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EX PARTE ORAL PRESENTATION FILED

MCDERMOTT, WILL & EMERY

September 25, 1998

VIA MESSENGER

Ms. Magalie R. Salas
Federal Communications Commission
Office of the Secretary
1919 M Street, N.W.
Room 222
Washington, DC 20554

RECEIVED
SEP 25 1998
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

**Re: Notice of Oral *Ex Parte* Presentation; In the Matter of
Carriage of the Transmissions of Digital Television
Broadcast Stations; Amendments to Part 76 of the
Commission's Rules: CS Docket No. 98-120**

Dear Ms. Salas:

This is to notify the Office of the Secretary that on September 24, 1998, Alan McCollough, President and COO of Circuit City Stores and Arpad Toth, Chief Technical Officer of Circuit City, made an oral *ex parte* presentation to Commissioner Ness. The presentation addressed three subjects relating to the transition to digital television.

First, Circuit City responded to the Commission staff's previous request for information on how receiver sensitivity may affect the extent to which viewers in remote areas might lose DTV signal reception or viewers in congested areas might be unable to distinguish between signals. Circuit City shared that, based on its own investigation, manufacturers are taking adequate steps to address these concerns and that there is no need at this time for the Commission to make changes to the sensitivity rules.

Next, Circuit City discussed the merits of relying on the proposed encrypted IEEE-1394 solution for conditional access HDTV. Circuit City explained that 1394 standard does not have sufficient bandwidth to pass on decoded HDTV signals and that the 1394 solution requires an intelligent display device and has the potential to block certain service

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offerings. Circuit City believes that it would be more beneficial for industry and the Commission to work on identifying a conditional access solution that uses both component video and RGB.

Finally, Circuit City discussed the role of simulcasting during the rollout of HDTV. Circuit City stated that it believed broadcasters should be encouraged to transmit programming originated in HDTV format as opposed to simulcasting NTSC material, as this will facilitate a more rapid transition to digital television.

In accordance with the Section 1.1206 of the Federal Communications Commission rules, a copy of this notice has been hand-delivered to the parties listed above.

Very truly yours,

A handwritten signature in black ink that reads "Robert S. Schwartz" followed by a stylized flourish or set of initials.

Robert S. Schwartz

cc: Commissioner Susan Ness