

# A PROPOSAL FOR DIVERSIFYING ACCESS TO DIGITAL TV SPECTRUM



PRESENTED BY  
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The Commission should create a new class of full power commercial TV licenses (Class "S"). Class S licensees would broadcast using the multiplexed facilities of full power commercial digital TV licensees. They would compensate the "main" licensee for services provided in their use of the main licensees' transmitter and transmission facilities. Class S licenses would be conditioned on a requirement that, if the "main" licensee wishes to broadcast in high definition, the Class S licensee must lease spectrum to the "main" licensee for that purpose, for a maximum of six hours per day.

Making spectrum available for Class S usage would be voluntary. Interested full power licensees would assign a portion of their bitstream to a qualified applicant in an arm's-length transaction following the ordinary procedures set forth in Section 309 of the Communications Act.

## *Qualifications for Class S Licensure*

Qualified socially and economically disadvantaged business entities or Class A licensees would be permitted to apply for Class S licenses.

## *Conditions and Benefits of Class S Licensees*

As full power licensees, Class S licensees would be eligible for cable must-carry pursuant to Section 614 of the Communications Act. They would also have the same public interest obligations as other full power TV licensees, except that Class S licensees would not be permitted to carry commercial matter for more than 50% of their broadcast day.

## *Compensation*

Compensation for use of the main licensee's facilities (the "facilities charge") would be determined by baseball-type arbitration with a reserve price that assures amortization of the main licensee's equity.

Compensation for main licensees' use of Class S licensee's spectrum for high definition transmissions would be based on the hourly cost of the facility charge weighted for the time of day of broadcast. The formula would allow for a reasonable rate of return.

## *Benefits of the Proposal*

- Provides a new revenue stream for incumbent broadcasters.
- Promotes diversity in the marketplace of ideas.
- Provides a recognized form of collateral for Class S licensees.
- No legislation is required.