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United States Senate
WASHINGTON, DC 20510

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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Mr. Michael Powell
Chairman
Federal Communications Commission
455 12th Street SW
Washington, D.C. 20024-2101

Dear Mr. Chairman:

As Senators representing the rural western states, we are greatly concerned with the impact that digital television will have on the smaller television markets. We request that the FCC strongly consider delaying the roll out for digital television in the smaller markets until such time as the economies and technologies for those markets are developed.

Digital television was conceived and developed in the highly populated areas of the eastern seaboard. Unfortunately, the western states have neither the geography nor the economic advantages of the eastern portions of this great nation.

The first generation of digital television equipment is extremely expensive, and built with a "one size fits all" design. History has proven that small market television stations in many cases cannot afford to purchase the same equipment that's used in the large market stations. Certainly the number of dollars available for capital equipment in the smaller markets is dramatically less than the pool of resources available to the large market broadcasters.

It is an unfortunate reality that even though there is a dramatic difference in revenue potential between the large market and small market stations, equipment costs are often the same. A television transmitter for a small market station costs the same amount as a transmitter serving WABC in New York or WRC in Washington DC. In fact, in many cases, it may cost more because the small market stations often serve geographically huge rural markets, and under current rules, will require the largest transmitters authorized for their coverage.

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As an example, KXLF in Butte, Montana, has been authorized for a facility of 1 megawatt, the maximum allowable by the FCC, and per the FCC's table, can still only service 80% of its existing analog coverage. The capital cost of that transmitter and the electrical power costs to operate it will not allow that station or any station servicing a similar rural market to survive.

Many of the television stations in the rural intermountain west have transmitter sites that are located on mountaintops. Access to these sites for construction of new towers and construction of new transmission facilities is limited to a very small construction window during the summer months. It's not uncommon to be limited to a construction season of only 3 to 4 months during a year. Again, as an example, the KXLF transmitter site in Butte, Montana received two and half feet of snow in June of this year. The sites typically shut down for winter sometime in September, and more often than not will not be accessible for construction until June. The current May 1, 2002 deadline for the DTV roll out is, in a very practical sense, October 1st of 2001 for the small stations of the intermountain west. Future deadlines for construction should be early fall and not spring dates.

The vast expanses of the western United States are currently served with not only high powered transmitters, but also a myriad of microwave fed translators and cable television systems. There is a great disparity in the methods used to provide free television to the people of the highly populated areas of the east, and those methods used to provide the same service to the geographically expansive areas of the west. As a simple example, the television market for Great Falls, Montana is geographically the same size as the entire state of Pennsylvania, yet with a considerably smaller population. A single DTV transmitter cannot possibly serve that entire Great Falls market, and as a result, translators become critical links to the people of those rural areas. Currently, the FCC has no regulatory vehicle for a station to apply for those translators. Given the recent history of analog translator filings and the difficulties for a station to find an open channel, even in these sparsely populated areas, the FCC needs to create a method for existing television stations to replicate their translator service for digital television.

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Critical to that method is the need to establish some level of priority above and beyond the other secondary services in that band. The local television broadcasters will not be able to serve the people in their markets without the use of translators.

In January, the FCC adopted new rules governing the DTV roll out. One of those rules has been referred to as the "use it or lose it rule," whereby if a television station doesn't replicate its complete analog coverage with their digital signal by December 31st of 2004, it will lose all protection of that unserved area. This rule in effect forces the television station, regardless of size, to build out their full power facilities. In the rural areas of the country, it may make more sense to service the primary market area with a reduced power transmitter and many of the remote areas within the television market with translators or boosters as opposed to a single high power transmitter. The "use it or lose it" rule does not allow for other options. With no regulatory vehicle to apply for translators or boosters, the new rule eliminates that option completely. Even if there were a method to build out a translator network, the 2004 date comes way too early to allow for that benefit. Remember that many of the existing translator networks have taken several decades to build.

We believe the small market broadcasters need more time before being required to transmit a digital signal. There continues to be too many economic, technical and regulatory issues to allow the small market broadcasters to successfully launch a replacement digital television system. We recommend that the FCC delay its roll out schedule for digital television for markets 75 and above until such time that the market place and sound business models allow for the successful adoption of digital television.

With best personal regards, we are

Sincerely,

The block contains two handwritten signatures in black ink. The signature on the left is "Max Baucus" and the signature on the right is a cursive signature, likely "Dennis" or "Dennis Baucus". Both signatures are written over a horizontal line.



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON
July 31, 2001

The Honorable Conrad Burns
United States Senate
187 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Burns:

Thank you for your letter of June 22, 2001, regarding the impact of the transition to digital television ("DTV") on smaller television markets. The transition to DTV is a very complex issue that requires not only the coming together of multiple industry segments and a complete retooling of the video distribution infrastructure, it also requires a dramatic transition on the part of the people who matter most, the consumers. I have stated my belief many times that 2006 is an extremely optimistic goal for achieving 85 percent DTV set penetration. With each milestone in the transition, we face questions that sometimes have caused the original timetable to slip. Nevertheless, I think that it is important to keep driving toward the final objective as efficiently as we can.

The ability of the smaller market and non-commercial stations to complete their digital build-outs is a challenging issue that the Commission is monitoring. Unquestionably, this is an expensive transition to which the industry has committed itself. Ultimately, the smaller stations will have to find a business model that will allow them to provide value to consumers while functioning in a healthy way in the digital environment. The influence of government regulation will only comprise a portion of this equation. To the extent that regulatory decisions can affect these developments, I do not envision that the Commission will be unreasonable. The Commission is prepared to work with all of the smaller market and noncommercial stations in any way that it can – as it has done with the large-market stations – to help them make the transition, recognizing that they may face capital and business realities that the larger stations did not. At the same time, the Commission continues to review its rules periodically to make adjustments, to the extent that it can, that will help the industry resolve concerns that are contributing to delays in the transition.

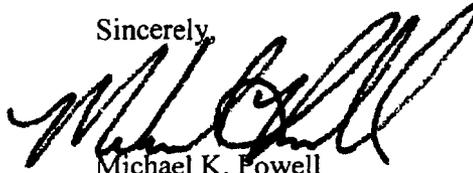
The Commission received petitions for reconsideration of the *Report and Order and Further Notice of Proposed Rule Making* in its DTV periodic review proceeding, adopted January 18, 2001. The petitions request that the Commission extend the applicable construction deadlines for stations in smaller markets. The petitioners cite costs and many of the types of hardship you describe in your correspondence, among other considerations. Public notice of filing of the petitions was published in the Federal Register on March 28, 2001. Oppositions to the petitions were due on April 12, 2001, with replies due ten days later. The Commission's

Mass Media Bureau staff currently is reviewing the record and will be preparing its recommendations to the Commission.

The Commission also will be examining the DTV translator issue you discussed in your correspondence. In the *Report and Order and Further Notice*, the Commission acknowledges the need for a proceeding addressing fundamental issues regarding authorization and protection of DTV booster, DTV translator and digital Low Power Television (LPTV) stations. The Bureau staff is studying this issue and preparing recommendations concerning such a proceeding.

Thank you for your views on these important matters. We have placed your letter in the record of the DTV periodic review proceeding and will consider all views carefully.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael K. Powell", written in a cursive style.

Michael K. Powell
Chairman



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

July 31, 2001

The Honorable Max S. Baucus
United States Senate
511 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Baucus:

Thank you for your letter of June 22, 2001, regarding the impact of the transition to digital television ("DTV") on smaller television markets. The transition to DTV is a very complex issue that requires not only the coming together of multiple industry segments and a complete retooling of the video distribution infrastructure, it also requires a dramatic transition on the part of the people who matter most, the consumers. I have stated my belief many times that 2006 is an extremely optimistic goal for achieving 85 percent DTV set penetration. With each milestone in the transition, we face questions that sometimes have caused the original timetable to slip. Nevertheless, I think that it is important to keep driving toward the final objective as efficiently as we can.

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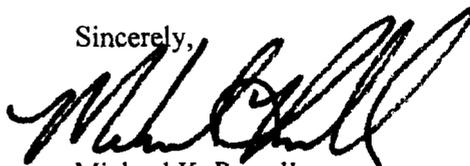
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Michael K. Powell
Chairman