

Voluntary Spectrum Incentive Auction Should Not Harm Broadcasters

Issue

The Federal Communications Commission (FCC) began an incentive auction of broadcast spectrum on March 29, 2016. Some of the rules the FCC has adopted could harm TV stations that remain on the air following the auction, as well as their viewers.

History

In 2012, Congress passed legislation granting the FCC authority to hold broadcast spectrum incentive auctions. The incentive auction consists of three interrelated parts: a "reverse auction," or time for TV stations to submit their spectrum for potential sale; a "repacking," or mandatory relocation of all remaining broadcasters into a smaller band of spectrum; and a "forward auction" where former TV spectrum is put out for bid.

Congress established the Television Broadcaster Relocation Fund to cover the reasonable costs that eligible broadcasters incur as a result of mandatory relocation. Congress allocated \$1.75 billion to reimburse the service and equipment costs of channel relocation, such as changes to antennas, transmitters, transmission lines and towers. It set a timeline of three years for the FCC to reimburse stations from the fund.

Unfortunately, the FCC has adopted repacking rules that will require far more TV stations to move than Congress envisioned. In fact, based on publicly available data, it is likely that many remaining broadcasters will have to move to a new channel to make room for the wireless carriers. But repacking several hundred or more broadcasters could result in costs that exceed the broadcast relocation fund by as much as \$1.25 billion.

Additionally, the FCC's rules require stations to go dark on their old, pre-auction channels no more than 39 months after the auction. Yet, the FCC's own report found that, assuming no glitches, and without taking into account delays due to weather, mishaps, competing vendor demands or unforeseen delays, it could take 41 months or more for some broadcasters to move to new channels. When accounting for the number of stations that will be moving at once, and the limited number of qualified vendors and manufacturers available, some suggest the process could take much longer.

The Fiscal Year 2016 House and Senate Appropriations reports express the opinion that the period of time and amount of money for reimbursement could be insufficient and "strongly encourages the FCC to continue to work with broadcasters to develop a reasonable framework for repacking to ensure a successful voluntary auction."

NAB Position

A successful spectrum incentive auction must ensure that viewers retain access to local news, emergency information and quality programming, and safeguard viewers' ability to take advantage of broadcast innovations on the horizon. Broadcasters required to move to new channels should be fully compensated for the cost of such moves and be given a reasonable amount of time to relocate.

Action Needed

TV stations should not be forced to foot the bill for expenses that Congress did not intend and many stations cannot afford. Congressional action may be needed to ensure that broadcasters are made whole for the costs of relocation and stations that are unable to meet the FCC's deadlines for moving are not forced to go dark on their pre-auction channels, depriving viewers of service.

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