

ORIGINAL

TRANSCRIPT OF PROCEEDINGS

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of:
Advanced Television Systems
and Their Impact Upon the
Existing Television Broadcast
Service
IN BANC Hearing

MM DOCKET NO. 87-268

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Advanced Television Systems)
and Their Impact Upon the)
Existing Television Broadcast)
Service)
EN BANC Hearing)
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The above-entitled matter come on for meeting
pursuant to Notice at 1919 M Street, N.W., Room 856,
Washington, D.C., on Tuesday, December 12, 1995 at 8:30 a.m.

APPEARANCES:

- Reed E. Hundt, Commissioner
- Susan Ness, Commissioner
- James H. Quello, Commissioner
- Andrew C. Barrett, Commissioner
- Rachelle B. Chong, Commissioner

I N D E X

PANEL 1:

<u>PANELIST:</u>	<u>PAGE NO.</u>
Richard Wiley, Advisory Committee ATV	16
Steven Rattner, Lazard Freres and Company	19
Ed Grebow, TELE-TV	22
Neil Braun, NBC, Inc.	24
John Hendricks, Discovery Communications SINC/NCTA	27
Stanley Hubbard, Hubbard Broadcasting, Inc.	29
Lawrence Grossman, Brookside Productions	31
Andrew Lippman, MIT Media Laboratory	34

1 **PANEL 2:**

2

PANELIST:**PAGE NO.**

3

Gigi Sohn, Media Access Project 91

4

Alan Braverman, Capital Cities/ABC 94

Barry Diller, Silver King Communications 96

5

Faye Anderson, Douglass Policy Institute 100

David Honig, Minority Media Telecommunications Council 102

6

John Siegel, Chris Craft/INTV 104

7

8 **PANEL 3:**

8

9 **PANELIST:****PAGE NO.**

10 K. D. Horowitz, Viacom 156

George Keyworth, Progress Freedom Foundation 159

11 James McKinney, Advanced Television System Commission 161

Edward Reilly, McGraw-Hill Broadcasting/MSTV 163

12 John Major, Motorola 165

James Carnes, Sarnoff/Grand Alliance 168

13 Joseph A. Flaherty, CBS/ATSC Broadcast Caucus 170

14

15 **PANEL 4:**

15

16 **PANELIST:****PAGE NO.**

17 Bruce F. Allan, Thomson Consumer Electronics 214

Sherwin Grossman, CBA 217

18 John Abel, Datacast Partners 219

Ralph Gabbard, Gray Communications/NAB 221

19 David Liroff, WGBH Educational Foundation 223

Joseph Tasker, Jr., Compaq Computer Corporation 225

20

21

22

23

24

25 Meeting Began: 8:30 a.m.

Meeting Ended: 4:41 p.m.

P R O C E E D I N G S

(8:30 a.m.)

1
2
3 COMMISSIONER HUNDT: Good morning, everybody. We're
4 going to have a really big show today. I would like to thank
5 our extremely distinguished panelists. They've all taken time
6 from their very busy schedules to contribute to the important
7 public debate about digital television. We're going to have
8 very brief opening statements. You're in the middle of mine,
9 and then we'll go through the different commissioners, and
10 then we'll get started.

11 This hearing today is intended to kickoff a
12 heightened public open debate about digital television. As we
13 will learn today, a group of brilliant scientists has put a
14 digital genie in the bottle, and that genie can grant many
15 different wishes.

16 Our excellent FCC staff has given me a brief guide
17 to avoid terminological implosion and I want to share it with
18 you. So this is the way it goes.

19 The spectrum we're talking about is for digital
20 broadcast. It's currently unused and unusable spectrum.
21 Today large chunks of the broadcast allocation lies unused to
22 avoid interference with the old technology, the current
23 technology, of analog transmission. With the new digital
24 technology, we can add additional broadcasting in the spaces
25 in between. For example, in Washington, D.C, the dark

1 spectrum between analog broadcast on Channel 20 and Channel 22
2 could be used for digital transmission. in other words, it's
3 the space that would be filled by a Channel 21 if you had a
4 Channel 21. So when we use the term digital spectrum, we're
5 talking about, for example, the 6 MHz in the space between
6 Channel 20 and Channel 22.

7 Digital broadcast licenses are assumed to be 6 MHz.
8 The 6 MHz can be used to transmit a wave, the wave can carry
9 bits, the digital Morse code for delivering voice or video or
10 data. The Grand Alliance transmission standard can use 6 MHz
11 to deliver almost 20 million usable bits per second.

12 The transmission standard can be used to deliver
13 different amounts of bits to display different formats. A
14 very high resolution format will require more bits than a less
15 high resolution format. A progressive format will require
16 more bits than an interlaced format.

17 High definition, as opposed to digital, is just one
18 of many digital formats. High definition is a synonym for
19 highest resolution, and it requires more bits, obviously, than
20 a less high resolution format. Standard definition is a
21 synonym for a format that has a less high resolution than high
22 definition, and it requires less bits but it still produces
23 some terrific pictures.

24 As the engineers have explained to me, the fewer
25 bits that are used for the picture, the more pictures or

1 programs that can be simultaneously delivered by the bit
2 stream. So, for example, if a broadcaster elects to use a
3 standard definition format for digital transmission, the
4 broadcaster probably can send more simultaneous programs.

5 So that's how the experts have explained it to me
6 and ask you to pass on to you and hopefully the many experts
7 who will testify today can build on this brief introduction.
8 In particular, I would like to call your attention to the
9 display of digital video technology at 2000 M Street. It will
10 be open all day today through lunch until 5:30 p.m., and I
11 particularly would like to thank the following companies who
12 set up the displays: The Grand Alliance, Texas Instruments,
13 USSB, DirectTV, Sony Corporation of America, NBC, Inc., Hitachi
14 of America, Microsoft Corporation, and CBS, Inc. If a picture
15 is worth a thousand words, their displays are worth a million
16 bits, and I strongly urge you to visit the site.

17 The digital spectrum is beachfront property on the
18 Cybersea, and, as we all know, Congress and the Administration
19 are discussing whether the licenses to use the digital
20 spectrum should be auctioned. The other apparent possibility
21 is to give the digital spectrum licenses to today's analog
22 broadcasters, and then retrieve, for the public, the analog
23 licenses on some date certain, or when certain conditions are
24 met. Then the analog spectrum could be auctioned. We're
25 happy to hear anyone's comments on this subject, but, of

1 course, these questions will be decided by Congress and not
2 the FCC.

3 Whoever receives the digital spectrum licenses, and
4 however they are meted out, the FCC needs to decide whether
5 there should be any restrictions on the use of the licenses.
6 Should we order that only one transmission standard be used?
7 Should we order that that transmission standards should be
8 used to deliver only one particular format? For example,
9 should we order that only the very high resolution format
10 called High Definition is permissible as a matter of law? Or
11 should we order that only progressive scan formats are
12 permissible as a matter of law? Or should we strive to be
13 deregulatory and to keep our mitts off the marketplace?
14 Should we follow the advice Jack Nicholson gave in the movie
15 "Chinatown," to avoid mistakes, do as little as possible.

16 Well, as opposed to interfering with business
17 judgements about transmission standards and formats, a
18 different question is whether the FCC should ask licensees of
19 analog or digital spectrum to deliver programs that serve the
20 public interest in ways that mere marketplace competition
21 might not do. It comes as no surprise to anyone that,
22 speaking personally, that I'm very interested in hearing the
23 views of the panelists about the possibility of using the
24 increased capabilities of digital transmission to serve the
25 ends of children's education and reform of the campaign

1 process. It is certain that digital transmission will
2 increase the number of TV programs broadcast over the air.
3 Doesn't that mean that it can also increase America's ability
4 to use the wonderful medium of broadcast to serve all the
5 dimensions of the public interest.

6 The great thing about today's open meeting is that
7 this is the right time and the right place to talk about the
8 future of television in this country. There is an historic
9 moment similar to the late 1940s when the FCC and Congress
10 made the fundamental decision that shaped the analog
11 television of the last half century. So let's all recognize
12 that none of us want to use this opportunity -- none of us
13 want to let this opportunity go by, none of us want to pass
14 it up. We want to debate vigorously, with good cheer and
15 optimism, all the questions and the many answers that digital
16 TV generates. Thank you. Commissioner Quello.

17 COMMISSIONER QUELLO: You bet. Very fine statement
18 and mine will be much less technical. But I hope that maybe
19 years from now, during my fifth and sixth term as
20 Commissioner, I hope to be able to say I was there when HDTV,
21 the greatest invention since color television, was just a
22 glimmer in the FCC's eye, and I hope to be able to look around
23 at the dramatic and widespread public excitement about high
24 definition pictures, at the high penetration levels of digital
25 television that surpass all instruments, and at the

1 proliferation of high definition programming, and at a
2 stronger than ever broadcast industry available free to all
3 the public.

4 However, this day may never come if the Commission,
5 the Congress or the White House makes any serious missteps in
6 the rollout of advanced television. Perhaps the biggest
7 threat, in my mind, would be a decision to either auction the
8 digital channel or to compress the transition to an advanced
9 television to such a short period of time that both
10 broadcasters and consumers would be threatened.

11 Should the government and the American public
12 eventually recover the value of the 6 MHz the broadcasters
13 relinquish? Absolutely. However, they should not be forced
14 to choose between an early return on spectrum and a viable-
15 free advanced television system, and I think transition to
16 HDTV must be a progressive evolutionary process.

17 I will, therefore, be focusing my energies in this
18 very important proceeding, on insuring that high definition is
19 a success for consumers and broadcasters alike. While the
20 goal of a balanced budget is vital to the future of our
21 democratic society, it should not be accomplished by
22 threatening the position of the United States in the global
23 economy or by impeding the ability of broadcasters to bring to
24 every home in America the next and best generation of free
25 television.

1 So I look forward to hearing all of the varied views
2 of this very expert group of panelists. Thank you.

3 COMMISSIONER BARRETT: Thank you, Mr. Chairman. My
4 learning curve becomes a regressive on when listening to
5 myself, so I choose, Mr. Chairman, to put the statement
6 wherever it goes in the record, give it to everyone and to
7 compliment you and Commissioner Quello for your overview. But
8 I also wanted to follow-up on what the chairman had suggested,
9 and that is to take a tour of the -- what's the address, 2000
10 M Street. I went over yesterday and caught a cold from
11 Commissioner Chong yesterday and I thought that we would also,
12 Mr. Chairman, I'd like to advice everyone, go see Stan
13 Hubbard's son, and you can see what a bright child of his
14 mother, he took after his mother, obviously, but go see Rob
15 Hubbard, who makes a great presentation, Mr. Chairman, who you
16 did see yesterday, and it's an excellent overview.

17 And I want to compliment Chairman Wiley for all of
18 his hard work, and I will forego the statement, Mr. Chairman,
19 and make it part of the record of whatever it is we're doing
20 here today. Thank you very kindly.

21 COMMISSIONER NESS: Mr. Chairman, the subject of
22 this En Banc, whether and how we transition our television
23 broadcasting industry from an analog to a digital system, is
24 perhaps the most challenging issue facing the Commission
25 today. But we're not alone.

1 It is challenging for broadcasters who must decide
2 whether to invest billions of dollars in new equipment without
3 new revenue streams to cover capital costs and without
4 assurance that their audiences will follow.

5 It is challenging for Wall Street, which is not
6 certain such an investment will succeed. It's challenging for
7 video providers, who want the opportunity to compete for
8 digital licenses. It's challenging for consumer, electronics
9 and computer manufacturers, who much rapidly roll out
10 equipment to retrofit our video population.

11 And above all, it will be challenging for consumers
12 who are mostly unaware that in a decade or so, their analog
13 television sets and VCRs may become obsolete.

14 Digital broadcasting offers a future that is full of
15 promise. One need only visit the advanced television
16 demonstrations across the street to appreciate the
17 extraordinary progress that has been made to date. Many have
18 labored to achieve what is truly a remarkable product, the
19 Grand Alliance standard. I want to express my appreciation
20 publicly to Chairman Dick Wiley and his committee for their
21 very fine work.

22 We're at a crossroads in this country, should we
23 proceed with the digital transition as proposed or should we
24 consider other options? I begin today's hearing with some
25 preliminary thoughts:

1 First, free, over-the-air broadcasting provides and
2 invaluable service to the American public. It serves us all
3 any time, any place, rich or poor, urban or rural. It
4 educates, informs, and entertains. When widely held, its
5 diversity of voices serves as an insurance policy for our
6 democracy.

7 Among video distributors, only broadcasting is
8 available as a free advertiser-supported service throughout
9 the country. We must be cognizant of the millions of
10 consumers who depend upon broadcasting for their news and
11 entertainment. Whatever we do, we must ensure continued
12 service to all, including those who cannot or choose not to
13 subscribe to pay services

14 Second, of all the video competitors, only
15 broadcasters much receive this Commission's blessing before it
16 can upgrade its service to digital. Cable can be digital
17 without FCC's permission. DBS already is digital and can
18 provide high definition if it so chooses. Video dial tone,
19 wireless cable, and LMDS are all planning to go digital. If
20 our goal is to promote competition among video providers,
21 broadcasters must have the digital tools to compete.

22 Third, the Grand Alliance system was carefully
23 crafted through a very public process. It was designed,
24 developed, and paid for, not by government, but by private
25 industry. The broadcasters, both commercial and public, as

1 well as cable, computer, manufacturing and film industries,
2 invested their time and their talents. Extraordinary efforts
3 were made to accommodate every sector without sacrificing the
4 goals of digital broadcasting.

5 The Grand Alliance standard provides great
6 flexibility, is computer friendly, and has plenty of headroom
7 for new advances. And it is homegrown. It has the potential
8 to expand domestic jobs and grow industries. Advocates of
9 other systems will have a high burden of proof.

10 Fourth, spectrum is a national resource. We must
11 ensure that it is efficiently used. As I study various
12 spectrum transition scenarios for broadcasting, I will be
13 focusing on both short-term and long-term benefits,
14 particularly the possibility of freeing up 100 to 150 MHz at
15 the end of the process through increased efficiency.

16 Fifth, historically, broadcasters were viewed as
17 stewards of the airwaves. In this special position of trust,
18 broadcasters were given mandatory carriage and channel
19 positioning on cable systems. In exchange, broadcasters were
20 expected to serve local communities in "in the public
21 interest." If incumbent broadcasters are to receive a free
22 second channel for digital conversion, I want to know more
23 clearly how their public interest obligations will be
24 fulfilled.

25 Finally, and most importantly, our decisions must be

1 in the public interest. I want to better understand the
2 impact that our digital television proceeding will have on
3 consumers. If we go ahead, for the first time, a major
4 transition will not be backwards-compatible. I therefore want
5 to examine what maximum public benefit we can have while
6 minimizing disruption and cost.

7 These are some of my thoughts, Mr. Chairman, and I
8 look forward to hearing our distinguished panelists' comments
9 on these issues. Thank you.

10 COMMISSIONER CHONG: I just want to clarify that it
11 was Commission Barrett that had the cold yesterday, and I'm
12 pretty sure he sneezed on me when we were looking at Stan
13 Hubbard's and I woke up this morning with a runny nose, so
14 it's your fault.

15 I wanted to add my thanks for everyone coming. I
16 know you have busy schedules and the fact that you all made it
17 is terrific. I wanted to thank the staff, first of all, for
18 pulling this hearing together. I think that I was the one
19 that asked for this back when we were doing the digital notice
20 because there was a lot to learn, both policy-wise and
21 technology-wise and I thought this might be helpful that we
22 would all focus.

23 It seemed to me, back then, that a lot has changed
24 since the first decisions were made about digital television
25 and it was important for us to have a thorough understanding

1 of where our technology had brought us at this moment in order
2 make good decisions going forward. I wanted to state up front
3 that I have a very central concern, and that is, preserving
4 and promoting free over-the-air television, which I think is
5 central to a democratic society. And, as a result, I think
6 that the transition that we're going through from analog to
7 digital is inevitable and we can't really expect broadcasters
8 to maintain their audiences if they're going to be in a
9 Startrek era with Gunsmoke technology.

10 So these are the concerns I'm going to be asking
11 about when we get to the panelists. We have said that we
12 think that the principal use -- I have said that the principal
13 use of the spectrum ought to be for free over-the-air
14 broadcasting. Is this going to be a reasonable approach given
15 the increased flexibility broadcasters will get when they
16 transition to digital? And if broadcasters do use the
17 spectrum for ancillary uses, non-free broadcast, I want to
18 know whether it would be fair to make them pay for that.

19 Secondly, in past decisions, the Commission has
20 decided to loan a second 6 MHz channel to broadcasters to
21 avoid disenfranchisement of viewers during the transition, and
22 I want to know whether this approach is still the right one,
23 given that some parties have expressed some interest in
24 standard digital channels that might possibly require less
25 than 6 MHz. And if we do allocate less than 6 MHz, doesn't

1 | this undercut the very commendable and impressive achievements
2 | of the Grand Alliance. As a world leader in HDTV right now,
3 | why would be backtrack on that decision at this point?

4 | If this transition happens, how do we ease the
5 | transition? This is the primary area of my concern. What
6 | would a reasonable transition period be? Can we learn from
7 | any past experiences, such as the transition from black and
8 | white to color, or the introduction of CD-Rom and what about
9 | consumers? I shudder to think about what would happen when
10 | Aunt Beulah turns on her analog TV in 10 years and it doesn't
11 | work. There's going to be a couple of irate phone calls made
12 | at that point.

13 | So how do we ease the transition for consumers,
14 | what's reasonable, and what about the impact of the transition
15 | on the small and the medium-sized broadcasters, including
16 | community broadcasters? What about public television stations
17 | which are suffering from budget cuts right now? I want to
18 | hear ideas on how we can accommodate the needs of these
19 | broadcasters.

20 | And finally, spectrum efficiency, are there ways we
21 | can manage the transition to maximize the use of the spectrum,
22 | freeing up valuable spectrum for other uses is a very
23 | important governmental interest.

24 | So, that's plenty to ask about, I look forward to a
25 | full and lively discussion and I thank you again for coming

1 today.

2 COMMISSIONER HUNDT: Thank you very much. Let me
3 move quickly into the panel. First, I'd like to note the
4 addition of Andy Lippman from the MIT Media Labs to the panel
5 over here on this side, and thank you very much, Andy, for
6 coming. And before I kick it off by asking foreman chairman
7 Dick Wiley, who also the chairman of the advisory committee to
8 make the first remarks, I'd like to especially acknowledge
9 people on the FCC staff who are responsible for all of the
10 work behind this particular day: Donna Jean Ward, Roger
11 Holburg, Alan Cohen, Dan Bring, Brett Tanitser, Mary Beth
12 McKerrick, Manya Bagdadi, Tom Tanosovich, and in particular,
13 probably the key person in the Mass Media Bureau for this
14 whole effort, who has been providing us all on the Commission
15 tremendous assistance, Saul Shapiro.

16 The timekeepers are harsh and strict
17 disciplinarians. They have cards to warn everyone, including
18 the Commissioners, of how short the time is and if you go over
19 their rules, they will leap across the table and choke you
20 until you stop, an embarrassing experience that all of us will
21 want to avoid by simply following their advice. Dick.

22 MR. WILEY: Mr. Chairman, Commissioners, it is a
23 privilege to appear before you this morning. Each of you has
24 received the Advisory Committee's final recommendation. I
25 won't take the time to discuss this conclusion this morning.

1 Suffice is to say, that the Grand Alliance's digital standards
2 represents world leading technology --

3 (Bad mike, unable to hear.)

4 MR. WILEY: I'll start. Mr. Chairman,
5 Commissioners, it's a privilege to appear here. Each of you
6 has received the Advisory Committee's final recommendation. I
7 won't take the time to discuss its conclusions. Suffice it to
8 say that the digital TV standard of the Grand Alliance
9 represents world leading technology permitting ATV's dazzling
10 pictures and sound, multiple SDTV programming, and myriad NII
11 data services and all on a dynamic basis.

12 In my written testimony I describe some of the key
13 technical issues that the Advisory Committee faced including
14 progressive scanning versus interlaced scanning. Now, as you
15 know the Grand Alliance technology incorporates both formats
16 at minimal additional cost, thus reasonably meeting the needs
17 of all affected industries. As such, and let me emphasize
18 here, it would represent the world's only progressively
19 scanned television system and with fully advances and
20 compression technology, it should be possible to migrate to an
21 all progressive scanning format in the future.

22 Now, let me offer my own brief rules on four
23 criticisms of the FCC's long-standing ATV program. First,
24 that the FCC's planned transition to digital television
25 represents a "give away" of valuable frequencies to existing

1 | broadcasters. But in reality, it is only an exchange of one
2 | spectrum block for another with, with the public ending up
3 | with a greatly enhances video service in the process.

4 | Second, that the digital channel, so to speak,
5 | should be auctioned, but this could disrupt the Commission's
6 | orderly transition plan and likely deprive broadcast viewers
7 | of the full advantages of ATV. A better alternative, in my
8 | view, is to auction the returned and probably more valuable
9 | channel.

10 | Third, broadcasters might be given less than a full
11 | 6 MHz channel, but the Grand Alliance system cannot be sliced
12 | up in this manner. Instead, an entirely new transmission
13 | system would have to be designed and tested, assuming anyone
14 | had the financial incentive to do that. And in the meantime,
15 | the American public would be deprived of the services provided
16 | by digital HDTV including NII interoperability, and the United
17 | States might well lose its position of clear technical
18 | superiority which ultimately should add greatly to our
19 | economy.

20 | Fourth, and finally, that the lower resolution SDTV
21 | is just as good as HDTV. But the hundreds of advisory
22 | committee technical experts and lay viewers did not see it
23 | this way. The truth is that high definition television
24 | represents a whole new video platform and a quantum leap
25 | forward in the state of the art. Fortunately, however, the

1 Grand Alliance's supple framework eliminates any need for
2 choice, we can have both HD and SD.

3 In all, ladies and gentlemen, the United States and
4 the FCC stands today on the threshold of an exciting new video
5 era. But to bring it to fruition, a new television
6 transmission standard should be should be established and I
7 urge you to do so as soon as feasible. Such an action will
8 make it possible for the American public to enjoy the greatest
9 advance ever in broadcast and video technology. Thank you,
10 and good luck.

11 COMMISSIONER HUNDT: Mr. Rattner.

12 MR. RATTNER: Speaking as a member of the financial
13 community, I believe that the financial world will ultimately
14 consider what emerges from these deliberations with two
15 parameters in mind, certainty and flexibility. Investors have
16 traditionally favored the media industry for a variety of
17 reasons, strong financial performance being, of course, the
18 principal one. But investors have also appreciated that while
19 certain sectors of the media industry have been heavily
20 regulated, that regulation has been accompanied by a degree of
21 certainty.

22 For example, in financing television stations, Wall
23 Street has been able to assume with confidence that station
24 licenses would continue to be renewed, that no fees or taxes
25 would be levied on the spectrum, and that no other significant

1 | regulator action would impede the ability of broadcasters to
2 | earn profits while meeting their public service obligations.

3 | In contrast, that confidence was somewhat shaken in
4 | recent years with regard to the cable television industry, as
5 | we went from regulation to deregulation and back to
6 | regulation. While I know from my own experience in Washington
7 | that regulators by and large take their responsibilities very,
8 | very seriously, the inevitably tortuous process of developing
9 | new regulatory frameworks can cause considerable angst on Wall
10 | Street.

11 | Thus, my first suggestion is that whatever policies
12 | are developed with regard to the new spectrum be specific,
13 | clear, as simple as possible, and subject to as little change
14 | as possible after their adoption. To the extent that the
15 | Commission can convey such an approach convincingly to Wall
16 | Street, the ability of broadcasters to raise capital to
17 | finance ATV projects will be enhanced.

18 | The second principle that I would set further would
19 | be flexibility. Wall Street recognizes the extent to which
20 | the media and communications businesses are changing. Take,
21 | for example, the matter at hand. Five years ago, HDTV
22 | appeared to be the focus of attention in this area. Today,
23 | opinions differ dramatically on the best use of new available
24 | spectrum. Since we all have difficulty predicting new
25 | technological developments and consumer preferences, investors

1 generally hope that the government will let companies make
2 their own strategic choices. This can also be viewed as in
3 the public interest as it is likely to maximize the chance
4 that whatever services are provided are those of greatest
5 interest to consumers.

6 This is certainly true in the case of digital
7 television, which has the potential to provide new services
8 for consumers and help insure that broadcasters become active
9 participants in the next phase of information delivery.
10 Specifically, I think investors are most interested in the
11 opportunities for multiplexing and new communications services
12 since it is hard to see how HDTV alone will generate
13 sufficient additional revenue to fund major capital
14 expenditures. Regulatory action that limited broadcasters'
15 ability to enter new businesses would almost certainly
16 decrease the availability of capital for digital conversion.

17 None of this should be construed to mean that there
18 are not circumstances under which the FCC should mandate
19 service. History suggest that in some instances, such as the
20 introduction of UHF, mandates are essential to generating
21 consumer interest. Certain common technical standards may
22 also well be sensible. We simply must weigh very judiciously
23 the benefits of the mandate against the market's potential to
24 determine the best available use of resources.

25 These two principles are the major thoughts that I

1 | would like to convey today, and I thank you all for letting me
2 | appear.

3 | MR. GREBOW: Mr. Chairman, Commissioners, TELE-TV is
4 | a partnership formed by Bell Atlantic, NYNEX and the Pacific
5 | Telesis Group. We announced in October of '94 our intention
6 | to offer a wide range of advanced television programming,
7 | consisting of both "traditional" channels as well as
8 | communications and interactive capabilities. We will launch,
9 | by the end of 1996, through digital wireless transmission and
10 | hybrid fiber-coax cable, as well as on switched digital
11 | (fiber-to the curb) systems to be deployed by our partners
12 | beginning in 1997.

13 | TELE-TV promises a new generation of television,
14 | offering not only unequalled breadth, diversity and quality,
15 | but also interactivity and interconnectivity available today
16 | only in the telephone environment. TELE-TV thus represents a
17 | convergent blending of the best of telephone, computing and
18 | television.

19 | The Commission has asked whether digital technology
20 | will make broadcasters a more effective competitor in the
21 | increasingly challenging video marketplace. I think the
22 | answer to that question is a clear yes. Digital technology
23 | will allow broadcasters to offer both high definition
24 | television and multiple free over-the-air standard definition
25 | television, neither of which broadcasters can do today.

1 Should the Commission decide to allocate free
2 spectrum for the conversion of broadcasting to digital
3 technology, we believe that the Commission should continue its
4 policy of promoting HDTV. Specifically, the Commission should
5 encourage broadcasters to offer a minimum amount of HD
6 content.

7 There are several sound public interest reasons for
8 such an approach: the public interest in assuming technical
9 excellence in the broadcasting service, the public interest in
10 stimulating the marketplace for new and innovative HDTV
11 digital TV sets and the public interest in avoiding confusion
12 between standard definition and HD standards.

13 The Commission has also asked about the impact of
14 broadcasters' use of digital technology on broadcasters'
15 competitors. Aside from additional competition, about which
16 we do not believe that competitors can complain, there are two
17 policies the Commission should refrain from adopting to avoid
18 adverse effects on competition in innovation.

19 First, the Commission should not mandate the
20 carriage or processing by competing media of any non-free
21 over-the-air service offered by broadcasters. We acknowledge
22 the powerful arguments, both for and against mandatory
23 carriage requirements, for free over-the-air broadcast signals
24 in the analog domain. However, should broadcasters be
25 permitted to use new digital technology for other than free

1 over-the-air broadcasting, they lose, it seems to me, their
2 unique and powerful public interest arguments. Like any other
3 competitor, these carriage arrangements should be worked out
4 in marketplace negotiations.

5 Secondly, the Commission should continue its policy
6 of not requiring other media to utilize transmission schemes
7 compatible with the Grand Alliance HDTV System, or set
8 specific signal or equipment standards for this purpose.
9 Specifically, the Commission should not take any steps to
10 impose mandatory standards or other regulatory constraints on
11 the wide range of innovative proprietary set-top boxes now
12 being introduced into the marketplace. Such a policy avoids
13 action that might inhibit the rapid innovation of digital
14 technology in non-broadcast media.

15 In closing, I want to take this opportunity to
16 congratulate the Commission on the work it has so successfully
17 overseen in this field. Thank you very much.

18 COMMISSIONER HUNDT: Thank you, Mr. Braun.

19 MR. BRAUN: As president of the NBC Television
20 Network, I'm honored to be here today to discuss digital
21 broadcasting. NBC shares the excitement over the potential of
22 digital broadcasting but my goal today, is to ask you to
23 evaluate everything you hear against one seminal principle.
24 Please make sure that FCC rules and policies give broadcasters
25 the opportunity to compete on a level playing field in the