1 interest obligation has always been a dynamic concept. It has
2 changed over time, it has changed in response to perceived
3 needs of communities and express desires of communities. It's
4 changed with changes in technology and the difficulty in
5 answering that question is like Mr. Diller, I feel somewhat on
6 shaky grounds in terms of predicting how this technology is
7 going to emerge. Some have hypothesized the world in which
8 broadcasters are, in fact, using the spectrum principally to
9 multiplex and therefore have increased airtime opportunities
10 available to them. I do know, that in today's marketplace,
11 broadcasters are trying to differentiate themselves through
12 localism. More than ever before, I think broadcasters are
13 trying to get a feel for what the needs of the local community
14 are, programming to those local needs in part because of the
15 public interest obligation and in part because it's perceived
16 to be good business and in this one instance, the two ideas
17 happily coalesce. And I believe that if, in fact, the digital
18 world unfolds, in a way so that there is, in fact, multiple
19 channels available to broadcasters, that that same drive to
20 accommodate localism would lead broadcasters voluntarily to
21 increase the amount of local news and information and
22 educational program they have.
23 COMMISSIONER CHONG: Mr. Siegel, would you like to
24 comment?
25 MR. SIEGEL: I would agree 100 percent with the

1 concept that it's good business to be involved with your local
2 community and that's what we do. And in terms of quantitative
3 percentages or numbers, I think that we run a great risk that
4 we all want to provide quality entertainment product and
5 quality public service product and we all strive to achieve
6 that. But when you start getting into percentage numbers,
7 you'll find that that will result in the lowest common
8 denominator of that percentage. Currently, we exceed a number
9 of our stations the minimums that are recommended, if you
10 will, are the ones that are being bandied around. But I think
11 that, quite frankly, you'll find that it will be
12 counterproductive to have percentages and it may, in fact,
13 result in harming the very system of free television that, I
14 think, we all hope to preserve.
15 COMMISSIONER CHONG: Thank you.
16 COMMISSIONER HUNDT: Mr. Braverman, right now all
17 the educational TV for kids that ABC provides in its national
18 feed it does so voluntarily, is that your view?
19 MR. BRAVERMAN: On the network level, that is
20 correct, because, so far as I'm aware, there are not legal
21 obligations imposed on the network.
22 COMMISSIONER HUNDT: And how many hours is ABC
23 providing on the network level of educational TV for kids
24 using whatever definition you feel comfortable with?
25 MR. BRAVERMAN: Two hours.

1 COMMISSIONER HUNDT: Two hours, and is that
2 generally true for ABC-owned stations as well, that they're
3 showing two hours?
4 MR. BRAVERMAN: It is generally true that the ABC
5 owned stations are showing more than two hours.
6 COMMISSIONER HUNDT: At least two?
7 MR. BRAVERMAN: Oh, yes.
8 COMMISSIONER HUNDT: I'm not trying to hold you to
9 the numbers, but --
10 MR. BRAVERMAN: No, no, at least two.
11 COMMISSIONER HUNDT: Now, if it turns out that all
12 the ABC stations receive a digital broadcast license, and if
13 it turns out in the marketplace during most hours of the day
14 they choose to multicast, in other words, deliver, let's say,
15 four different programs simultaneously. I don't think those
16 are unreasonable assumption, at least for the sake of a
17 question. Could we count on ABC to multiply by four the
18 number of hours of educational TV that would be provided, two
19 times four equals eight?
20 MR. BRAVERMAN: I don't know the answer to that
21 question. The fact in thinking through the digital world, it
22 may be that we're constrained in our imagination but thus far,
23 our thinking has been essentially to offer a simulcast feed of
24 existing NTSC service, upgraded to high definition quality for
25 a certain number of hours a day and migrating to more and more

1 of a mix of ATV quality and HDTV programs. So I don't -- we
2 really -- I haven't thought through what the multiplication
3 factor is. I think the principles that would govern us are
4 the ones that I identified in response to Commissioner Chong's
5 questions.
6 COMMISSIONER HUNDT: So isn't fair to say that in
7 the absence of a rule requiring you to do a certain minimum
8 amount of educational TV with a digital license, we can't
9 count on any specific result, not right now.
10 MR. BRAVERMAN: If you're asking --
11 COMMISSIONER HUNDT: Not predictable and we can't
12 get a commitment from ABC anyhow --
13 MR. BRAVERMAN: I think if you get a commitment from
14 ABC that we will do our best to respond to the needs of our
15 local communities with regard to that aspect of our public
16 interest obligation.
17 COMMISSIONER HUNDT: Mr. Siegel, you said that you
18 consider children's programming to be part of the public
19 interest obligations that your stations have for analog
20 broadcast right now. That's a fair repeat of your statement,
21 isn't it?
22 MR. SIEGEL: Yes.
23 COMMISSIONER HUNDT: Does that -- did you mean to
24 include specifically children's educational TV within that
25 category?

1 MR. SIEGEL: Well, we would include the whole
2 panoply of what's being applied to the --
3 COMMISSIONER HUNDT: Yes, but did you mean to
4 include children's educational TV?
5 MR. SIEGEL: Well, I would assume so, yes.
6 COMMISSIONER HUNDT: Okay, now, if you used your
7 digital license for most hours of the day to deliver four
8 programs simultaneously, could we count on your to quadruple,
9 multiply by four, whatever number of educational TV hours
10 you're now showing?
11 MR. SIEGEL: I don't think I would like to commit to
12 that because I think that the digital age will enable us to do
13 many things that we're not even fathoming right now to, in
14 essence, to provide the same kinds of goals that we're trying
15 to achieve to children. For example, we may decide that while
16 with multiplexing, which, quite frankly, I disagree with
17 others that that's a real likely scenario, but if you assume
18 multiplexing you might still have room to sent data in the
19 form of textual materials to computers for children to
20 interact with for them to further expand their knowledge and
21 awareness about the subject matter that you're broadcasting.
22 But, quite frankly, right now, we really don't know how that's
23 going to unfold, and so to put these requirements upon
24 broadcasters in the face of, quite frankly, not having
25 resolved them in the analog domain, I think that we're a

1 little premature and that the digital spectrum is going to be
2 a fluid arena and I think you're going to find that it's going
3 to be good business for ABC or for Silverking stations to send
4 out that material.
5 COMMISSIONER HUNDT: But, Mr. Siegel, while I
6 certainly am excited about the notion of broadcasting software
7 programs over-the-air to children with computers, you'll grant
8 me that I ought to have some concern about children who don't
9 have the money to afford computers and who might want at home
10 to be able to watch educational TV for free over-the-air, so
11 if we give you a digital license and you get four times as
12 many hours of programming, isn't it reasonable for me to ask
13 that you multiply by four the amount of free over-the-air
14 educational TV you're providing for the kids of America?
15 MR. SIEGEL: I agree that it is reasonable for you
16 to ask, but I do not --
17 COMMISSIONER HUNDT: Well, that's all I wanted to
18 know, if I could ask anyone and still be considered to be
19 reasonable and I would like to ask you, Mr. Braverman, if you,
20 very briefly, could tell me if you could estimate how much
21 money the public would get if we auctioned the digital
22 spectrum instead of gave it to today's analog broadcasters.
23 MR. SIEGEL: I really don't have a number. I
24 suspect that the numbers that have been bandied about greatly
25 overstate the value because I am not --

1 COMMISSIONER HUNDT: Would you tell me what number
2 is overstated and then I'll assume that a lower number states
3 it.
4 MR. SIEGEL: I've seen 11 billion to 70 billion --
5 COMMISSIONER HUNDT: Well, what's your view at?
6 MR. SIEGEL: I don't have a view because I haven't
7 tried to quantify it. But let me just say -- make one point
8 which regard to that.
9 COMMISSIONER HUNDT: That's all right, if you don't
10 have a view, I'll get back to you later.
11 MR. SIEGEL: Can I just make this one --
12 COMMISSIONER HUNDT: Does anyone here have a view
13 that they're willing to share with us concerning how much we
14 could get in an auction? Anyone?
15 MS. ANDERSON: Well, I have a view?
16 COMMISSIONER HUNDT: How much?
17 MS. ANDERSON: Well, the FCC's report is anywhere
18 from 11 billion to 70 billion. As you will recall in a --
19 COMMISSIONER HUNDT: That's all right, that's enough
20 for me. Do you agree with that?
21 MS. ANDERSON: Well, I would go as high as $500
22 billion according to William Safire -- panelist.
23 COMMISSIONER HUNDT: All right, suppose we could
24 get, in an auction, between 11 billion and 500 billion,
25 anywhere in that range, or suppose Mr. Braverman is right,

1 that it's worth less than that. Mr. Siegel do you think it's
2 reasonable for the country to ask that we get something in
3 return from that in terms of specific public interest
4 obligations that would be performed?
5 MR. SIEGEL: We are performing the public interest.
6 You're asking for --
7 COMMISSIONER HUNDT: I'm just asking if it's
8 reasonable to give away spectrum worth whatever number,
9 hundreds of millions or billions of dollars and not ask, at
10 the same time, for specific public interest obligations to be
11 performed.
12 MR. SIEGEL: You are asking and we are satisfying
13 the public interest.
14 COMMISSIONER HUNDT: So you agree we could ask for
15 that?
16 MR. SIEGEL: Oh, I'm suggesting that we do serve the
17 public interest and I think your question is asking --
18 COMMISSIONER HUNDT: I'm not suggesting you don't.
19 We're at the end here, so we'll have to wait to the next round
20 to carry this on. Mr. Quello.
21 COMMISSIONER QUELLO: Mr. Siegel, what would be the
22 economic impact on HDTV development of requiring broadcasters
23 to quadruple the amount of kids programming?
24 MR. SIEGEL: Well, I can't quantify about that
25 economic development, but I think that what you end up losing

1 in the imposing specific requirements on broadcasters, is you
2 end up losing creativity and innovation that is going to come
3 about in this new digital age. And I would suggest just one
4 more point, we really haven't resolved these issues in the
5 analog domain and what we're talking about is this
6 transitional period and we should let the new things that
7 broadcasters are going to be able the public emerge out of
8 that.
9 COMMISSIONER QUELLO: Um-hum, but there might be
10 other things, too, that will best serve the public interest.
11 Of course, maybe I should get the AARP up in arms, I'm doing
12 more for senior citizens, I mean, I've mentioned that.
13 They're completely neglected, the only reason they're
14 neglected is they don't ask for it, and yet they're the
15 largest voting block around. So I think I can go to two or
16 three of them and get them up in arms and maybe I should. But
17 anyway --
18 COMMISSIONER NESS: When you become a senior
19 citizen.
20 COMMISSIONER QUELLO: Nice shot, thank you. I owe
21 you a good one. Ms. -- again, what are the practical economic
22 implications of increasing dramatically the public interest
23 obligations of broadcasters? At the same time, we're, one,
24 requiring them to go through a lot of expense, I mean, there's
25 going to be a big investment in HDTV equipment and

1 transmitters without any receivers out there, and at the same
2 time, we are in an unprecedented multichanneled, multifaceted,
3 competitive communications marketplace, 1,500 commercial
4 stations, four networks, two emerging networks, 363 public
5 stations, more than 159 cable channels, more coming on. Video
6 dial tone coming, DBS already here, MMDS coming here. And you
7 want more for someone that's going to spend a lot of money on
8 a new technology?
9 MS. ANDERSON: You're asking a lot of questions but
10 let me try to answer them one at a time. First of all, we're
11 heard a lot of people on this panel and the previous panel
12 that belief of interest is good business. So, I guess, I'm
13 saying -- asking what the problem is. And again, I'm asking
14 for increased public interest obligations because broadcasters
15 are getting a huge benefit. They're getting the opportunity
16 to do far more than they did before. And lastly, I want to
17 address this --
18 COMMISSIONER QUELLO: That's unproven, but go ahead.
19 MS. ANDERSON: -- this -- of environment. Well,
20 it's unproven, and as Mr. Siegel says, we don't know if we can
21 multichannel, we don't know what we can do, this was in my
22 written and oral testimony. If broadcasters don't know what
23 can be done and what can't be done, what's the rush, or maybe,
24 why shouldn't we let the marketplace decide. Let me address
25 your question about, you know, the -- of environment. I'm

1 sure you saw in Saturday's Washington Post there was an
2 article about how video-on-demand is going down the drain.
3 When people talk about, you know, all the competition that's
4 there, the fact remains is that broadcasting is the No. 1
5 place where people get their information in this country and
6 the rating shares of the three networks dwarf -- well, of all
7 the cable -- if you took all the rating shares of all the
8 cable networks combined, it would barely reach the rating
9 share of one of the networks. Broadcasting is thriving and
10 they're thriving partially because they get benefits like must
11 carry and they get free use of the spectrum right now. So I
12 am -- I guess, I can't agree with your premise that
13 broadcasters are being crushed by the competition. I think
14 they're coming out way ahead and I'm not convinced that more
15 public interest benefits will kill them.
16 COMMISSIONER QUELLO: I'm not saying they're going
17 to be crushed by competition, but all these other channels
18 also have advertisers and that's a source of revenue and that
19 revenue will decrease. Now, broadcasters still do pretty
20 well, but, you know, network penetration went from 90 percent
21 to 58 percent, it's going to go down more. Now, cable maybe
22 only has one or two percent, but you've got enough one and two
23 percents and that accumulates quite a bit. So I don't see
24 more -- I see more competition benefiting the public maybe
25 but, with more specific program that serves a public need, but

1 I don't see it as a great economic benefit for those that have
2 to compete with that many more channels.
3 MS. ANDERSON: Well, you're permitting -- by
4 allowing this, you're permitting, assuming multiplexing is
5 possible, which, I believe it is, you're allowing broadcasters
6 to become multichannel providers in this by giving them
7 digital channel and therefore that kind of goes to some of the
8 concerns Commissioner Chong has, I think they should be
9 subject to some obligations that multichannel providers have.
10 For example, the sort of the public access idea that I had,
11 cable operators have to provide it, why shouldn't multichannel
12 broadcasters be able to provide it.
13 COMMISSIONER QUELLO: Well, you have public stations
14 that -- 363 of them, you have broadcasters now with public
15 interest obligations, those issues programming, I said there's
16 about -- still 80 or 90 existing regulations and so on, and
17 overall, I think they do a better job than some of the
18 organizational money given credit for --
19 MS. ANDERSON: I agree.
20 COMMISSIONER QUELLO: However, it's good to exhort
21 people to do a better job of public service, I guess that's
22 what they're here for.
23 MS. ANDERSON: Let me make it clear that myself and
24 my organization has always thought that we had the best system
25 of broadcasting in the world. It can be better.

1 COMMISSIONER QUELLO: All right. I'm through.
2 COMMISSIONER HUNDT: Commissioner Barrett.
3 COMMISSIONER BARRETT: Thank you, Mr. Chairman. Mr.
4 Diller, you remember when you got $8 billion in the one series
5 of auctions, and I think that everyone here agrees with the
6 chairman that we would like to see more children's television
7 and more educational programming. We have a slight
8 disagreement on how do we get there, legislatively or do we
9 get there administratively. If you had had a magic wand,
10 notwithstanding the fact that you're worth about $300 million
11 yourself, at last count, rather than taking part of the $8
12 billion and sticking it in your pocket in that beautiful home
13 that you have that I want to steal from you, what would you,
14 if you had a magic wand, based on your suggesting that
15 broadcasters should pay the going rate in programming in cash,
16 let's forget the programming and the cash aspect for right
17 now. If you had had the $8 billion which went down a dark
18 hole or something called a deficit or whatever, what would you
19 have done to reach the chairman and all of us, all our goals
20 in terms of more educational children's programming with the
21 $8 billion, rather than tacking onto companies an obligation?
22 MR. DILLER: I'm not so sure that it's quantifiable
23 in dollars, just as I'm not so sure about your dollar
24 evaluations of need, but --
25 COMMISSIONER BARRETT: Well, you know, do you

1 remember Everett Dirkson, another great Illinoisan? He said a
2 billion here and a billion there and after a while you talk
3 about money?
4 MR. DILLER: Well, I think this --
5 COMMISSIONER BARRETT: But you're too young to
6 remember Everett Dirkson.
7 MR. DILLER: I remember the hair, which, you know,
8 I'm envious to such things.
9 COMMISSIONER BARRETT: Okay, the white hair. It was
10 the same color as Don King's hair.
11 MR. DILLER: This is great, I don't actually have to
12 answer this. No, I really think that you're not going to get
13 this by any process, you're not going to get these things by
14 any, so to speak, absolutely quantifiable process. I do not,
15 by the way, believe as an aside, my premise is not that
16 broadcasters do not program in the public interest. What I do
17 think is, that as you look to what is happening today, or what
18 may happen today, or what has been proposed in the telecom
19 legislation which would go a long way towards removing what
20 was, which was shaky at best. Not under the wire, but shaky
21 at best. I mean -- ten years, now, it's eight years -- send
22 it in on a postcard and to toss the whole idea that all you do
23 is compete against the person down the road, is not, I think,
24 the way to preserve what has been a very, very good system. I
25 don't like it when I sit around a table with broadcasters and

1 some of them say, we shouldn't make any editorial judgements
2 whatsoever. Why should we have broadcast standards and
3 practices department, what's the point? Those guys don't down
4 the hall in cable or in other First Amendment situations, why
5 should we have to do that? I think that would deliver us a
6 kind of -- I think we'd lose a great deal. So what I want to
7 do is see it strengthen, I want to see it strengthen in a way
8 where broadcasters can say, look, this is what we think would
9 be good for our community and this is what we'll do and on
10 some scale, some reasonable rational scale, it seems like fair
11 quid pro quo for getting this free license and out of it will
12 come educational programming, if somebody wants to do it. Out
13 of it will come increased localism of a kind or out of it will
14 simply come a lessening in the erosion of standards that we
15 see all around us. I think those would all be good things,
16 but, I mean for --
17 COMMISSIONER BARRETT: Should it be done
18 legislatively or administratively?
19 MR. DILLER: Well, I think you have to set the
20 groundwork legislatively, I don't think -- I think if you say
21 to broadcasters, from now on you send it in on a postcard and
22 you don't have to do anything, I think broadcasters will
23 follow. I mean, frighten broadcasters in certain respects,
24 frightened properly, to the possibility that somebody's going
25 to take that very valuable license away from them, now do the

1 right tend to do the good thing in the breach. After a while
2 of doing it, if they keep getting reminded of doing it, they
3 actually take it on as a kind of proud responsibility. That
4 has begun to ebb, I think that's unfortunate and I think there
5 can be changes which put that back, then the balance will be
6 restored and everything will be fine.
7 COMMISSIONER BARRETT: Two quick questions, David,
8 two quick answers. Would you do it legislatively and how you
9 -- what would you have done with the $8 billion that we got?
10 MR. HONIG: I would have put it into a fund for
11 minority ownership. It would take at least that much to get
12 the kind of diversity that we would need. You would need
13 massive federal intervention to get full diversity.
14 COMMISSIONER BARRETT: How would you have done it,
15 legislatively or administratively?
16 MR. HONIG: Actually, I agree with Mr. Diller, you
17 need the Congress to set some parameters and the Agency to
18 implement them. In fact, I was surprised you agree with most
19 of them --
20 COMMISSIONER BARRETT: Let me ask another question.
21 Ms. Anderson, watch your partner there -- Ms. Anderson, would
22 you have -- what would you have done with the $8 billion, to
23 accomplish some of the things that I think we all want to
24 accomplish and contrary to public opinion, we all want the
25 same things, the question is, how do we get there,

1 legislatively or administratively?

2 MS. ANDERSON: Right. Well, first of all, I

3 surprisingly agree with just about everything Mr. Diller said.

4 COMMISSIONER BARRETT: Why stir the pot --

5 MS. ANDERSON: But what I think it needs to be done

6 legislatively that the people need to weigh in on this and the

7 recent precedent for what do you do with the $8 billion.

8 COMMISSIONER BARRETT: Okay, I understand this

9 precedent. Let me just ask because you and Barry are taking

10 up my time. What -- how would you have treated the $8 billion

11 that -- which was a great job, by the way, on the part of the

12 --

13 MS. ANDERSON: Well, assuming -- right, right.

14 Assuming it was not earmarked for deficit reduction as was the

15 case, as I said in the statement, and as Lawrence Grossman

16 said earlier, the historical precedent, the Moral Act, to have

17 the funds earmarked to the states for education technology

18 block grants, that would be the greatest, the best use of the

19 public resource and to get back to Commissioner Ness' point --

20 COMMISSIONER BARRETT: That's okay. They told me to

21 stop and I was going to go to Gigi, but I'll stop and come

22 back and some -- well, I won't see you all again. Great

23 panel, Mr. Chairman.

24 COMMISSIONER NESS: Thank you, Mr. Chairman.

25 Following up on this conversation, there are some who say that

1 there's, in essence, a fork in the road, we could allow
2 broadcasters to continue to have their special benefits, must
3 carry being one, we discussed that in the first panel a little
4 bit in terms of what that means in a digital world. We could
5 allow them to continue to have channel preferences in
6 placement and then also permit them to go for a transfer from
7 analog to digital with a temporary spectrum. And the reason
8 we do all that is, again, because of the public interest, the
9 benefits to the public that broadcasters have historically
10 provided. We had, on the other hand, a different perspective
11 and that is that there ought to be total flexibility, that it
12 really is a business that we've got to compete in the
13 marketplace and perhaps there ought not to be any specific
14 requirements on what a broadcasters ought to do. Then, might
15 it not be a better way, arguably, to just simply say, okay,
16 let's take the perspective digital channels, auction them,
17 take the revenues, as were suggested, and apply them perhaps
18 towards fulfillment of some of these public interest needs.
19 Anyone want to comment on which way we ought to go in terms of
20 broadcasting?
21 MR. BRAVERMAN: I think the latter would be a
22 terrible mistake and for a number of the reasons that Mr.
23 Diller spoke to eloquently a moment ago. However imperfect it
24 is, however frustrating it may be from time to time to deal
25 with the questions that this Commission has been wrestling

1 with over the past year or so about how do you enforce it, how
2 do you impose it, to go back to the question the Chairman put
3 to me, how can I be sure you'll do it. Those are all very
4 tough questions, but this country would be a lot worse off if
5 the companies that were providing the free over-the-air
6 system, did not believe and take to heart a responsibility to
7 operate in the public interest. Just speaking personally, we
8 have 28 people who do nothing but work in the standards and
9 practices division because they're mindful of the standards
10 questions that Mr. Diller was alluding to and fight against
11 the trends of caving into the fact that simply because there's
12 a competitive offering available on the wire, we, too, should
13 do it. We struggle, believe me, with questions about how do
14 we address the educational and informational needs of
15 children. We may come out differently, we may have
16 differences about quantification, but that is very much part
17 of their mindset and to go -- to approach the fork in the road
18 and to take the road that relieves people of those burdens, of
19 those responsibilities, however ill-defined they are and
20 frustrating to try to quantify, I think, would be a horrible
21 mistake for this country and I think would do a disservice to
22 the public.
23 MS. SOHN: But Commissioner Ness, what troubles me
24 is that what I haven't heard in two panels is anything from
25 any broadcaster saying what they're going to give back to the

1 public more than they have today, and I have to say that if
2 the result is complete flexibility that would permit
3 broadcasters to do one standard definition television service
4 and the rest non-broadcast or subscription, either auction it
5 or just give them enough, and I think my approaches in my
6 written testimony are very valuable. Even under an auction
7 scheme, you can still do the conversion to digital
8 broadcasting. You can have must carry for those that can't
9 afford to buy the spectrum, but I want to hear from the
10 broadcasters what they're going to give back to the public.
11 I'm not hearing it.
12 COMMISSIONER NESS: Mr. Siegel, do you want to
13 respond to that?
14 MR. SIEGEL: There is a fork in the road and it is a
15 very clear fork, every system is going digital, if we, as the
16 free broadcasters cannot transition to a digital transmission
17 system, we will be relegated as a third class, fourth class,
18 fifth class, I don't -- citizen down the road and the whole
19 system of free information and entertainment to the public
20 will go down the tubes because ultimately the pay services
21 will beat all of the ability for all of us to compete by
22 acquiring all the programming and being able to satisfy the
23 entertainment needs and there will be no regulation of those
24 services, and in terms of --
25 COMMISSIONER NESS: But why would the public suffer

1 from that, can you elaborate a little bit more?
2 MR. SIEGEL: Well, I get from the premise that right
3 now the free television industry offers value to the public.
4 We do not have currently information haves and havenots, we
5 have the potential for every household to access freely
6 television information. If we go down this road and
7 broadcasters are relegated to staying in the analog domain,
8 you will not have that.
9 COMMISSIONER NESS: Okay.
10 MS. ANDERSON: If I could just add --
11 COMMISSIONER NESS: Please.
12 MS. ANDERSON: You know, we're talking about public
13 interest in the abstract as if we don't have a track record,
14 almost as if it's a given that broadcasters are currently
15 meeting their public interest obligations. I don't think
16 that's the case, as I cited, actually citing the Chairman,
17 that 80 percent of Americans do not believe that television is
18 in the best interests of the country, that, if they were
19 meeting their public interest obligations, there would not be
20 the call for V-chips, if they were meeting their public
21 interest obligations, there would not be the campaign against
22 gangster rap, some of those videos are shown over-the-air free
23 TV. We now have a campaign against talk shows. So what is
24 this about in a digital age, it would be nice if they met
25 their public interest obligations in the analog age.

1 MR. DILLER: Call --

2 COMMISSIONER NESS: Okay, any other response on

3 that, as I see my time is up? Okay, thank you.

4 COMMISSIONER HUNDT: Commissioner Chong.

5 COMMISSIONER CHONG: Well, you know, Yogi Berra said

6 that when you reach a fork in the road, you should take it.

7 Does that help anyone -- he speakth with forked-tongue. You

8 know, I'm on cold medicine right now, I don't think that's

9 good for the brains. I guess I just have one last line of

10 questioning based on what has just occurred. I thought that

11 was a very helpful discussion. Just what I was hoping would

12 come out of this hearing. I guess part of what I'm troubled

13 about is that Gigi, you seem to be assuming that to do what

14 you want to do, as you lay it out in your testimony, you've

15 got to have -- we're just going to give broadcasters 2 MHz of

16 standard digital television, and what I'm also hearing from

17 the broadcasters at the same time is that they believe that

18 competition will drive them to HDTV and I also read some very

19 interesting surveys that Thompson had done, which is another

20 panel later today, talking about how consumers that were

21 surveyed said they would pay up to $1,200 to get HDTV because

22 it was so impressive, the sound and the picture, they wanted

23 it. When I looked at it, I wanted it, and I know my husband

24 will want it, he loves sports.

25 So what I'm troubled about is, if the market does

1 drive HDTV, I mean, we are a world leader, our industries and
2 broadcasters just spent millions of dollars to develop this
3 outstanding technology, why would we choose to do something
4 less than the best technology that is current to go forward
5 and what I'm thinking about is, you know, when I buy a
6 computer, I could buy a $1,200 PC clone, but I know that in
7 three or four years that computer is going to be outdated and
8 I'm going to want to do Internet surfing and I'm going to have
9 to go out and buy a new computer with, you know, CD-Rom and
10 the most powerful chip there is. So thinking ahead, if the
11 best thing we have right now is HDTV and the broadcasters tell
12 me that they want to do it and that takes 6 MHz, then I don't
13 see how I can do what you have encouraged us to do in your
14 testimony, and I'd like to hear from others besides Gigi, too.
15 MS. SOHN: Well, let me clarify, we are really no
16 longer advocating just giving 2 MHz, what we are advocating is
17 this condominium approach and there's two ways to do it. One
18 way is to either open the spectrum for either comparative
19 bidding or a comparative hearing, whoever wins the spectrum,
20 if it's not an incumbent broadcaster, incumbent broadcaster
21 would get must carry rights to do one digital television
22 service. Now, the winner of the spectrum --
23 COMMISSIONER CHONG: Now, what happens to the
24 broadcaster who's back on the analog channel?
25 MS. SOHN: Well, they would get --

1 COMMISSIONER CHONG: They would have to give up the
2 analog channel?
3 MS. SOHN: That's right, and they would get must
4 carry so they could do digital.
5 COMMISSIONER CHONG: Now, you're assuming, then, a
6 very short transition period and so what are we going to do
7 about the consumers, are you going to buy everybody a new
8 digital television? Are you going to issue set-top boxes?
9 MS. SOHN: No, this one -- the transition would
10 still be, you know, whatever transition you deem to be
11 necessary for conversion from analog to digital, it wouldn't
12 affect the transition period at all. The point is, is that
13 incumbent broadcasters wouldn't necessarily be guaranteed the
14 spectrum, they'd either have to, you know -- auctions if
15 Congress authorized it or they would get it in comparative
16 hearing or we don't -- obviously we don't approve of
17 lotteries, but whatever, you know, other way you want to give
18 it out comparatively. But the broadcaster with his analog
19 channel, would be guaranteed a conversion to digital because
20 they would be guaranteed must carry rights on the new spectrum
21 that went to somebody else.
22 COMMISSIONER CHONG: So that broadcaster, are they
23 going to be continuing to broadcast in analog and they'll be
24 must carried on the digitals -- people that won the licenses,
25 is that what you're saying?

1 MS. SOHN: Right, exactly, exactly, um-hum.
2 COMMISSIONER CHONG: They wouldn't have to pay the
3 money to upgrade to digital.
4 MS. SOHN: That's right, they would get must carry -
5 -
6 COMMISSIONER CHONG: And how long would you propose
7 that would go on, into perpetuity, or as long as they --
8 renewal.
9 MS. SOHN: Into perpetuity.
10 COMMISSIONER CHONG: Into perpetuity.
11 MS. SOHN: Well, obviously, they would be up for
12 renewal, there's no doubt about that, I agree with Mr. Diller
13 whole-heartedly, postcard renewal stinks and whether you're
14 operating in digital or in analog, you should have to be, you
15 know, brought before the Commission and you'd have to show
16 that your performance is correct.
17 COMMISSIONER CHONG: Let me stop for you a minute.
18 MS. SOHN: -- say into perpetuity.
19 MR. DILLER: Not to be impolite, I think that what
20 you proposed worsens things because what will happen is that
21 you will get nothing. I mean, if what you're all after, the
22 whole purpose of all of this is the possibility of getting
23 this enhanced system. Now, since no one knows anything yet
24 and since no one knows how it's going to get developed, give
25 the broadest possible process and then what will happen is,