

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C 20554

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FEDERAL COMMUNICATIONS COMMISSION
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In the Matter of)
)
Digital Data Transmission Within the) MM Docket No. 95-42
Video Portion of Television Broadcast) RM-7567
Station Transmissions)

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To: The Commission

REPLY COMMENTS OF NATIONAL BROADCASTING COMPANY, INC.

National Broadcasting Company, Inc. (NBC) submits its reply comments in this proceeding. Most of the issues raised in the NPRM have been thoroughly addressed by the commenters. These reply comments will address a few points that NBC believes should be considered.

I. NTSC Data Broadcasting Must Not Be Allowed to Visibly Degrade NTSC Picture Quality or to Cause Harmful Interference to NTSC or ATV Broadcasts

NBC brings a unique perspective to this proceeding. As the promoter of the NBC Data Network, a nascent but growing NTSC datacasting venture, NBC is eager for the rapid deployment of a wide range of NTSC datacasting services. Through improved utilization of an existing resource, datacasting technology can bring entirely new services to businesses and consumers while providing incremental additional revenues to broadcasters in the waning years of NTSC technology -- revenues that can help fund the enormous costs of converting to digital ATV transmissions.

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However, as the owner of the NBC Network and of seven large market television stations, NBC is keenly aware that the incremental revenues promised by NTSC datacasting do not justify *any* compromise of the quality of NBC's core broadcasting business. Data transmission systems that might discernibly degrade NTSC picture quality or that might cause harmful interference do not serve either the public interest or the business interests of broadcasters. NBC agrees with MSTV's position that, as much as data broadcasting systems may themselves serve the public interest, they must not be allowed to degrade existing NTSC television service or pose an interference threat to future digital ATV television broadcasts.

Virtually all of the commenters in this proceeding have acknowledged as much. However, the commenters disagree as to whether the FCC should enforce this principle by adopting particular technical guidelines for data broadcasting through adoption of a standard or standards or by simply requiring that data broadcasting systems (1) not visibly degrade NTSC picture quality; and (2) not cause interference with other NTSC or ATV signals.

NBC remains extremely sensitive to the need to preserve the quality of NTSC broadcast signals and strongly supports the efforts of the National Data Broadcasting Committee and the FCC to adopt guidelines for interference and video integrity. However, we also believe that broadcasters should be allowed to implement data broadcasting, beyond vertical blanking interval technologies, while such guidelines are being considered. Technical guidelines are important for a robust industry, but they are not immediately necessary to ensure picture integrity and to prevent interference. Since in the vast majority

of cases datacasting revenues will be tiny compared to those generated by the core broadcasting business, broadcasters have a powerful marketplace incentive to reject systems that may cause even a slight competitive disadvantage. Broadcasters with NTSC pictures that are already poor compared to the competition will be unlikely to increase the disadvantage to gain marginal datacasting revenues, and broadcasters that have made substantial investments to achieve superior picture quality will not negate that investment and the competitive advantage simply to initiate a new, unproved, ancillary service. Similarly, to the extent that any datacasting system may produce cochannel or adjacent channel interference prior to the adoption of guidelines, the FCC already has established procedures for resolving those complaints.

In essence, NBC believes that the FCC can and should clarify that its prohibition of discernable signal degradation and interference will be strictly enforced in the data broadcasting context, and should work towards guidelines to protect these interests. However, in the meantime it should not hold the industry hostage to a standard that has not yet been adopted.

II. The FCC Should Allow NTSC Datacasts That Are Not Intended For Receipt By the General Public Prior to Adoption of Industry Standards

The commenters disagree whether the FCC should allow stations to install and operate datacasting systems without prior FCC approval before the adoption of industry wide standards. Those favoring standards argue, *inter alia*, that the lack of standards will delay

service to the public (citing the AM stereo debacle) or might result in interference or picture degradation. Some commenters argue that it is reasonable to distinguish between datacasts intended for receipt by the general public and more specialized closed user group systems in which datacasts are intended for receipt by or are useful to only certain individuals.

NBC believes that the Commission should be guided by the recommendations of the NDBC and should adopt interference and video degradation guidelines for data broadcasting systems. However, because the transition to digital television will likely render NTSC datacasting technology and systems obsolete in the foreseeable future, the FCC should allow closed user group systems to be installed while the FCC and the NDBC continue their work. Time for this industry is much too short. In an ideal world, before allowing data broadcasting, the FCC would review the report of the National Data Broadcasting Committee and then back an industry standard that could accommodate all planned and foreseeable applications of this technology, both those intended as closed user group services and those intended for receipt by the general public. The standard should prevent picture degradation and interference. NBC supports this approach in theory.

However, even as NTSC datacasting is in its infancy, the underlying NTSC system is waning. The pending transition to ATV means that NTSC is hardly the ideal platform for inauguration of a new business. Serious proposals for the auction of the NTSC spectrum in 2002 -- just seven years from now -- are being considered. Whether NTSC is being phased out in seven years or in fifteen, it provides only a very short life cycle for a new business. In

this relatively short time span, proponents must develop new datacasting businesses, design systems and applications, manufacture, distribute, and install encoding, transmission, and receiver hardware, sign up partners, suppliers, and customers, and market services to end users. With luck, these businesses may reach break-even in a few years and maintain a few years of profit. At the end, the systems and hardware will be obsolete.

Under these circumstances, delaying the implementation of all data broadcasting services until uniform guidelines are adopted is unrealistic. Even if the NDBC is able to complete its work by the end of 1995, the Commission will likely take at least six months to a year to review the NDBC's work and adopt guidelines. Since the NDBC is testing two competing systems, it is foreseeable that other complications could forestall certainty (and thus widespread implementation of the guidelines) until 1997 or beyond, by which time the conversion to ATV might be underway. At that point it seems unlikely that manufacturers will find it profitable to design and build NTSC datacasting and receiving equipment; if they do, it is unlikely that significant penetration will occur.

Despite these circumstances, NBC believes that the FCC should work with the NDBC to adopt a voluntary industry standard or guidelines. Experience suggests that manufacturers will not modify television sets to receive program-related datacasts until a universal standard is adopted, so these services may never be available to the general public in the absence of a standard. However, pending the adoption of a standard for program-related datacasts, and degradation and interference guidelines for all systems, it is unrealistic to ask the entire

datacasting industry to stand still while its obsolescence is in sight. Subject to strict compliance with FCC standards protecting signal integrity and prohibiting interference, broadcasters should be allowed to use closed user group systems -- those not intended for use by the general public -- prior to the adoption of a NTSC datacasting standard.¹

When the FCC adopts guidelines, closed user group systems should be required to meet the degradation and interference guidelines or risk losing their ability to broadcast data.

Respectfully submitted,

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July 10, 1995

¹The NAB -- while strongly supporting the adoption of the standard recommended by the NDBC -- acknowledges in its comments that standards are not essential for "closed" data broadcasting systems and does not object to allowing such systems to begin operation immediately, subject to compliance with signal degradation and interference standards. NAB Comments at 4, n. 6; See also Comments of the Consumer Electronics Group of the Electronic Industries Association at 3.