

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)
) MB Docket No. 05-255
Annual Assessment of the Status of)
Competition in the Market for the)
Delivery of Video Programming)

TO: The Commission

**COMMENTS OF THE
NATIONAL ASSOCIATION OF BROADCASTERS**

The National Association of Broadcasters (“NAB”)¹ submits these comments in response to the Commission’s *Notice of Inquiry* requesting data and information on the status of competition in the market for the delivery of video programming.² In the *Notice*, the Commission sought comment on, *inter alia*, the transition from analog to digital television (“DTV”) and consumer access to broadcast services. As previously shown by NAB, millions of consumers depend on over-the-air broadcast television signals for the delivery of video programming. NAB and the broadcast industry are currently engaged in efforts to ensure that these millions of consumers are not left behind when analog broadcasting ends. Broadcast stations are also fully engaged in developing multicast and high definition (“HD”) programming to better serve all viewers in communities throughout the country.

¹ NAB is a nonprofit incorporated association of radio and television stations and broadcast networks. NAB serves and represents the American broadcasting industry.

² *Notice of Inquiry* in MB Docket No. 05-255, FCC 05-155 (rel. Aug. 12, 2005) (“*Notice*”).

I. Broadcast Television Continues To Play A Vital Role In The Delivery Of Video Programming To Millions of Consumers.

The *Notice* (at ¶ 66) sought comment on the number of households relying solely on over-the-air broadcast television for programming, as well as the number of cable and satellite households that rely on over-the-air service on one or more of their television sets not connected to a multichannel video programming distributor (“MVPD”). NAB has previously provided detailed information on over-the-air television viewers and incorporates its earlier comments by reference in this proceeding.³

As NAB earlier reported, nearly 20.5 million households rely solely on over-the-air broadcast television, and there are approximately 45 million sets in those homes.⁴ An additional 28 million television sets in 18.3 million MVPD households remain unconnected to the MVPD service. Thus, a total of approximately 73 million television sets are not connected to any MVPD service and receive all broadcast signals over-the-air. *NAB Over-the-Air Comments* at 2-5. A survey conducted in June of this year has estimated even larger numbers of over-the-air television sets. The Consumers Union and the Consumer Federation of America “found that 39 percent of U.S. television-viewing households rely on approximately 80 million television sets to

³ See Comments of NAB and the Association for Maximum Service Television, Inc., *Over-the-Air Broadcast Television Viewers*, MB Docket No. 04-210 (filed Aug. 11, 2004) (“*NAB Over-the-Air Comments*”); Reply Comments of NAB and the Association for Maximum Service Television, Inc., *Over-the-Air Broadcast Television Viewers*, MB Docket No. 04-210 (filed Sept. 7, 2004).

⁴ In the 20.5 million over-the-air households, there are approximately 177,000 over-the-air digital sets. Thus, there are roughly 20.3 million over-the-air households with only analog sets, and these households have about 44.8 million analog sets. See *Notice* at ¶67 (inquiring how many households that rely on over-the-air reception are also DTV households).

receive some or all of their television programming from over-the-air broadcast signals.”⁵ Both NAB’s and Consumers Union’s surveys clearly demonstrate that millions of consumers rely, solely or in part, upon free, over-the-air broadcast television reception for their delivery of video programming.⁶

Those households relying solely on over-the-air broadcasting are predominantly lower income. *See Notice* at ¶ 66 (asking for demographic information on television households). While nationwide approximately 18.9 percent of television households are broadcast-only, approximately 25.3 percent of television households with incomes under \$30,000 annually are broadcast-only. In contrast, only nine percent of the households with annual incomes exceeding \$75,000 depend solely on over-the-air broadcasts to receive video programming. In addition, broadcast-only households include relatively greater numbers of racial/ethnic minorities. For example, while less than 16 percent of white television households nationwide are broadcast-only, approximately 23 percent of African-American and 27.7 percent of Hispanic television households rely completely on over-the-air broadcasting. Among households where Spanish is the primary language, 43.2 percent rely solely on free, over-the-air broadcasting. *See NAB Over-*

⁵ Consumers Union and Consumer Federation of America, *Estimating Consumer Costs of a Federally Mandated Digital TV Transition: Consumer Survey Results* at 1 (June 29, 2005).

⁶ A February 2005 study by the Government Accountability Office (“GAO”) similarly found that 20.8 million households (or 19 percent) rely exclusively on over-the-air transmissions for their television viewing. These over-the-air households have approximately 44 million sets (2.1 sets per household on average). GAO also found that 16 percent of cable households have at least one television set in the home that is not connected to cable but receives only over-the-air television signals. About one-third of satellite households have at least one television set that is not hooked to the satellite dish and receives only over-the-air signals. GAO, *Digital Broadcast Television Transition: Estimated Cost of Supporting Set-Top Boxes to Help Advance the DTV Transition*, GAO-05-258T at 7-9 (Feb. 17, 2005) (“GAO Report”).

the-Air Comments, Attachment A.⁷ Thus, it is clear that the broadcast-only households in the United States include a disproportionate number of viewers who would be least able to afford a subscription television service (or, indeed, other information technology services, such as broadband Internet access).

NAB also emphasizes that, even for television households subscribing to an MVPD service, broadcast stations remain the leading source of vital public safety information and a very significant source of local, diverse programming. As recent tragic events in the Gulf Coast have shown, over-the-air broadcast service is essential to public safety and provides a lifeline when other communication services, including MVPD services, are unavailable.⁸

Moreover, in this era of increasing consolidation in the cable industry, the broadcast stations carried on cable systems continue to provide a guaranteed minimum of local and diverse voices for subscribers. As the Commission has explicitly recognized, most programming carried on any cable system is “either originated or selected by the cable system operator, who thereby ultimately controls the content of such programming.”⁹ According to the Commission, cable systems “typically do not serve as *independent* sources of local information; most of any local programming they provide is originated” by broadcast stations, which “are the dominant source of *local* news and information.”¹⁰ Given these views, it would be inappropriate for the

⁷ The *GAO Report* confirms that over-the-air households are more likely to have lower incomes than MVPD households and that nonwhite and Hispanic households are more likely to rely on over-the-air television than are white and non-Hispanic households. *See GAO Report* at 7-8.

⁸ Testimony presented at the FCC’s open meeting in Atlanta on September 14 focusing on the effects of hurricane Katrina stressed this role of local broadcasters, both television and radio.

⁹ *Report and Order* in MM Docket Nos. 91-221 and 87-8, 14 FCC Rcd 12903, 12953 (1999).

¹⁰ *Memorandum Opinion and Second Order on Reconsideration* in MM Docket Nos. 91-221 and 87-8, FCC 00-431 at ¶ 22 (2001) (emphasis in original). *See also Report and Order*, 14 FCC

Commission to discount the important role that broadcasters play in the provision of local, diverse programming (as well as vital emergency information and alerts) to *all* television households, whether or not they subscribe to an MVPD service.¹¹

II. The Broadcast Industry Is Working To Ensure Consumer Access To And The Availability Of Digital Programming.

Given the millions of consumers who depend on free, over-the-air broadcast television and who have not yet purchased DTV sets, NAB and the broadcast industry are currently engaged in efforts to ensure that these consumers are not left behind when analog broadcasting ends. On June 15, 2005, NAB and the Association for Maximum Service Television, Inc. (“MSTV”) announced that they would pursue the development of a prototype high quality, low cost digital to analog converter box for terrestrial DTV reception.¹² On June 20, MSTV and NAB announced the availability of a detailed Request for Quote to build a prototype Terrestrial Digital Converter Box (“TDCB”), soliciting proposals from the consumer electronics industry and others.¹³ Twelve consumer electronics firms, including some of the largest electronics

Rcd at 12933 (noting that “diversity of viewpoints in local news presentation” is “at the heart” of the Commission’s “diversity goal”).

¹¹ Congress has expressed similar concerns about cable subscribers retaining access to local diverse information sources. *See* H.R. Rep. No. 628, 102d Cong., 2d Sess. at 56 (1992) (consumers who “rely on cable television for video services” should “not be deprived of the programs presented by their local television stations,” which include local news and information). In passing the 1992 Cable Television Consumer Protection and Competition Act requiring cable systems to carry local broadcast signals, Congress expressly found that “[b]roadcast television stations continue to be an important source of local news and public affairs programming and other local broadcast services.” 47 U.S.C. § 521(a)(11) note.

¹² NAB News Release, *MSTV & NAB Seek to Develop Digital to Analog Converter Box* (June 15, 2005).

¹³ NAB News Release, *Due Date for Responses to the DTV-to-NTSC Converter Box RFQ Extended to July 29* (July 14, 2005).

companies in the world, submitted responses to this Request for Quote for the development of a TDCB.¹⁴ It is hoped to have a working prototype by the end of this year, which would serve as a blueprint for future products from manufacturers. NAB and the broadcast industry believe the development of this low cost, high quality digital to analog converter box is key to the digital transmission and is necessary to prevent millions of consumers losing access to video programming when analog broadcasting ceases.

NAB has also long been engaged in educating consumers about the DTV transition. *See Notice* at ¶ 76 (inquiring about consumer education efforts). For example, earlier this year, NAB provided a four-spot “DTV Lessons” series to its television station members via satellite feed. These consumer education spots offered basic DTV concepts in simple language that consumers would understand.¹⁵ In late 2004, NAB also supported the creation of a new web site (CheckHD.com), created by the media technology company Decisionmark, to inform consumers about the availability of local digital and HD channels, how to purchase a digital set, and the answers to basic DTV questions. A link to CheckHD.com is available on NAB’s and some stations’ web sites.¹⁶ Local stations have also engaged in creative consumer education efforts.¹⁷

¹⁴ NAB News Release, *Impressive Response to Request for Quote for Terrestrial Digital to Analog Converter Box* (Aug. 1, 2005).

¹⁵ NAB had previously made available to its members digital promotional spots entitled “DTV: It’s Like Being There.”

¹⁶ At the CheckHD.com web site, a consumer can enter his or her zip code and obtain information about the DTV programming, including HD, available in that area. *See* <http://www.checkhd.com> (last checked Sept. 16, 2005).

¹⁷ For example, in 2004 WNCT-TV in Greenville, NC conducted a series of “HDTV Road Shows” to demonstrate the superior viewing experience of HD television. The station teamed up with a local appliance store, which brought big screen HD sets to various locations across the DMA for viewing parties. Analog and HD sets were positioned side-by-side to give viewers a chance to see the dramatic difference. To increase consumer awareness of and interest in DTV,

Beyond NAB's and the industry's efforts to ensure that consumers continue to have access to broadcast programming, broadcasters across the country are fully engaged in developing HD and multicast programming to better serve their viewers and their communities. *See Notice* at ¶ 71 (requesting information on DTV programming, including HD and multicasting). For example, the major broadcast networks now provide their most popular programming (including *Desperate Housewives*, *Lost*, *CSI*, *24*, and the *Tonight Show with Jay Leno*) in HD. Special events, such as the Academy Awards, and major sporting events, including the NBA Finals, the NCAA basketball tournament, NFL football, NCAA football, the U.S. Open, NASCAR, the 2004 Olympic Summer Games and the Superbowl, are all broadcast in HD. Today a total of 1525 stations in 211 television markets are broadcasting digital signals. A number of local stations throughout the country, including WUSA-TV in Washington, D.C., KOMO-TV (Seattle), KUSA-TV (Denver), WJW-TV (Cleveland) and WRAL-TV (Raleigh), broadcast their local news in HD.

Hundreds of local stations are also using their digital channels for multicast services, and many more are considering multicasting in the future.¹⁸ This multicast programming includes news, weather, sports and religious material, as well as foreign language programming (especially but certainly not limited to Spanish programming).¹⁹ Even local stations in medium

NAB has also worked with local broadcasters and retailers in a number of cities, designated as Digital TV Zones, including Washington, D.C., Houston, Indianapolis and Portland.

¹⁸ Decisionmark recently estimated that 585 television stations are now offering multicast programming.

¹⁹ *See* Attachment, NAB Research and Planning, *July 2005 Survey of Television Stations' Multicasting Plans*. For a further detailed discussion of broadcasters' multicast services and their future plans, *see, e.g.*, Special Factual Submission by the CBS Television Network Affiliates Association, CS Docket No. 98-120 (filed Jan. 13, 2004); Special Factual Submission by the NBC Television Affiliates Association, CS Docket No. 98-120 (filed Jan. 8, 2004); *Ex*

and small markets are providing multicast news and weather services to their local communities.²⁰ Broadcasters have also begun to use their multicast channels for innovative entertainment programming. For instance, this summer Raycom Media introduced on its stations “The Tube Music Network,” a 24-hour digital multicast channel with music videos and coverage of local musicians and concerts.²¹ Just from these limited examples, it is clear that local stations are developing and providing digital programming (both HD and multicast) to growing audiences in television markets throughout the country.²²

III. Conclusion

Free over-the-air broadcast television continues to play a vital role in the delivery of video programming to millions of consumers. Studies by NAB and consumer groups have found that between 73 and 80 million television sets are not connected to any MVPD service and receive all broadcast signals over-the-air. NAB and the GAO have also estimated that 20-21 million households rely solely on over-the-air broadcast television; these households are more

parte submission of Hearst-Argyle Television, Inc., CS Docket No. 98-120 (filed March 16, 2004); *Ex parte* submission of ABC Owned Television Station Group, CS Docket No. 98-120 (filed Jan. 21, 2004).

²⁰ For example, WZZM-TV in Grand Rapids, Michigan and KMIZ-TV in Columbia, Missouri have introduced local weather services on multicast channels. Belo’s NBC affiliated station in Boise, Idaho (KTVB-TV) has launched a 24-hour multicast channel, which provides local news and public affairs (including coverage from the state legislature), weather and sports, as well as local lifestyle and outdoor shows. Other local stations outside of the largest television markets (including KFSN-TV in Fresno, California and WRAL-TV in Raleigh, North Carolina) have offered multicast news and public affairs channels for several years. In 2004, a number of stations used their multicast channels to provide extended coverage of the national political conventions.

²¹ Raycom first tested this new service at WFLX-TV, its station in West Palm Beach, Florida.

²² NAB does not currently have data regarding negotiations between MVPDs and broadcasters for multicast or other digital carriage, as such negotiations are ongoing. *See Notice* at ¶ 69 (requesting information about agreements for DTV carriage between MVPDs and broadcasters).

likely to be lower income and members of minority groups than households subscribing to an MVPD.

Given the million of viewers who depend on free, over-the-air broadcast television, NAB and broadcast industry are currently engaged in efforts to ensure that these consumers are not left behind when analog broadcasting ends. In particular, NAB and MSTV are pursuing the development of a prototype high quality, low cost digital to analog converter box for terrestrial DTV reception. Broadcasters across the country are also fully engaged in developing HD and multicast programming to better serve their viewers and communities. The broadcast industry remains committed to completing the DTV transition in a timely manner and to utilizing digital technology in new and innovative ways so as to improve service to all consumers.

Respectfully submitted,

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July 2005 Survey of Television Stations' Multicasting Plans

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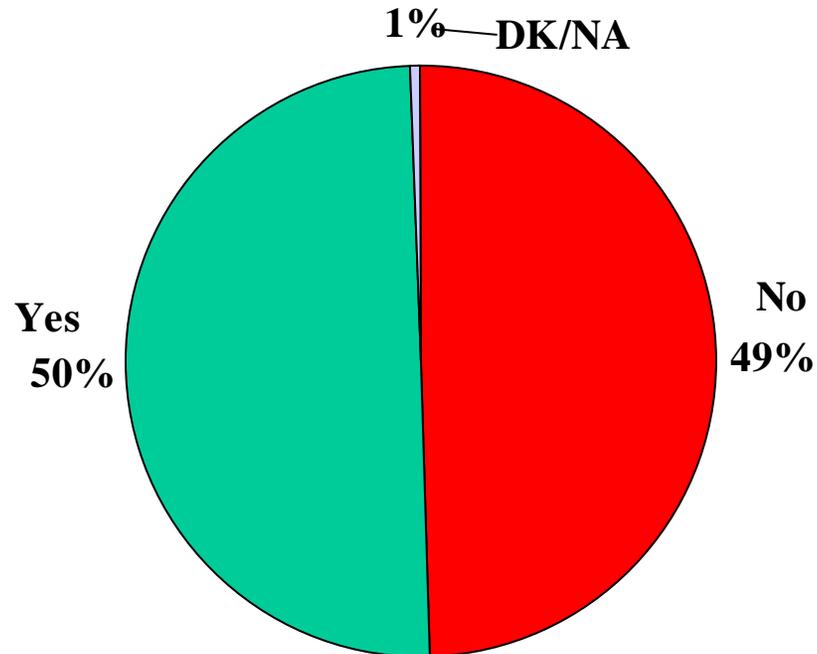
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Methodology Notes

- A survey was conducted in July 2005 of all U.S. full-power commercial television stations on their plans for DTV multicast services.
- Responses were received from 450 stations of the 1,151 eligible stations contacted, representing a response rate of 39.1%

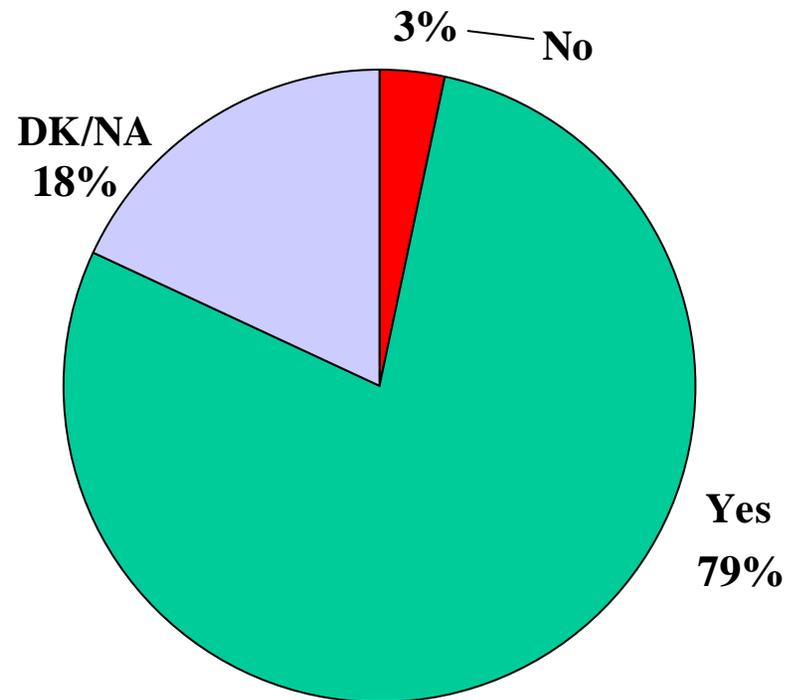
Multicasting Survey Results

Is your station currently multicasting? (N = 421)



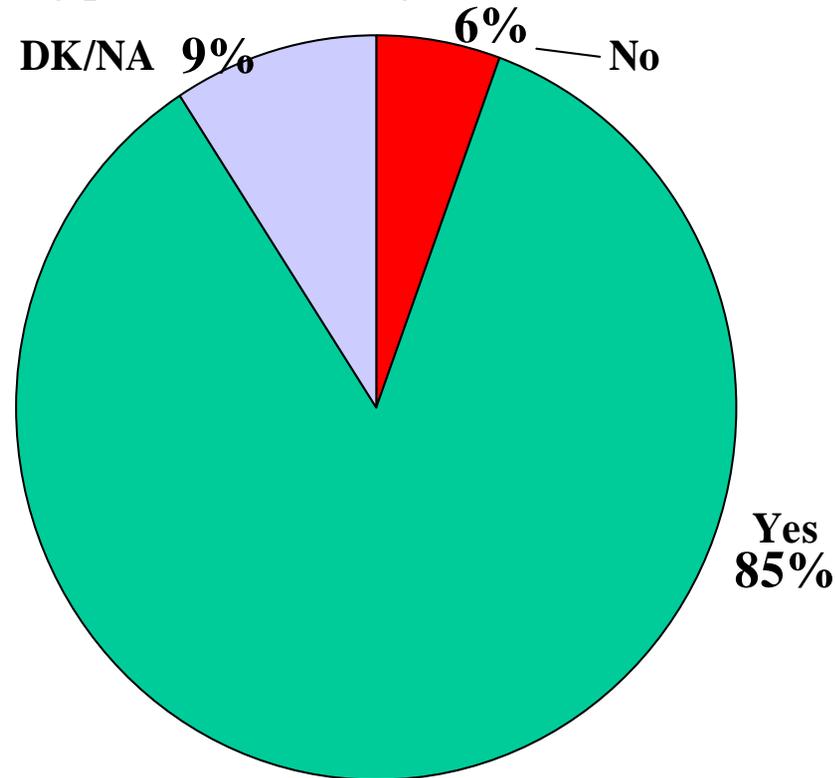
Multicasting Survey Results

If your station is not currently multicasting, are you considering multicasting at some point in the future? (N = 208)



Multicasting Survey Results

**If you currently multicast or plan to multicast:
Do you expect some or all of your future multicast programming to be
locally produced or locally focused? (N = 371)**



Multicasting Survey Results

Examples of the types of locally produced/locally focused programming respondents reported they are considering:

- Local News/Weather/Sports (nearly 90% of respondents cited this)
- Church Services/Religious programming
- Public Affairs and Community Affairs programming
- Coverage of Community Events, and Political Events and Meetings
- High School and College programming (sports and non-sports)
- Foreign Language programming
- Educational/Children's programming
- Cultural Events and Local Arts and Entertainment programming

Multicasting Survey Results

**If you currently multicast or plan to multicast:
If your multicast services were not to be carried by the major cable
systems in your market, how likely is it that you will provide these types
of services in the future? (N = 359)**

