National Broadcasting
Company, Inc.

1299 Pennsylvania Avenue, N.W.
11th Floor
Washington, DC 20004
202 637-4535
202 637-4548 Fax

Diane Zipursky
Washington Counsel

DOCKET FILE COPY ORIGINAL

NBC

December 15, 1997

EX PARTE OR LATE FILED

Magalie Romas Salas, Esq.
Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

RECEIVED

DEC 17 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: Ex Parte Presentation in MM Docket Nos. 87-268; 97-55; 91-221

Dear Ms. Salas:

Pursuant to Section 1.1206 of the Commission's rules, this is to advise you that Richard Cotton Executive Vice President and General Counsel; Diane Zipursky, Washington Counsel; B. Robert Okun, Vice President Washington; and Terrence Mahony, Vice President, Government Relations, all of NBC, met on Friday, December 12, with Commissioner Susan Ness and Anita Wallgren in a wide-ranging discussion of the following matters: digital television, program ratings and television ownership rules.

The enclosed materials were presented at those meetings.

Respectfully yours,

Diane Zipursky

Diane Zipursky

Enclosure

cc w/out encl.:
Commissioner Ness
Anita Wallgren

NBC HEADLINES

DTV

- Need to complete assignment/allotment process quickly
- Status of build-out in Top 10 markets
- Must carry

PROGRAM RATINGS

- NBC's Age-Based Rating System: a Five Point Plan (Attachment)
- NBC system compatible with V-chip

ALCOHOL ADVERTISING

- NBC policy of not accepting ads for hard liquor has not changed
- NBC policy is consistent with great majority of broadcasters

PUBLIC INTEREST OBLIGATIONS

- Understand business and technological realities of digital broadcasting before considering changes in public interest obligations
- Two of three likely business models (simulcast, pay services) afford no basis for changing public interest obligations; the third (multiple, free over-the-air broadcast services) is uncertain and competitively difficult – premature to make decisions.
- Any changes to public interest obligations should be guided by the principles of breadth, inclusiveness, flexibility and innovation.
- Bob Wright testimony before Gore Commission last week addressed these positions (Attachment)

TV OWNERSHIP RULES/ FCC REVIEW OF BROADCAST RULES

- World is changing – regulation must keep pace
  - -- Grade B overlap
  - -- Duopoly
  - -- Cable/broadcast
  - -- National ownership cap

NBC'S AGE-BASED RATINGS SYSTEM: A FIVE-POINT PLAN

- **Continued Use of Age-Based Icons**

  The ratings icon will continue to appear for 15 seconds at the top of all entertainment programming – the icon itself will be larger. In addition, on longer programs and theatrical movies, the icon will reappear at the top of the second hour.

- **Increased Use of On-Screen Advisories**

  NBC will supplement the age-based ratings system when appropriate with on-screen and audio advisories that put a show's content in context. These advisories alert parents to certain programming situations or issues that warrant their attention.

  For example, program advisories include:

  -- "Drop Zone" (TV14) carried the additional advisory: "This program has action sequences containing violence. Parental discretion advised."

  -- "Every 9 Seconds" (TV14), a made-for-television movie, carried the additional advisory: "This program has scenes of violence. Parental discretion advised."

  -- "Homicide" (TV14). In an episode of the weekly drama entitled "Prison Riot," a special advisory appeared: "This episode has a level of violence unusual for the series."

  In addition to broadcasting the advisories during the select programs that warrant them, NBC places advisories in print ads, press releases and on-air promotional spots.

- **Public Service Announcements**

  Building on parents' feedback, NBC – through the award-winning national public service program, THE MORE YOU KNOW – has created a series of PSAs that feature NBC actors helping parents understand the importance of working with their children to decide what to watch on television. These spots will air in conjunction with the new '97-98 television season.

- **Easier Access to Ratings Information**

  NBC offers viewers the opportunity to check a program's ratings and advisory by calling the network and listening to a pre-recorded message. This information will also be posted on NBC's website.

- **A Commitment to Listen**

  NBC will seek and share feedback on our initiatives listed above from parents through frequent surveys to sample audience opinions.

Testimony of

ROBERT C. WRIGHT
President and CEO

NATIONAL BROADCASTING COMPANY, INC.

Before the
Advisory Committee on Public Interest Obligations
of Digital Television Broadcasters

December 5, 1997

Testimony of
ROBERT C. WRIGHT
President and CEO
NATIONAL BROADCASTING COMPANY, INC.
Before the
Advisory Committee on Public Interest Obligations
of Digital Television Broadcasters
December 5, 1997

INTRODUCTION AND SUMMARY.

Thank you for this opportunity to present NBC's views on the public interest obligations of digital television broadcasters. I am pleased and privileged to be called upon to work together with the distinguished and diverse members of the Advisory Committee in a cooperative, constructive and, hopefully, creative way to help fashion recommendations for continued public interest service by broadcasters in the digital era.

Although this Advisory Committee's work does not promise to be easy, there is reason for optimism. None of us would be here today but for the convergence of two enormously positive developments in our nation's history: the evolution of our over-the-air, terrestrial broadcast system and the breakthrough of digital video technology. The system of over-the-air broadcasting that has taken root in the United States during the 20th century is the best in the world. It is a public good because it is both universally available and free to the viewer. More

Americans have televisions sets in their homes, approximately 98 percent, than have telephones. More Americans obtain news and information from broadcast programming than from any other medium. Precisely because of its universal and free character, broadcasting is a critical safeguard against the Information Age deteriorating into divisive worlds of "Information Haves" and "Information Have Nots." Consequently, this Committee's recommendations must ensure the continued vitality and robustness of universal, free, over-the-air broadcast service in the digital age.

At the same time, there is a justifiable interest in optimizing the potential of digital technology to enhance the public interest service of broadcasters where practicable. The digital world of computers has brought literally a whole universe of information accessible through the Internet into the homes of tens of millions of people in America and around the globe. The DTV standard for digital broadcasting adopted by the Federal Communications Commission nearly one year ago creates a remarkably flexible, interoperable digital pipe into the homes of digital viewers.

The challenge confronting this Committee is to formulate recommendations, or perhaps more productively, a framework which will not erode the economic foundations of universal, free, over-the-air broadcasting while facilitating wise utilization of revolutionary digital broadcast technology to serve the public interest. To assist the Committee, my testimony focuses on the essential nature of broadcasters' public interest obligations today, the business realities of digital

broadcasting, and a set of principles, derived from our shared experience, which can chart the course for the future evolution of broadcasters' public interest service.

At the outset, let us establish some common ground. Broadcasters take our role as stewards of the public trust very seriously. Currently, we serve the viewing public on the national and local levels by providing news and information, children's programming and coverage of a wide range of community-based activities. There is unified support in the broadcast industry that we should continue this public interest service in the digital era. The only issue to be resolved is whether and how our public interest obligations should be changed when broadcasting becomes a digital rather than an analog service.

I wish to make two major points which address that question directly.

First, it really is not even possible to have a meaningful dialogue about broadcasters' public interest obligations in the digital age until we all move beyond the extremely general and, I am afraid, rather superficial discussion which has characterized the debate to date. I ask the Committee to delve deeply into the business and technological realities of digital broadcasting, attempt to understand what digital broadcasters will actually be doing in this new era and only, thereafter, grapple with any specific changes to the public interest obligations. The stark business reality is that each and every broadcaster will spend millions of dollars to convert from analog to digital, but only one of three likely business models holds out any business prospect to support a discussion of changes to

public interest obligations. The simulcast model -- broadcasters transmitting essentially the same programming simultaneously in analog and digital format -- entails increased costs with no matching revenue and offers no reasonable basis for changing public interest obligations. The pay services model -- broadcasters supplementing one free, over-the-air broadcast service with additional subscription based services -- triggers an obligation to pay fees to the government in accordance with the Telecommunications Act of 1996 but, again, affords no basis for additional public interest obligations. Only the multiple free, over-the-air broadcast services model -- broadcasters providing as yet undefined additional free services over an indeterminate number of channels during as yet unknown day parts -- creates a theoretical basis for considering changes to public interest obligations. However, it is premature to change the public interest regulatory structure based on this model because of the limitations and uncertainties associated with it. For the foreseeable future, broadcasters must retain the flexibility to offer a single channel of free HDTV. Therefore, it would be unwise to attempt to change the public interest regulatory framework based on a business model which may not be viable. The debate we are having must be grounded in these realities.

My second principal point is that any recommendations which the Committee may make regarding changes to the public interest obligations should be guided by the principles of breadth, inclusiveness, flexibility and innovation. For example, if a broadcaster determines to run a free, all news broadcast service,

that should be counted as fulfilling any altered public interest obligation. It is imperative that broadcasters not be hamstrung by new, narrow, quantitative, "one size fits all" public interest obligations. Digital broadcast technology is in its infancy. It would be extremely unwise to write specific public interest obligations into narrow, inflexible regulatory language without knowing much more about how this marvelous technology will develop and how its potential to serve the public interest might be most wisely tapped. Rather, a broad public interest mandate that encourages innovative and creative approaches that meet the needs of the viewing public should be favored.

BROADCASTERS' PUBLIC INTEREST RECORD

Service to the community at both the national and local levels is the very essence of broadcasters' public interest obligations. Right now -- today -- NBC's owned and operated local broadcast stations devote approximately 30 percent of our air time to regularly scheduled national and local news and qualifying children's programming. On a national level, broadcast networks deliver news, information and public affairs programming that informs people about important events and trends affecting their lives as American citizens. A significant portion of weekly regularly scheduled programming offered by the three traditional networks is devoted to national community service. During an average week, 30 hours programmed by the NBC network are news, information or qualifying children's programming. Both the *Today Show* and the *Nightly News* provide NBC network viewers with a summary and distilled description of the most important

international and national news events breaking on a daily basis. Programs like *The Today Show* and *Dateline* supplement these news offerings with popular human-interest stories and investigative reporting that encourages and illuminates public discourse on controversial issues. These popular programs educate and engage, often providing information to enable consumers to make informed choices. For example, *Dateline* recently aired segments on the hidden dangers of a popular household item, torchiere-style halogen floor lamps, and important safety tips on what consumers need to know to read correctly the dates stamped on food products. *The Today Show* recently featured a segment on how to select a qualified babysitter in light of the Louise Woodward trial. By integrating the impact of major news events into the daily experiences of Americans across the country, these shows perform an important public service.

NBC also airs quality children's programming for three hours on Saturday morning. Through this programming, NBC focuses on pre-teens and teenagers who are often faced with serious challenges at a relatively young age. Pivotal issues like peer pressure, violence in school, drug use, interpersonal skills, gender, racism, and the significance of education are themes addressed in the Saturday morning shows *Saved by the Bell, Hang Time* and *City Guys*. These shows, developed in consultation with educational and behavioral experts, help children examine difficult issues and formulate positive responses to them.

On a periodic but recurring basis, broadcast networks provide extensive, live coverage of significant national political events. NBC and other networks cover

every aspect of the Presidential campaigns, including the Democratic and Republican Party conventions and carry live the Presidential debates. Every year, the State of the Union message and the response of the opposition party are carried live during primetime, followed by lively commentary highlighting issues of relevance to the nation. This coverage supplements the extensive regular coverage important political events and figures enjoy on weekly shows like *Meet the Press*, which has the distinction of being the longest running show on network television. This preeminent, hour-long political talk show, called the "fifty-first state" by President Kennedy, has provided the thoughtful exchange of political ideas for fifty years. Shows comparable to *Meet the Press* have made government more accessible to all Americans by bringing influential governmental officials and world leaders into their living rooms on a weekly basis.

Broadcast networks also serve a vital, national unifying function by providing continuous coverage (preempting regularly scheduled programing) of events which profoundly affect the national well-being, *e.g.*, the Challenger disaster, the Persian Gulf War, and the Oklahoma City bombing. When events of this importance occur, they become the priority for the NBC network. This type of unparalleled coverage enables all viewers simultaneously to experience, contemplate and understand historic events that define us as a nation and as a people.

Finally, broadcast networks serve the public interest nationally with Public Service Announcements. NBC's award winning "The More You Know" campaign,

conveys advice to citizens, especially young people, about how to cope with social problems of national scope, *e.g.*, drinking and driving, violence, sexually transmitted disease, and the importance of family. These announcements feature NBC celebrity role models in an effort to reach viewers and encourage them to engage in responsible behavior.

LOCALISM

Community-based television stations operate under the guiding principle of localism, another vital aspect of broadcasters' public interest. Broadcasters serve the public interest as integral members of their local communities, providing uniquely-tailored community service functions. Regularly scheduled news, weather and traffic programming in the morning, mid-day and early evening provides viewers with up-to-the-minute information about their communities helpful to planning for and getting through the day. For example, commuters rely on up-to-the-minute traffic reports and information regarding commuting alternatives, while schools rely on local television stations to inform parents of school cancellations due to severe weather conditions or school closings due to unfinished ongoing repairs, like those experienced here in Washington, D.C.

Broadcast coverage of local political events, such as congressional, mayoral and school board elections, local civic events and news specials focusing on community problems and issues, heighten community awareness. Broadcast stations have been central in both building their communities and increasing the

sense of community because it is typically through them that most Americans learn of and then participate in community events and activities.

In addition to their day-to-day assistance, local broadcasters serve a life saving function through extended live coverage of natural disasters, *e.g.*, hurricanes, snowstorms, floods, earthquakes and public safety crises, *e.g.* contaminated food or water supplies. Local broadcasters work in tandem with police departments, fire departments, health departments, and hospitals and nonprofit organizations to provide information vital in times of emergency: locations of safety shelters; road closings; and the availability of medical assistance. It is often in these times that other lines of communication are unavailable, and local broadcast stations fill the void. Often in conjunction with relief organizations, local broadcasters subsequently lead the way in community rebuilding efforts in the aftermath of tragedy. Again, at these critical junctures, broadcasters perform a unifying function, this time at the local level, by galvanizing the communities they serve to undertake charitable activities, such as donations of food, clothing and money to help their neighbors.

THE GENIUS OF THE PUBLIC INTEREST STANDARD IS ITS BREADTH AND FLEXIBILITY

The breadth and flexibility of the public interest standard has yielded a great deal of good over the last sixty years because it has enabled broadcasters to respond to the needs of their audience -- both nationally and locally -- and to the changing conditions of society. Indeed, the guiding principle of localism impels

broadcasters to meet the diverse needs and interests of each community served whether they be rural or urban, heavily minority and ethnic rich populations, farming communities, or religious communities.

The breadth and flexibility of the public interest standard also enables broadcasters to program in a way that is meaningful to viewers, enabling broadcasters to reach and engage a broad audience in the community. "Public interest" programming watched by virtually nobody does absolutely nothing to promote the public interest. In contrast, programming such as NBC's "Schindler's List" conveys enormously important historical information to a huge number of Americans and thereby serves "the public interest". The current flexible approach to what constitutes programming in the public interest promotes maximum innovation, diversity, and service to communities and should be encouraged, not thwarted. It must remain an integral element of the public interest responsibilities of broadcasters as they move into the digital era.

THE CURRENT DEBATE

There is a consensus that broadcasters should continue to serve the public interest in the digital era. As they have in the past, broadcasters continue to be committed to providing free, over-the-air programming serving their communities. While governmental mandate and technological advancement are propelling broadcasters into the untested territory of the digital era, their commitment to discharge public interest obligations in a manner that best suits the communities they serve will not be diminished or compromised. Therefore, the only questions

are whether and how the regulatory definition of public interest obligations should be changed.

To answer these questions wisely, there is a need for all interested parties to reason together to develop a common understanding of the possibilities and limitations of digital broadcasting as they relate to public interest obligations. There is nothing inherent in digital technology which suggests there should be a change in the current public interest standard. Although the promise of digital television is tremendous and near at hand, many challenges and risks are still ahead. At a most fundamental level, digital broadcast technology is so new that we lack a genuine understanding of exactly what the service will be or how it will evolve. It is still unclear what the range of potential uses for new digital capability will be, much less what audiences will want. There is no need to rush to judgment. Above all else it would be a mistake to recommend a series of specific, narrow regulatory requirements which would limit artificially the potential of digital technology to serve the public interest while hobbling broadcasters' ability to compete in the digital future with unnecessary additional burdens that do nothing to promote the public interest.

BUSINESS REALITIES

The transition from analog to digital transmission technology is not optional for broadcasters if they want to remain in business. It is mandatory, both as a legal matter and as a marketplace reality. Congress and the FCC have given broadcasters a clear ultimatum: either they convert their existing analog television

stations to digital, or be prepared to cease analog operations in 2006 without any means of continuing their broadcasting services. While some flexibility has been given to the FCC to re-evaluate the surrender date, the broadcast industry must transition from analog to digital if it is going to stay competitive with the cable, satellite and telephone industries all providing video services digitally.

The digital television imperative is not only driven by law; it is also driven by the marketplace. The video marketplace generally is already in transition from analog to digital. The blurring of the lines between computers, television receivers, and other video devices is now a marketplace reality. Numerous provisions of the Telecommunications Act of 1996 tore down barriers to entry between previously distinct and compartmentalized sectors of the communications marketplace. By allowing telephone companies to provide video programming services in their service areas and allowing cable television companies to provide telephony, the Congress created the predicate for a vastly more competitive multichannel video programming market. Satellite direct-to-home digital video is now available to consumers, and the cable television industry rapidly is entering into partnerships with computer companies to jump-start its transition to digital. Inevitably, broadcasters must embrace digital or suffer extinction due to technological obsolescence -- becoming the dinosaurs of the video marketplace.

A successful transition for broadcasters will be enormously costly in terms of both financial and human resources. The broadcasting industry and television receiver manufacturers have invested more than a half of a billion dollars into the

research, testing and development of digital broadcasting. NBC has already expended more than $55 million on creation of digital studio facilities at its headquarters in New York. Each local television station will have to spend a minimum of $2 million just to pass through a digital network feed. The cost of a complete conversion to full digital transmission capability, including the addition of digital origination capabilities at each local station -- both remote news-gathering equipment and studio equipment -- is likely to be closer to $10 million per station. In addition, a new generation of broadcast engineers and technicians must be trained in the new sciences of digital production and transmission.

All of these costs are amplified by the obligation to keep two full transmission systems operating simultaneously during the analog-to-digital transition -- the new digital system transmitting to new digital TV sets as they become available to consumers, plus our existing analog transmission system continuing to serve the current generation of analog TV sets. Clearly, it is uneconomical to transmit both analog and digital any longer than is absolutely necessary to ensure a seamless transition for American consumers. Thus, NBC has and will continue to play a leading role in driving the conversion to digital.

In addition to these predictable costs of conversion, digital broadcasting still faces many significant technical challenges which may increase costs and jeopardize station revenues even further. As we are in the midst of moving from the developmental and design phase to full-scale, real world implementation, interference problems will challenge local broadcasting stations to

meet their service goals. These technical challenges may require substantial and costly engineering resources and technical innovation to accommodate and compensate for the severely crowded conditions of the spectrum allocated for digital television use. Moreover, though the broadcast industry is committed to an aggressive build out schedule in a concerted effort to expeditiously bring the wonders of digital television to all Americans, tower siting and construction problems, including local zoning issues and a general shortage of expertise in tall-tower construction, may cause delays and create additional expenses.

The Committee should remain mindful that the full panoply of these costs must be borne by television stations in markets of all sizes. It is a sobering fact that the costs of full digital conversion are estimated to exceed a small-market station's entire annual cash flow more than five times. While these stations are permitted to "go last" in the digital transition, the aggregate economic burdens for these stations are not likely to be substantially less.

Accompanying the high costs of the digital transition, are many competitive pressures and marketplace uncertainties. First and foremost, there is absolutely no promise of increased revenues for broadcasters as a result of the investment in digital facilities to offset the high costs of conversion. Broadcasting -- whether analog or digital -- is dependent on advertising revenues. Indeed, it is quite possible that further audience fragmentation may result from the conversion to digital, much to the detriment of advertising revenues for broadcasters. Moreover, broadcasters must make this investment at a time when the level of competition

for viewers and advertising dollars has intensified beyond what anyone could have predicted even 10 or 20 years ago. Furthermore, programming costs, from sports rights to bidding for entertainment shows and talent, to the costs of news programming and news correspondents and anchors, are skyrocketing. Under these circumstances, this digital investment may result in nothing more than keeping pace with our competitors without a dime more of new revenue.

While no one is shedding crocodile tears for the broadcast industry, it should be recognized that digital broadcasting will be subject to all of the problems and uncertainties of a start-up business. As broadcasters, we do not shrink from this challenge. We are optimistic that, as we enter the digital world, we will be able to develop new and innovative ways to utilize the unique capabilities that digital transmission will provide. But, as we sit here today, each member of the Advisory Committee should understand that the business uncertainties associated with risking investment capital on developing these new capabilities into services that consumers will seek out and that advertisers will pay for are overwhelming.

BUSINESS MODELS FOR DIGITAL BROADCASTING

Of the three most realistic business models for digital broadcasting, only one even theoretically holds out any reasonable business prospects for discussing a changed framework for broadcasting's public interest obligations, and, in that case, any such possible change would be premature. The first of these models involves a situation where a broadcaster simulcasts in digital format its program schedule transmitted over the analog channel. During the past decade, the

television industry, including broadcasters, production studios and TV set manufacturers, the Congress and the Commission, carefully crafted and committed to a plan for viewer-friendly conversion to digital television which featured simulcasting of analog and digital signals and presumed a substantial amount of true High Definition Television ("HDTV"). While the final FCC rules provided broadcasters with some flexibility to depart from this model, it remains the approach with which broadcasters are most familiar. To the extent broadcasters replicate their current free, over-the-air broadcast service, there is no change in the programming or economic structure of the business to warrant a changed regulatory framework. Under this scenario, today's network programming would be supported by advertisers and would be broadcast digitally. There is no reasonable, near-term prospect for increased advertising revenue associated with this model, and there is no change in the material broadcast to suggest a need for changed regulation.

The second of the three most likely business models for digital broadcasting involves the use of digital transmission capability to provide supplementary subscription-based services. Like the first model, this approach would involve today's basic channel of free, over-the-air broadcast services transmitted digitally, supplemented by "pay" services for which viewers would be charged. The Telecommunications Act of 1996 established a defined structure for how the government would realize value from broadcaster-provided subscription-based service using digital transmission: the payment of fees to the Federal government.

These fees would be pegged to what the government might have realized from the auction of spectrum used to provide comparable subscription based services to consumers. There is nothing in the 1996 Act or elsewhere which suggests that public interest obligations could or should substitute for these fees relating to subscription services. Moreover, regarding the basic network channel of free, over-the-air programming to be broadcast in this second model, again there is no difference in the economics of this offering and an analog broadcast of the same programming. As with the first model, there is no expectation of increased advertising revenue to support the free, over-the-air component of this service, and no other change in the programming/economic structure of the business to give rise to a different regulatory structure.

The use of digital technology to provide multiple, free, over-the-air broadcast services is the one foreseeable business model which might conceivably justify a realistic reappraisal of the regulatory framework governing public interest obligations. Programming multiple channels with free, over-the-air standard definition television broadcast services has the potential to generate increased advertising revenue. However, this business model is filled with limitations and uncertainty. When a digital broadcaster is transmitting HDTV, there is insufficient spectrum to offer additional channels of programming. Even when a broadcaster is not transmitting HDTV, there is no current business scenario which would suggest this approach. The broadcast of multiple, free, over-the-air broadcast services would entail the potential for further audience fragmentation, already a

major problem for broadcasters competing against the cable operators and DBS providers offering hundreds of channels of programming. That problem might be compounded ironically because a broadcaster might be competing against itself for audience share. Finally, any additional channels of free broadcast programming probably would operate only part of a broadcast day.

In view of these uncertainties, broadcasters must retain the flexibility to offer (or revert to) a single channel HDTV service. Therefore, it is premature to change the public interest regulatory structure based on the concept of multiple, free broadcast services when it is unknown whether this business model will ever prove viable.

GUIDING PRINCIPLES

Analysis of these business models for digital broadcasting indicates that only the last one, the offering for all or part of a programming day of multiple channels of free, over-the-air broadcast services, offers any reasonable business prospect for discussing a changed framework for public interest obligations. Within that context, the Committee should be guided by the principles of breadth, inclusiveness, flexibility and innovation in recommending enhancement of public interest responsibilities. As in the past, broadcasters should be afforded the latitude to develop and offer programming best calculated to meeting the needs of the communities they serve. For example, broadcasters dedicating an additional channel for an all news or all weather program service should receive full credit for fulfilling additional public interest responsibilities. Similarly, broadcasters

dedicating an additional channel to serve the unique needs and interests of minority or ethnic populations also should receive full credit for achieving additional public interest obligations. The same is true for new programming services focusing on the unique economic base of a community such as agriculture or high tech industry.

Conversely, public interest obligations should not be limited by particular subject matter that may be popular currently. For example, the universe of public interest obligations should not be bounded by free time for political candidates or more children's programming. While such programming also may count to satisfy changed public interest obligations, it certainly should not be the exclusive or even the favored means of doing so.

It also is critically important that new means of fulfilling public interest responsibilities through innovations in digital technology should be left open. We are just at the threshold of the age of digital broadcasting. We have not even begun to explore the myriad capabilities which digital technology could give to broadcasters to enhance their public interest services. New services such as data broadcasting and certain interactive applications may well yield major public interest benefits. Supplementary data accompanying news and public affairs programs could greatly enhance the informational and educational value of the programming contributing to a better informed electorate and enhanced opportunities for children. The Committee should permit digital broadcasting to

develop more fully before imposing any specific public interest obligations which could inadvertently limit its potential to serve the public good.

CONCLUSION

If the Committee follows these guiding principles in its deliberations and recommendations, it truly will have performed a valuable public service. It will have built upon the proud historical tradition of broadcaster fulfillment of their public interest obligations through serving their national and local communities. It will have resisted successfully the temptation to embrace one or more causes or notions currently in vogue in favor of a broader and more enduring concept of the public interest. Finally, it will have allowed digital technology to flourish and reveal its full potential for enriching the public interest service provided by broadcasters.