

W.A.T.C.H. TV
WATCH NET

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July 29, 2003

John B. Mulet
Chief, Wireless Telecommunications Bureau
Federal Communications Commission
445 Twelfth Street, SW
Room 3-C252
Washington DC 20554

Re: WT Docket No. 03-66

Dear Mr. Mulet:

Thank you for taking the time to meet with me during your appearance at "Policymakers Focus on Broadband" panel at the Wireless Communications Association International conference earlier this month. In response to your suggestion, I am writing to share with you the concerns W.A.T.C.H. TV Company has regarding various proposals the Commission is advancing with regard to the regulation of MDS and ITFS.

I have attached a timeline that traces the history of our system, from its launch twelve years ago as the provider of 11 channels of analog video programming to the current configuration in which we provide two-way high-speed Internet access services and over 200 channels of video and audio programming to more than 12,500 households throughout the Lima, OH region. Our service is available throughout our authorized service area, making it available to those who cannot access alternative services offered by cable, DBS and local exchange companies and providing a downward pressure on the pricing of those alternative services where they are available.

To date, W.A.T.C.H. TV has invested well over \$20,000,000 into this system and it is very important for our future and that of our customers that we not be legislated out of business. Our concern, quite simply, is that while the FCC espouses a desire for "the marketplace" to decide the highest and best use of spectrum, the Notice of Proposed Rulemaking in WT Docket No. 03-66 suggests that the Commission wants to force MDS and ITFS licensees to use their spectrum for cellularized voice and data services regardless of local marketplace conditions. If those proposals are adopted, much of W.A.T.C.H. TV's investment will be stranded, as we will be unable to offer a package of video and audio services that can compete with the local cable and DBS offerings. And, without being able to bundle our broadband access service with a video offering, our

high-speed Internet service will be at a substantial competitive disadvantage compared to cable.

What is particularly troubling to W.A.T.C.H. TV is that this apparent insistence that W.A.T.C.H. TV abandon its current business plan for one preferred by the Commission ignores that W.A.T.C.H. TV's business plan was crafted in direct response to prior Commission directives. Indeed, perhaps more so than any other operator of an MDS/ITFS system, W.A.T.C.H. TV has followed the "FCC Model."

In the early 1990s, when the Commission was promoting analog wireless cable services as a competitive alternative to the monopoly cable providers, W.A.T.C.H. TV launched one of the first analog wireless cable systems in the country. When the Commission encourage the deployment of digital technology to increase the number of channels a wireless cable could provide subscribers, we became one of the first commercial systems to deploy digital technology, making us fully competitive with local digital cable and DBS services. When the FCC sought to promote the distribution of data over MDS/ITFS channels (coupled with telephone return paths), W.A.T.C.H. TV installed just such a system. And, when later in the decade the Commission began to encourage the use of MDS/ITFS for two-way broadband services, we became one of the first companies to apply for and deploy such services. Today, we are one of just two or three systems that are successfully providing a digital video and two-way broadband service using MDS and ITFS channels.

Since we have provided to the public exactly what the FCC intended for these frequencies, at each step of the way, we sincerely hope the FCC will protect our interests. Most importantly, we urge the Commission to adopt the proposal advanced by the Wireless Communications Association International, the Catholic Television Network and the National ITFS Association that would exempt from transition to the proposed new bandplan and mandatory cellular service any of the handful of systems, like ours, that is using digital technology to provide video services on more than seven channels. Unlike analog systems that can actually increase their channel capacity by digitizing the seven channels that will remain available under the bandplan proposed by the industry, digitized operators like W.A.T.C.H. TV do not have that option. If we are restricted to the seven proposed video channels, we would have to eliminate more than 75% of our programming. The net result is that our customers would flock to more robust DBS and digital cable services, and W.A.T.C.H. TV would be out of business.

Again, thank you for the time you spent with me at the conference, and thank you for your assistance in assuring that our substantial investment is protected.

Sincerely

A handwritten signature in black ink, appearing to read "Thomas N. Krippen". The signature is fluid and cursive, with a large initial "T" and "K".

Thomas N. Krippen
Vice President and General Manager

cc: Office of the Secretary

- 1990-1992 – Successfully filed and prosecuted applications for MDS channels 1 and 2 and H Group. Leased E and F Group channels.
- April 1, 1992 – Installed first customer with an offering of 11 analog channels using MDS1 & 2, the E, F, and H groups. (10 basic cable services, 2 premiums and 1 pay per view)
- November, 1992 – Purchased the 1062 foot tower on which we leased space for our transmit antennas.
- December, 1992 – Ended year one with 1706 subscribers, mostly rural.
- Between December of 1992 and November 1993 – all of the ITFS channels were granted to local High Schools and leased to us.
- June, 1993 – extended the height of the tower and moved our antennas to the 1169 foot mark on the tower to increase coverage.
- November, 1993 – Purchased E Group license.
- March, 1994 – Expanded offering to 26 basic channels, 4 premium channels and 3 pay per view channels serving 5788 subscribers
- July, 1994 – Installed the fourth satellite dish to receive new programming; subscriber base increased to 6900 subscribers
- March 1995 – Purchased and renovated 25,000 square foot supermarket for offices, warehouse and engineering test area.
- May 1995– Activated ad insertion equipment on 8 channels. Used to promote our services and selling of local ads
- December 1995 – Ended the year serving 8900 subscribers. Added two more satellite dishes at the head end to provide more differentiated programming

- December 1996– Ended the year with over 10,000 subscribers.
- December 1997 – Ended the year with over 10,900 subscribers
- September 1998 – Began offering one way high speed internet using the telephone line in the upstream and the licensed wireless in the downstream.
- Fall of 1998 – Applied for digital transmission and two way service upon opening by FCC of first filing window.
- December 1998 – Ended the year serving over 11600 subscribers
- November 1999 – Board authorized conversion of system from analog video to 100% digital with the capability of offering over 250 channels.
- December 1999 – Ended the year serving 11700 subscribers
- December 2000 – Began installing digital converters at subscriber units while still simulcasting analog programming during transitional period. Add satellite dishes to bring in additional programming, bringing total number of dishes to 10.
- August 2001-- purchased the MMDS E group license -- the only commercial channels we had been leasing. (All of the rest we had previously owned)
- October 2001 – began offering two way high speed internet using MDS channels 1 and 2 for upstream and 2.5 GHz channels for downstream.
- December 2001 – ended the year serving over 11,000 subscribers
- January 2001 – all analog video channels converted to digital, all new digital channels added, all 17,000 converters swapped out. Customers offered limited grandfathered package, Top 60 package or Top 100 plus package.
- February 2002 – 45 channels of stereo audio added.

- December 2002 – serving more than 11,700 W.A.T.C.H. TV and W.A.T.C.H. Net (Two way high speed internet) customers combined.
- June 2003 – Serving more than 12,400 W.A.T.C.H. TV and W.A.T.C.H. Net (Two way high speed internet) customers combined.
- In addition to the above customers we service the following on a bulk bill basis: Bluffton College (all dormitories and buildings) 10 nursing homes, 14 apartment complexes, 3 mobile home parks, Van Wert Hospital, Van Wert Medical Center, several Fire Departments, the Police Department, and the General Dynamics Tank Plant in Lima.