

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

In the Matter of )  
 )  
Annual Assessment of the Status of ) MB Docket No. 16-247  
Competition in the Market for the )  
Delivery of Video Programming )

To: The Commission

**COMMENTS OF THE  
NATIONAL ASSOCIATION OF BROADCASTERS**

Rick Kaplan  
Jerianne Timmerman  
Erin L. Dozier  
Patrick McFadden  
Scott Goodwin  
Emmy Parsons  
1771 N Street, NW  
Washington, DC 20036  
(202) 429-5430

Terry Ottina  
NAB Research

September 21, 2016

## TABLE OF CONTENTS

EXECUTIVE SUMMARY .....	i
I. AS THE MARKET FOR VIDEO DISTRIBUTION SHIFTS, DATA SHOW THAT FREE OVER-THE-AIR BROADCASTING CONTINUES TO SERVE AN IMPORTANT ROLE IN AMERICAN LIVES. 2	
A. Over-the-Air Reliance and Cord-Cutting Trends Continue.....	2
B. Local Stations Take a Multifaceted Approach to Providing High Quality News and Entertainment Content.....	6
II. AUTHORIZATION OF THE NEXT GENERATION TV STANDARD WILL SET THE STAGE FOR THE FUTURE OF TELEVISION.....	14
III. CONCLUSION .....	16

## EXECUTIVE SUMMARY

The state of competition in the video programming marketplace is stronger than ever. Today, in television's "Platinum Age," consumers have access to an astonishing amount of high-quality video programming with established programmers, including local broadcasters and cable networks, competing aggressively with popular streaming platforms like Netflix and Amazon. That competition has greatly benefitted American consumers, who now have not only myriad options for news and entertainment, but also have access to that programming through new and developing platforms over the Internet and on mobile devices.

The transition to a post-pay TV world is gathering steam as more and more consumers, especially the young, lower income and ethnic minorities, ditch their pay TV subscriptions for cheaper alternatives. Interestingly, and no doubt surprisingly for many who predicted their imminent demise, local broadcast stations are at the center of this new video programming regime. Consumers increasingly recognize that over-the-air reception of local broadcast stations serves as a perfect complement to over-the-top video services. They are moving away from bloated pay TV packages toward cheaper, more flexible, and arguably better, combinations of services over-the-air and through the Internet that become more attractive with each passing year.

Even with this paradigm shift, broadcasters remain hamstrung by a host of analog-era regulations – including burdensome ownership restrictions – that inhibit their ability to compete against powerful digital-age streaming services. And the results of the broadcast incentive auction will no doubt reshape the landscape, especially if the subsequent broadcaster repack is not handled correctly. At the same time, there are many reasons to be

optimistic. Broadcasters are pushing forward with a new television standard – ATSC 3.0 – that promises better over-the-air service, more options for consumers and more flexibility for local stations that need the ability to adapt to radical shifts in the marketplace. As we show below, investment in local news and programming, the cornerstone of broadcaster public service, is at an all-time high, a trend that began during, and has continued since, the Great Recession. And the provision of new multicast channels ensures a deep and diverse service available for free to anyone.

All in all, broadcasting is well-situated for the future. Its unique blend of local and premium national programming, combined with its still-critical role as first informers during severe weather and other types of emergencies, means broadcasting should continue to serve as the backbone of the video programming marketplace for decades to come.

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

In the Matter of )  
 )  
Annual Assessment of the Status of ) MB Docket No. 16-247  
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)<sup>1</sup> submits these comments in response to the *Public Notice* requesting data and information on the status of competition in the market for the delivery of video programming through December 31, 2015.<sup>2</sup> In the *Notice*, the Federal Communications Commission (FCC) seeks comment on consumer reliance on broadcast television services and developments in the broadcast television industry, among other inquiries.

As discussed in detail below, free over-the-air broadcast television is a vital and evolving video programming delivery platform for many American consumers. In an environment where news has become more of an interactive conversation than something “delivered” to the public, local station newsrooms are re-inventing themselves and remaining active participants, drawing upon their longstanding connections to their local communities. Local stations continue to offer extensive high-definition (HD) programming,

---

<sup>1</sup> The National Association of Broadcasters is a nonprofit trade association that advocates on behalf of local radio and television stations and broadcast networks before Congress, the Federal Communications Commission and other federal agencies, and the courts.

<sup>2</sup> *Media Bureau Seeks Comment on the Status of Competition in the Market for the Delivery of Video Programming*, Public Notice, MB Docket No. 16-247, DA No. 16-896 (Aug. 5, 2016) (*Notice*).

multiple channels of unique content on secondary multicast channels and increasing amounts of content online.

To ensure that American consumers continue to experience the highest quality television viewing experience and the broadest possible array of local television programming and services, it is critical that the Commission authorize broadcasters' voluntary use of the Next Generation TV standard, also known as ATSC 3.0. Broadcasters, together with the consumer electronics industry and public safety advocates, filed in April a petition for rulemaking asking for authority to begin voluntary use of the Next Generation TV standard. NAB urges the Commission to take swift action by issuing a rulemaking notice on this joint petition before the end of the year. Further, the Commission should commit to an expedited review of the record that will allow it to issue final rules authorizing Next Generation TV before the end of 2017.

**I. AS THE MARKET FOR VIDEO DISTRIBUTION SHIFTS, DATA SHOW THAT FREE OVER-THE-AIR BROADCASTING CONTINUES TO SERVE AN IMPORTANT ROLE IN AMERICAN LIVES**

**A. Over-the-Air Reliance and Cord-Cutting Trends Continue**

The pay TV industry often peddles the narrative in Washington that old-school “rabbit ears” reception of local broadcast television is a thing of the past, as cable and satellite delivery systems dominate the way in which most Americans receive their video entertainment. But recent data strongly suggest this notion is incorrect, that the number of broadcast-only households increases every year and that the trend toward diminishing reliance on traditional pay TV systems is now an irreversible reality.<sup>3</sup> Perhaps more quickly

---

<sup>3</sup> Recent news that the National Cable and Telecommunications Association dropped “cable” from its name illustrates just how dramatic this shift is. Now NCTA is “NCTA—The Internet and Television Association.” See *Announcing NCTA—The Internet & Television Association*, NCTA (Sept. 19, 2016).

than many expected, the new world order of video distribution is becoming more diverse, more consumer friendly, cheaper, and ultimately for consumers, a better combination of over-the-air television and broadband video services. As broadcasters continue to innovate, the Commission should expect that local stations will be a mainstay in our homes and lives for years to come.

The *Notice* seeks comment on the ways Americans use and access broadcast TV – and more specifically on who relies on local TV.<sup>4</sup> Trends suggest that more and more households are choosing to forego reliance on cable or satellite television. According to GfK Media & Entertainment’s most recent report,<sup>5</sup> “fully one quarter (25%) of all U.S. households [are] now going without cable or satellite reception.”<sup>6</sup> Related to this trend, broadcast-only households rose again last year, from 15 percent to 17 percent of all U.S. TV households.<sup>7</sup> Another 6 percent of households now rely exclusively on online video distribution (OVD) services, including Netflix, Hulu and Amazon Prime, up from 4 percent a year ago.<sup>8</sup> More broadly, in 2014, 47 percent of U.S. households had a subscription to at least one of these OVD services; by 2016, that rose to 59 percent.<sup>9</sup> “Broadcast-any” households, defined by

---

<sup>4</sup> *Notice* at 9.

<sup>5</sup> See GfK, *Home Technology Monitor 2016 Ownership and Trend Report* (May 2016) (*Home Technology Monitor Survey*). The *Home Technology Monitor*™ is an independent syndicated research service that tracks both ownership of over 100 media technology devices and services and the ways that people are using those devices in everyday life. The *2016 Ownership and Trend Report* is based on a survey, fielded in March and April 2016, comprised of interviews with a total of 3,009 households.

<sup>6</sup> GfK Press Release, *One Quarter of US Households Live Without Cable, Satellite TV Reception – New GfK Study* (July 13, 2016) (*GfK 2016 Report Press Release*).

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> Leichtman Research Group, Press Release, *59% of U.S. Households have an SVOD service* (July 20, 2016) (also finding that, among those who had a subscription video-on-demand (SVOD) service in 2016, 47 percent have more than one service).

GfK as having at least one TV set with broadcast reception, stood at 23 percent of all TV households last year.<sup>10</sup>

Data also suggest that households relying partially or completely on over-the-air broadcasting are generally younger and lower income. According to GfK, 22 percent of homes with a resident 18-34 years of age rely exclusively on over-the-air broadcast television and 38 percent of 18-34 households rely on either broadcast or OVD services (or a combination of both).<sup>11</sup> Likewise, in households with annual incomes under \$30,000, 26 percent rely exclusively on over-the-air broadcasting, a major increase from the previous year when roughly 20 percent of such households were broadcast-only.<sup>12</sup> What's more, by 2025, Forrester Research estimates that 50 percent of all TV viewers under age 32 will not subscribe to a traditional pay TV service.<sup>13</sup> This data provide further and continuing support for arguments that over-the-air broadcast service remains an entertainment and news lifeline for those unable to afford expensive pay TV services.

Broadcast-only households also include relatively greater numbers of minorities. For example, approximately 24 percent of Hispanic households rely on over-the-air broadcasting, a number that rises to 38 percent in Hispanic households in which Spanish is the primary language.<sup>14</sup> Likewise, last year saw in an increase in the number of African-American households that rely exclusively on over-the-air broadcast service, up to 13.5

---

<sup>10</sup> *Home Technology Monitor Survey.*

<sup>11</sup> *See GfK 2016 Report Press Release.*

<sup>12</sup> *Id.*

<sup>13</sup> *See Steven Perlberg, TV's Looming Threat: 'Cord-Nevers,' Wall Street Journal (Oct. 6, 2015); Jeff Baumgartner, Half of Viewers Under 32 Won't Pay for TV by 2025, Multichannel News (Oct. 8, 2015).*

<sup>14</sup> *Home Technology Monitor Survey.*

percent compared to 11.7 percent a year ago.<sup>15</sup> Across nearly all racial and ethnic groups, age groups and income levels, the numbers of households relying on over-the-air increased in the last year.<sup>16</sup>

Recent survey data show that the rise of “cord-cutters,” “cord-shavers” and “cord-nevers” has increased yet again, suggesting a new and lasting paradigm shift. For example, GfK surveyed so-called “cord-never” households, currently representing about 11 percent of all households (up from eight percent a year ago), and asked them if they will ever subscribe to a pay TV service. A remarkable two-thirds of these households said they expect never to sign up for a pay TV service.<sup>17</sup> Cord-nevers tend to be younger (20 percent of households with someone 18-34 consider themselves cord-nevers), but cord-cutting is significant in other age groups as well. In households with someone in the 35-49 age group, 12 percent identified as “cord-cutters.”<sup>18</sup> This trend is unsurprising considering that a majority of households 18-34 and 35-49 own a device capable of receiving over-the-top (OTT) service that can be played through their televisions, which, by law, are all capable of receiving over-the-air broadcast service.<sup>19</sup> And while overall cost-cutting is still the predominant reason that viewers cut the cord with pay TV (cited by 72 percent of cord-cutters), increasing numbers of cord-cutters say that were willing to end pay TV service because they can watch what they

---

<sup>15</sup> *Id.*

<sup>16</sup> *Id.* For example, even among older households (50+) and wealthier households (incomes above \$75,000 per year), the number of households that are “broadcast-only” and “broadcast-any” continues to increase, supporting arguments that the trend toward increased reliance on over-the-air broadcasters is systematic and not a response to specific economic conditions. *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> *Id.*

<sup>19</sup> *Id.*

want over the Internet (28 percent) or on over-the-air broadcast TV (20 percent, up from 17 percent a year ago).<sup>20</sup>

The continued and dramatic rise of OVDs has both increased competition in the video marketplace and provided more opportunities for video programmers, including local television broadcast stations, to reach viewers. This past year saw the emergence of more deals whereby local broadcast stations became available through OVDs, including DISH's Sling TV and Sony's PlayStation Vue streaming video services.<sup>21</sup> While broadcast networks have long distributed content online, they are playing an increasingly aggressive role in the OTT marketplace. For example, according to reports, CBS All-Access already has more than a million paying subscribers, and recently announced an ad-free option.<sup>22</sup> CBS also announced plans to air original TV programs, including a new Star Trek series, on its All-Access platform starting soon.<sup>23</sup> The coming year will likely see the emergence of more local television content available through OVD services as local broadcast stations, like all video programmers, adapt to shifting consumer habits.

## **B. Local Stations Take a Multifaceted Approach to Providing High Quality News and Entertainment Content**

Local television broadcast stations offer a community-specific mix of news, information and entertainment that is not otherwise available to viewers of video

---

<sup>20</sup> *Id.*

<sup>21</sup> See, e.g., Jeff Baumgartner, *PlayStation Vue Offers Big 4 Broadcast TV Feeds in All O&O Markets*, Multichannel News (May 27, 2016).

<sup>22</sup> See Joan E. Solsman, *CBS All Access launches ad-free option for \$9.99*, CNET.com (Aug. 31, 2016).

<sup>23</sup> See Jason Lynch, *CBS All Access Bulks Up With Originals as It Prepares to Take on Hulu and Netflix*, AdWeek (Sept. 6, 2016). Note also that CBS All-Access currently includes live-streaming of local CBS affiliate stations in more than 80 percent of local TV markets.

programming. Broadcasters also are using mobile websites, applications and social media to better engage with their audiences, making the television viewing experience a more interactive one. Updated data on station offerings including news programming, HD content and multicasting are discussed below.<sup>24</sup>

**Viewership Trends.** Despite increasing competition for viewers from multiple outlets, broadcasters remain a significant source of news, information and entertainment. During the 2015-2016 television season, broadcast television shows again dominated the list of top-rated programs. Of the top 100 television programs among adults 25-54, 95 aired on broadcast stations.<sup>25</sup>

**Local News Production at an All-Time High.** To meet the needs and high expectations of their viewers, local television stations invest heavily in their local news operations. The latest Radio Television Digital News Association (RTDNA)/Hofstra University Survey shows that the amount of local news offered by television broadcast stations hit a new record high this year, with stations providing a median of 5.5 hours of news per weekday.<sup>26</sup> The average number of hours per weekday (also 5.5 hours) ties the 2012 all-time high. Local TV news also achieved a record-breaking average of 2.2 hours on Saturdays.<sup>27</sup> Generally, the bigger the market and the bigger the news staff, the more news a station is likely to run.<sup>28</sup> The

---

<sup>24</sup> See Notice at 11 (seeking information on broadcast station business models and competitive strategies, including information on multicasting, HD content, and station websites).

<sup>25</sup> *Competitive Media*, Television Bureau of Advertising, available at: <https://www.tvb.org/Public/Research/CompetitiveMedia.aspx>.

<sup>26</sup> Bob Papper, *RTDNA Research: Local News by the Numbers*, RTDNA/Hofstra University (May 31, 2016), [https://www.rtdna.org/article/rtdna\\_research\\_local\\_news\\_by\\_the\\_numbers](https://www.rtdna.org/article/rtdna_research_local_news_by_the_numbers) (2016 RTDNA/Hofstra News Numbers Study).

<sup>27</sup> *Id.*

<sup>28</sup> *Id.*

percentage of stations adding a local newscast jumped by more than 7 points—with 36.6 percent of stations surveyed adding a newscast.<sup>29</sup> Very few stations reported cutting back.<sup>30</sup> In terms of staffing, local television news employment came close to an all-time high in 2015, growing by 1 percent and adding 270 employees.<sup>31</sup> The vast majority of stations surveyed either increased or maintained their news budgets over the past year.<sup>32</sup> Given the high level of competition in the video marketplace, however, local TV stations struggle to maintain their viewership levels for local news.<sup>33</sup>

The Internet, mobile devices and applications are profoundly and undeniably impacting video competition and news consumption. These devices and applications serve both as substitutes and supplements for consumers' traditional media consumption. A strong majority of all U.S. adults – 62 percent – obtain news via social media,<sup>34</sup> and use of social networking sites for getting news is rising quickly. A Pew Research Center report released in May found that 66 percent of Facebook users and 59 percent of Twitter users obtain news from those sites, up from 47 percent of Facebook users and 52 percent of

---

<sup>29</sup> *Id.* (these newscasts were most often added on weekday afternoons in the 4 PM timeslot and weekday early mornings between 4 AM and 6 AM).

<sup>30</sup> *Id.* (fewer than five percent of stations reported cutting a newscast).

<sup>31</sup> Bob Papper, *RTDNA Research: Newsroom Staffing*, RTDNA/Hofstra University (July 25, 2016), [https://www.rtdna.org/article/rtdna\\_research\\_newsroom\\_staffing](https://www.rtdna.org/article/rtdna_research_newsroom_staffing) (2016 RTDNA/Hofstra Staffing Study)(comparing results of RTDNA newsroom staffing surveys from 2000 to the present).

<sup>32</sup> Bob Papper, *RTDNA Research: The Business of TV News*, RTDNA/Hofstra University (May 16, 2016), [https://www.rtdna.org/article/rtdna\\_research\\_the\\_business\\_of\\_tv\\_news](https://www.rtdna.org/article/rtdna_research_the_business_of_tv_news) (2016 RTDNA/Hofstra News Business Study).

<sup>33</sup> *State of the News Media 2016, Local TV News: Fact Sheet*, Pew Research Center (June 15, 2016) (reporting that local TV news viewership declined in 2015 in all three key timeslots—morning, early evening and late night).

<sup>34</sup> Jeffrey Gottfried and Elisa Shearer, *News Use Across Social Media Platforms 2016*, Pew Research Center at 2 (May 26, 2016).

Twitter users in 2013.<sup>35</sup> In light of these trends, local broadcasters across the country are increasingly engaging with their viewers via websites, social media and mobile applications.

Local television stations recognize that the viewing audience “increasingly doesn’t distinguish screens: they might get something from our newscast, or from our mobile app, or from being a fan of our local station’s Facebook page, or an Instagram video.”<sup>36</sup> Stations are now sharing news stories in a manner that reflects the multiple ways in which viewers might access those stories: “Part of our reinvention effort is to recognize that the most compelling way to tell stories in the digital age is an all-day story experience that starts with social engagement, that gives updates on digital, context on broadcast, and then offers extras as a digital follow-up, and then continues with a social conversation. . .”<sup>37</sup> They recognize the need to build a digital presence in order to meet their viewers when and where they are—and to remain economically viable.<sup>38</sup> Local television newsrooms are increasingly experimenting with such services as Facebook Live and Instant Articles,<sup>39</sup> observing that “if that’s what the audience really wants, we need to be able to play in that world.”<sup>40</sup>

---

<sup>35</sup> *Id.*

<sup>36</sup> Shan Wang, *Where does local TV news fit in the digital age? Tegna, a year separated from Gannett, has some ideas*, NiemanLab (Aug. 23, 2016), available at: <http://www.niemanlab.org/2016/08/where-does-local-tv-news-fit-in-the-digital-age-tegna-a-year-separated-from-gannett-has-some-ideas/> (quoting Frank Mungeam, VP for digital content at Tegna).

<sup>37</sup> *Id.*

<sup>38</sup> Laura Hazard Owen, *Scripps, known for local TV and radio brands, finds new strategies for national digital audiences*, NiemanLab (June 13, 2016) (Adam Sympson, Chief Digital Officer of Scripps, stated that: “We feel very strongly that, for local broadcast businesses to be strong, they need to have very strong local digital businesses right along side [sic] of them. That’s just the way content consumption happens today.”).

<sup>39</sup> Facebook Live permits anyone to publish live video content within the Facebook interface. Similarly Facebook’s Instant Articles feature allows publishers to deliver written content directly to Facebook inside the Facebook interface.

<sup>40</sup> Angela Misri, *Local News of Facebook Features Grows*, TVNewsCheck (June 15, 2016).

**Station Websites.** As in previous years, RTDNA's most recent station survey shows that every television station that provides local news also has a website that provides local news.<sup>41</sup> These websites are becoming increasingly sophisticated, reflecting changes in how stations tell news stories and interact with viewers. Virtually all of those sites provide video (99.3 percent), still pictures (97.5 percent) and text (91.9 percent).<sup>42</sup> Station websites across markets of all sizes are growing increasingly complex, with 79.6 percent now offering live streaming of news and events and 72.6 percent offering live local newscasts.<sup>43</sup> Many stations also are incorporating user-generated content (68.4 percent) and live cameras (63.9 percent) into their sites.<sup>44</sup> Local television viewers are embracing broadcasters' growing array of online offerings. According to the RTDNA Online Study, although the reported number of unique page visitors declined slightly over the past year, the number of page views increased by 1 million to 6.6 million views.<sup>45</sup>

**Mobile, Applications and Social Media.** With smartphone penetration in the United States now at nearly 80 percent,<sup>46</sup> stations are increasingly focused on reaching viewers through their own mobile applications, improved mobile websites and social media. A RTDNA survey reports that the number of local television stations with smartphone

---

<sup>41</sup> Bob Papper, *RTDNA Research: What stations are doing online*, RTDNA (Apr. 4, 2016) (RTDNA Online Study), [https://www.rtdna.org/article/rtdna\\_research\\_what\\_stations\\_are\\_doing\\_online](https://www.rtdna.org/article/rtdna_research_what_stations_are_doing_online).

<sup>42</sup> *Id.*

<sup>43</sup> *Id.*

<sup>44</sup> *Id.* Some station websites also incorporate podcasts (8.4 percent); blogs (36.5 percent); and recorded newscasts (42.8 percent). *Id.*

<sup>45</sup> RTDNA Online Study. The number of unique visitors to station websites dropped by 130,000 compared to last year and now stands at 839,700.

<sup>46</sup> comScore, *comScore Reports December 2015 U.S. Smartphone Subscriber Market Share* (Feb. 4, 2016) <http://www.comscore.com/Insights/Market-Rankings/comScore-Reports-December-2015-US-Smartphone-Subscriber-Market-Share>.

applications (apps) rose to 93.1 percent this year—up 5 percent over the previous year.<sup>47</sup> The average station has two apps, but some stations have as many as six.<sup>48</sup> Over two-thirds of news directors reported “start[ing] something important” in mobile in 2015, such as app development, content improvements, a switch from text to push alerts, live streaming, mobile web redesign and cross-promotion of a station’s mobile presence on air or vice-versa.<sup>49</sup> Every station surveyed reported having a Facebook page for the station, its newsroom, or a dedicated page for each.<sup>50</sup> As with last year’s survey, more than two-thirds of newsrooms report “constant” Twitter usage—with newsrooms in larger markets more likely to “constantly” use Twitter (87.2 percent).<sup>51</sup> Broadcasters are continually evolving how they interact and engage with viewers and ensure that their valuable local content is available when and where consumers want to watch.

**HD Programming.** High definition programming—including HD local news—has become the standard for viewers in markets of all sizes. Data show that 87.9 percent of all full-power television stations were broadcasting in HD as of February 2016<sup>52</sup> and consumers continue to gravitate at increasing levels to HDTV sets. HD sets are now nearly ubiquitous, with at least one set in 93.8 percent of U.S. households.<sup>53</sup> Consumers are also increasingly

---

<sup>47</sup> Bob Papper, *RTDNA Research: Newsrooms grow mobile and social*, RTDNA/Hofstra University (April 18, 2016), [https://www.rtdna.org/article/rtdna\\_research\\_newsrooms\\_grow\\_mobile\\_and\\_social](https://www.rtdna.org/article/rtdna_research_newsrooms_grow_mobile_and_social) (2016 RTDNA/Hofstra Social/Mobile Study).

<sup>48</sup> *Id.*

<sup>49</sup> *Id.*

<sup>50</sup> *Id.*

<sup>51</sup> *Id.*

<sup>52</sup> *TV Station Database, 2016 Update*, SNL Kagan (Feb. 26, 2016) (Kagan TV Station Database).

<sup>53</sup> See *US TV set and Blu-ray player projections through 2025*, SNL Kagan (Apr. 21, 2016) (Kagan TV Set Projections).

moving beyond a simple HDTV set to Internet-enabled HD sets and sets with 4K Ultra HD TV capabilities. According to recent research, as of 2016, 65 percent of U.S. TV households have at least one Internet-connected TV, up from 44 percent in 2014 and only 24 percent in 2010,<sup>54</sup> and 6 percent of TV households had at least one 4K Ultra HD TV.<sup>55</sup> In fact, there are now more Internet-connected devices in U.S. households than there are pay TV set-top boxes,<sup>56</sup> and SNL Kagan predicts that more than half of all TV households will have a 4K Ultra HD set within five years.<sup>57</sup>

**Multicast Programming.** Digital multicasting has dramatically increased the amount and diversity of channels available to local television viewers. As of February 2016, there were 5,905 live over-the-air broadcast channels aired by full-power, Class A and low power television stations.<sup>58</sup> This is up from just 2,518 channels at year-end 2010 (although it represents a slight decline from December 2014, when there were an estimated 6,431 channels).<sup>59</sup> Nearly every consumer in the country can access exponentially more programming over-the-air than they could before the DTV transition.

---

<sup>54</sup> Leichtman Research Group, Press Release, *65% of U.S. TV Households Have a Connected TV* (Apr. 22, 2016), <http://www.leichtmanresearch.com/press/042216release.html> (Leichtman Press Release).

<sup>55</sup> Kagan TV Set Projections.

<sup>56</sup> Leichtman Press Release.

<sup>57</sup> Kagan TV Set Projections.

<sup>58</sup> Kagan TV Station Database.

<sup>59</sup> NAB Comments in MB Docket No. 15-158 at 14 (Aug. 21, 2015), *citing* Justin Nielson, *SNL Kagan TV Stations Multiplatform Analysis Update: Digital Multicast Offerings Continue to Expand with New Network Offerings* (Dec. 23, 2014), available at: <https://www.snl.com/interactivex/article.aspx?id=30173047&KPLT=6> and Justin Nielson, *SNL Kagan TV Stations Multiplatform Analysis 2014* (Mar. 12, 2014), available at: <http://www.snl.com/interactivex/article.aspx?id=27207377&KPLT=6>. Some industry observers cite competition from over-the-top video programming targeting similar demographics as a potential reason for the decline in the number of multicast channels. See, e.g., *TV station multiplatform*

As discussed above, ethnic and racial minorities often represent a relatively greater percentage of broadcast-only households, and over-the-air multicast channels have created a platform for the development for a broad array of networks that appeal to niche and ethnic audiences. These include networks geared towards Asian-American, African-American, Hispanic and Latino viewers, and networks featuring religious, music, sports, weather and children's programming. Bounce TV, designed to appeal to African-American audiences, for instance, continues to see increasing audience sizes, and in 2015 was available in more than 85 million homes across 90 markets, reaching 90 percent of African-American television households.<sup>60</sup> Multicasting also affords small, underserved markets better access to the full complement of national broadcast programming, since viewers can now access that programming on secondary channels. FOX network programming is available, for example, in 55 markets as a multicast stream.<sup>61</sup> ABC is available via multicast channels in 35 markets, CBS in 30 markets, and NBC in 23 markets.<sup>62</sup>

Looking ahead, the multicast landscape continues to shift. Already in 2016, Katz Broadcasting LLC, owner of multicast networks Escape, Grit, and Laff, announced it signed multiyear agreements with several broadcast group owners to expand the national reach of its various networks.<sup>63</sup> Escape, a crime and mystery channel, added 42 new markets, and now reaches 85 percent of U.S. homes. Grit, a western and action-themed network, added

---

*analysis 2016 update: New networks change landscape*, SNL Kagan (Feb. 26, 2016) (Kagan Multiplatform Analysis 2016).

<sup>60</sup> *Newest Family Time Episode Becomes Bounce TV's Most-Watched Original Series Telecast Ever Among Key Demos*, Bounce TV (Nov. 19, 2015).

<sup>61</sup> Kagan Multiplatform Analysis 2016.

<sup>62</sup> *Id.*

<sup>63</sup> Sarah James, *Katz Broadcasting, Bounce TV strike multiyear multicast nets distribution deals*, SNL Kagan (June 15, 2016).

28 markets and now reaches 93 percent of U.S. homes. Laff, which features off-network sitcoms and movies, added 45 markets and now reaches 85 percent of U.S. homes. Bounce TV also signed new agreements with group owners, and expanded to 15 new markets – reaching 9 million more homes than it did in 2015.<sup>64</sup> The emergence of numerous secondary over-the-air channels has meaningfully changed television viewing for consumers, new programmers and broadcasters.

## **II. AUTHORIZATION OF THE NEXT GENERATION TV STANDARD WILL SET THE STAGE FOR THE FUTURE OF TELEVISION**

One of the most important steps the Commission can take to promote competition in the marketplace for the delivery of video programming is to authorize broadcasters' voluntary use of the Next Generation TV standard, also known as ATSC 3.0. Next Generation TV has the potential to revolutionize the television viewing experience by allowing broadcasters to do more with their existing spectrum. It will provide the capacity necessary for broadcasters to transmit stunning ultra-high definition pictures with wide color gamut and high dynamic range, together with highly immersive, customizable audio. Next Generation TV also may provide the potential to enhance opportunities for diverse programming by allowing broadcasters to transmit additional programming streams. It also has the potential to advance public safety through enhanced emergency alerting capabilities, create new revenue opportunities for public broadcasting stations<sup>65</sup> and allow more robust signaling for in-home and mobile reception.

---

<sup>64</sup> *Id.*

<sup>65</sup> Letter from Lonna Thompson to Marlene H. Dortch, GN Docket No. 16-142 (Aug. 10, 2016).

In short, Next Generation TV represents the future of television. This future is neither theoretical nor distant. Prototype ATSC 3.0 consumer receivers have already been demonstrated publicly, and ATSC 3.0 compatible broadcast transmission equipment is already available.<sup>66</sup> The Korean broadcasting industry is rapidly moving forward with ATSC 3.0 in order to have advanced service available for the 2018 Winter Olympics. South Korea's recent decision to adopt the ATSC 3.0 standard should help speed the deployment of receivers in commercial equipment.<sup>67</sup> The record of the Commission's Next Generation TV proceeding reflects the support of broadcasters representing hundreds of television stations, and broadcasters are prepared to invest significant resources in their facilities to better serve their viewers.

Unfortunately, due solely to the regulatory structure governing their operation, broadcasters cannot move forward with innovation and investment without FCC approval. Meanwhile, the rest of the marketplace for the delivery of video programming is able to innovate without waiting for the FCC's permission. Netflix has plans to make hundreds of hours of 4K content available by the end of the year.<sup>68</sup> AT&T has already transmitted more than 500 hours of 4K content, most of it live.<sup>69</sup> If 4K is the future of the video marketplace, broadcasters need a path to that future to remain viable and continue to provide a source of

---

<sup>66</sup> Comments of GatesAir Inc. at 2, GN Docket No. 16-142 (May 26, 2016) ("ATSC 3.0 is not a theoretical standard decades from realization. As the world's leading supplier of broadcast transmission equipment, GatesAir can attest that the technology required to implement Next Generation TV is already being developed. Broadcasters today are able to order from GatesAir transmission equipment that is ATSC 3.0-compatible with a mere software upgrade.")

<sup>67</sup> Deborah D. McAdams, *Report: South Korea Adopts ATSC 3.0*, TV Technology (July 27, 2016) available at: <http://www.tvtechnology.com/atsc3/0031/report-south-korea-adopts-atsc-30/279108>.

<sup>68</sup> Ramus Larsen, *Netflix: 600 hours of 4K content by the end of 2016*, flatpanelshd (Feb. 29, 2016) available at: <http://www.flatpanelshd.com/news.php?subaction=showfull&id=1456720507>.

<sup>69</sup> John Ward, *Telling a Better Story – Why 4K UHD Matters*, AT&T Inside Connections Blog (Aug. 25, 2016) available at: [http://about.att.com/inside\\_connections\\_blog/why\\_4k\\_tv\\_matters](http://about.att.com/inside_connections_blog/why_4k_tv_matters).

intermodal competition to other video delivery mechanisms. Failure to enable broadcasters to provide competitive 4K service offerings will create a dramatic divide in the viewing public between the service available to those who can afford to subscribe to pay TV service and those who cannot.

Next Generation TV provides such a path. Broadcasters, together with the consumer electronics industry and public safety interests, filed a petition for rulemaking in April asking for authority to begin voluntary use of the Next Generation TV standard. The Commission should take the first step toward authorizing the Next Generation TV standard by issuing a rulemaking notice in this proceeding before the end of the year. Further, the Commission should commit to an expedited review of the record that will allow it to issue final rules authorizing Next Generation TV before the end of 2017.

### **III. CONCLUSION**

Looking forward to a post-pay TV landscape, broadcasters are well-positioned to compete against a growing and diverse set of rivals. As the numbers in these comments prove, broadcasting remains at the center of the video programming distribution marketplace. Over-the-air broadcasting reception is showing a resurgence as more viewers cut the cord with expensive pay TV service. Broadcasters have responded with more investment in local news and multicast channels. At the same time, however, competition is

fierce, and broadcasters need to innovate and advance. A voluntary transition to ATSC 3.0, with the Commission's approval, is the next big step.

Respectfully submitted,

**NATIONAL ASSOCIATION OF  
BROADCASTERS**

1771 N Street, NW  
Washington, DC 20036  
(202) 429-5430

A handwritten signature in black ink, appearing to read "Rick Kaplan", with a long horizontal line extending to the right.

---

Rick Kaplan  
Jerianne Timmerman  
Erin L. Dozier  
Patrick McFadden  
Scott Goodwin  
Emmy Parsons

September 21, 2016