is the most spectrum efficient and equitable, provides the least NTSC interference, and best serves the viewing public. This plan will be our priority in the months ahead.