



June 26, 2012

The Honorable Julius Genachowski
Chairman
Federal Communications Commission
445 12th Street SW
Washington DC 20554

Dear Chairman Genachowski:

I write today to draw your attention to a recent report, the results of which underscore the need to preserve free over-the-air (OTA) television as the Commission considers how to implement a broadcast incentive auction. The new report clearly demonstrates that ***the number of Americans relying exclusively on OTA TV has increased dramatically*** since broadcasters made the transition to digital in 2009.¹ According to the data, in the last year alone, OTA viewership soared to nearly 54 million Americans, roughly 18 percent of all households. Nearly one in four households headed by younger viewers (18 - 34) rely solely on free, local TV with no traditional pay TV subscription. Clearly, local broadcasting is strong and getting stronger.

We know, however, that the media marketplace is rapidly evolving. As you witnessed earlier this year at the NAB Show, our industry is poised to deliver the content our viewers demand where and when they want it. Innovation occurring in the broadcast band today will define television for future generations. Broadcasters are prepared to meet the challenges of tomorrow's media marketplace and the needs of our viewers. The broadcast incentive auction that the Commission is contemplating could directly impact the growing number of Americans that rely exclusively on free, local television and future innovation in the broadcast band.

In our view, the Commission need not choose between quality wireless broadband and a robust local broadcast system. We can, and should, have both. By actively engaging TV broadcasters as partners in this process, the FCC can achieve its goals of acquiring more spectrum for wireless broadband while preserving spectrum dedicated to free broadcast television for future generations. FCC implementation of an incentive auction will be complex, to be sure, but Congress has given the Commission a blueprint for success.

NAB stands ready to help the Commission achieve its goals and remains focused on ensuring that free and local television remains an indispensable service for the American people.

¹ See John Eggerton, "Study: Most Cord-Cutters May Be OTA 'Opt-Ins,'" *Broadcasting & Cable*, June 18, 2012.

The success of incentive auctions will be measured by the clarity of the process and the net result for TV viewers and wireless consumers alike. NAB respectfully requests the Commission consider the following issues as it develops its incentive auction plan:

A fully transparent process is critical to auction success.

Many broadcasters are apprehensive about the incentive auction and repacking process. There are many unanswered questions, such as:

- Will broadcasters choosing to remain in business retain their current service areas after repacking?
- How will the \$1.75 billion relocation fund be distributed to hold harmless all broadcasters impacted by the auction?
- How can we minimize the loss of service to viewers as stations transition to new channel assignments?

To encourage maximum participation and safeguard viewer access to free, local television, the Commission should strive for total transparency of process as it considers these and other critical issues. We commend the Commission for holding open workshops with broadcasters as part of a mutually beneficial exchange of ideas.

Broadcasters should retain their service areas so they may continue to serve their viewers and local communities.

While broadcaster participation in incentive auctions will be voluntary, many broadcasters who choose not to participate will be involuntarily repacked into a smaller band. Congress has made it clear that viewers who rely on local broadcasters should be protected, and instructed the FCC to make every effort to replicate the existing service areas of stations that continue to stay on the air. Local broadcast service should be ubiquitous after the incentive auction just as it is today.

Channel reassignments and repacking must be handled with extreme caution and full transparency. It's clear that repacking has the potential to be disruptive to viewers – whether as a temporary or permanent loss of service. Transparency will be paramount in protecting the interests of viewers during this process. The free flow of information is also critical to potential buyers and sellers of spectrum and is vital to the ultimate success of the auction.

The FCC should also consider how its plan will affect not just full-power broadcast stations, but the thousands of TV translators and low-power TV (LPTV) stations that serve rural and underserved communities across the country.

NAB urges the Commission to release for comment the repacking and channel reassignment proposals, including those that have been successfully coordinated with Canada and Mexico, before the forward auction is completed.

The Commission should limit the number of stations affected by repacking.

During the DTV transition, stations migrated to already operating signals, allowing viewers a seamless transition. By contrast, repacking the broadcast band for an incentive auction will likely require stations to shut down for some period, resulting in a loss of service to viewers. Limiting the number of relocated stations will minimize viewer disruption. It will also ease in the administration of the \$1.75 billion relocation fund; ensuring remaining stations are reimbursed within the three year window. For this reason, NAB urges the Commission to limit the number of stations that are required to move during a band repacking.

A dedicated and stable broadcast band is essential to the broadcast industry's continued growth and innovation.

Innovation – the lifeblood of tomorrow's broadcasting business – will include multicasting, mobile DTV, ultra-high definition TV and services not yet imagined. Having spectrum dedicated exclusively to broadcasting is essential to fostering these technological developments and ensuring the public continues to receive the best and most advanced television services in the world.

Impacted industries should have ample time to evaluate the auction rules and repacking procedures.

Various constituencies will be affected by the incentive auction process. Commercial and non-commercial TV stations, LPTV broadcasters, wireless companies, wireless microphone operators and unlicensed device operators should all be provided ample time to evaluate how auction rules and repacking will impact their businesses.

NAB is eager to work closely and cooperatively with you and your staff. I am confident in the Commission's ability to complete this proceeding in a way that ensures the continued expansion of wireless broadband while sustaining future growth opportunities for a vibrant and vital local broadcast service for all Americans.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Smith", with a stylized flourish at the end.

Gordon H. Smith
President and CEO

cc: Commissioner Robert McDowell, Commissioner Mignon Clyburn, Commissioner Ajit Pai, Commissioner Jessica Rosenworcel